



City of Jonesboro

Municipal Center
300 S. Church Street
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, June 25, 2019

4:00 PM

Municipal Center

1. Call To Order

2. Roll Call by City Clerk Donna Jackson

Mayor Harold Perrin was in attendance.

Present 5 - Charles Coleman; Ann Williams; David McClain; LJ Bryant and Joe Hafner

Absent 1 - John Street

3. Approval of minutes

[MIN-19:060](#)

Minutes for the Finance Committee meeting on June 11, 2019.

Attachments: [Finance Minutes 061119](#)

A motion was made by Councilperson Charles Coleman, seconded by Councilperson Ann Williams, that this matter be Passed . The motion PASSED with the following vote.

Aye: 4 - Charles Coleman; Ann Williams; David McClain and LJ Bryant

Absent: 1 - John Street

4. New Business

ORDINANCES TO BE INTRODUCED

[ORD-19:033](#)

AN ORDINANCE TO AUTHORIZE THE ISSUANCE OF INDUSTRIAL DEVELOPMENT REVENUE BONDS UNDER THE MUNICIPALITIES AND COUNTIES INDUSTRIAL DEVELOPMENT REVENUE BOND LAW FOR THE PURPOSE OF SECURING AND DEVELOPING INDUSTRY; TO AUTHORIZE THE SALE OF THE BONDS AND THE APPROVAL OF A BOND PURCHASE AGREEMENT AND A PAYMENT IN LIEU OF TAXES AGREEMENT IN CONNECTION THEREWITH; TO AUTHORIZE THE EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE BONDS; TO AUTHORIZE AND PRESCRIBE CERTAIN MATTERS PERTAINING TO THE PROJECT, THE ACQUISITION, CONSTRUCTION, AND EQUIPPING THEREOF, AND THE FINANCING THEREOF; TO AUTHORIZE THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT RELATING TO THE PROJECT; AND FOR OTHER PURPOSES.

Attachments: [Recognition Nondisturbance and Attornment Agreement \(Risever 2019\).DOC](#)
[PILOT Agreement \(Risever 2019\).DOC](#)
[Trust Indenture \(Risever 2019\).DOCX](#)
[Bond Purchase Agreement \(Risever 2019\).DOCX](#)
[Lease Agreement \(Risever - 2019\).DOCX](#)

Councilmember David McClain said could someone clear this up for me. What's the difference in what we approved and this? Ms. Michele Allgood, with Mitchell Williams Law Firm, said that was the first step. So, the first step the city took was a resolution, which set the public hearing date. We've had the public hearing, which is a requirement before the City Council can take action with regard to the ordinance. So, it's just a sequential process that we go through following a timeline. These are the binding documents. The resolution expressed your intent. It wasn't binding and it set the public hearing. We've had the public hearing. Now, we're starting the binding part of the process. Councilmember McClain said okay. Ms. Williams said one thing I want to make sure everybody understands is that the purpose of this bond issue is to implement the payment in lieu of tax agreement. The city does not have any financial obligation or risk in connection with this. So, it will all be handled by the company.

Mayor Harold Perrin said I think that is for 25 years. Ms. Williams said yes, I'm sorry. It's to benefit Risever Machinery and it is a term of 25 years with 65% abatement. So, the maximum permitted by law is 65%, which is typically what the city does and the maximum term is 30 years, and that is typically negotiated by the city. Here, I believe the reason we are on the long end of this is because this project actually involved the acquisition of real estate and the construction of a building. Some of the projects only have equipment and they have a shorter life. Mayor Perrin said I just wanted to clear that up. You and I had talked about it, but I think the law was 30 years, but they brought that back to 25, if I'm not mistaken. Ms. Williams said yes, and in my experience with the city, we typically see somewhere between 15 and 30. So, 25 is right where you all usually are. Chairmember Joe Hafner said thank you.

A motion was made by Councilperson David McClain, seconded by Councilperson LJ Bryant, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Charles Coleman;Ann Williams;David McClain and LJ Bryant

Absent: 1 - John Street

RESOLUTIONS TO BE INTRODUCED

[RES-19:086](#)

A RESOLUTION AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AN ENGAGEMENT LETTER FOR AUDIT SERVICES FOR A PERIOD OF THREE (3) YEARS OF FEDERAL AWARD AUDIT WITH THOMAS, SPEIGHT & NOBLE FOR FY2018, FY2019 and FY2020.

Sponsors: Finance

Attachments: [2018-2020 Engagement Letter.pdf](#)

Mayor Harold Perrin said I have just a couple of comments. We received a letter from Thomas, Speight & Noble and they had asked for \$10,000. I visited with Community Development Director Regina Burkett, and Ms. Burkett got on the phone and visited with them and they cut that back down to \$9,000. We were paying \$8,000 for three

years, and they jumped it from \$8,000 this year and wanted to go to \$10,000. I thought that was too much of an increase. We did get them to lock that in for \$9,000 three years straight in a row. So, they cannot go up on the audit. It's a required audit every year.

City Clerk Donna Jackson said I have a question. Will this take the place of legislative audit? Mayor Perrin said no. Ms. Jackson asked, what is this auditing. Mayor Perrin said because of all the grants that we get on the federal level, we have to have an outside audit done for Housing and Urban Development (HUD) and all of those. That's the reason they go through all of our grants. Then we'll get a copy of that audit here, the City Council will approve that, and then we'll send those documents on to all of the agencies that require the audit. Arkansas State University has to do the same thing.

Councilmember David McClain asked how often would we be looking at bidding this out, or do we bid this out, or is this under professional services. Mayor Perrin said when we first got the letter stating that they wanted to extend the contract and they wanted to go from \$8,000 to \$10,000, and we didn't do that. We got that down to \$9,000 for a fixed rate of three years. So, we'll pay that same amount for three years in a row. We can bid it out at any time based on professional services and based on what we got. What we have learned in the past on these is that it's limited, but it's not. The audit is fully complete, but it's not a huge audit. It's hard to find a big accounting firm wanting to come in to do such a small job I guess is what I'm saying. Does that make sense? Councilmember McClain yes. Mayor Perrin said if they were doing the whole city, it would be a whole different thing, but we'd be paying \$75,000 to \$150,000. They've been real good about our audits and they know our audits inside and out. They've been doing it for years.

A motion was made by Councilperson David McClain, seconded by Councilperson LJ Bryant, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Charles Coleman;Ann Williams;David McClain and LJ Bryant

Absent: 1 - John Street

[RES-19:087](#)

A RESOLUTION OF THE CITY OF JONESBORO, ARKANSAS, AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH GRADY AUCTIONS AND REALTY, INC., TO PERFORM A LIVE PUBLIC AUCTION OF SURPLUS CITY EQUIPMENT AND OTHER MISCELLANEOUS ITEMS

Sponsors: Finance and Mayor's Office

Attachments: [Auction Contract.doc](#)

Chairmember Joe Hafner said I know we have quite a bit of surplus equipment and that just happens over time. Will there be a list published like on the website? Mayor Harold Perrin said yes. The city and all of the department heads, who have any type of equipment that will be going into that sale, will make a list and give it to Maintenance Director Ronnie Shaver. Mr. Shaver works with the auctioneer, and then they do the ad in the paper and they list the items at no cost to us. So, the charge is to the consumer who purchases the project. They charge 8% or 10%. I'm not sure what the total is, but they do a big ad on this. We've had a low of around \$18,000 to \$20,000, and one year we did \$125,000. You just never know what you have going into the sale and what will sell and not sell. Now, we have other choices we can do. We can go through .gov, which is where you actually just take pictures of certain items you have and send that in to them. They put it online. We tried that once before. I'm not saying that they are

not good. They are, but there was one piece of equipment that a man purchased online, and they have a right to inspect it. It took about a month or two for him to get here, and when he got here, he had the right to turn it down. So, we had to go back and start all over. There are some things that we need during the year to go ahead and, I think, put on .gov and get the cash in here rather than waiting until the end of October and try to have one big sale. It depends on what the item is and it depends on what you think will sell or not. I met with a woman at the convention this last time from .gov and I know the Chief did, too. She's real good to work with and, in fact, she sold a piece of property for Fayetteville the other day for \$250,000. It was a piece of real estate.

Councilmember L.J. Bryant asked if we had the option of still doing .gov or do we exclusively have to use Grady? If you have a public auction it would be Grady, but if you want to go ahead and do .gov on certain items, then I know it has nothing to do with this right here. This is a full-fledged public auction.

Councilmember McClain asked what type of equipment would be in the auction. Are we talking vehicles, trackhoes, etc.? Mayor Perrin said we've had everything from lamps to filing cabinets to old computers. I can't think of all the stuff that's been in those sales before. One of the hottest items, obviously, are the police cars and some of the things like that. When I first became mayor in 2009, I think that was one of the big years we had, but we had road graders and stuff. We are out of the road business. We don't do roads, and those things had been setting out there for years. Builders and a bunch of people from Mexico came over, bought all of those, and gave a good price for them. You just never know how the sale is going to go.

Councilmember McClain asked how often the city was looking at making changes and what the process was for that. Mayor Perrin said we look and work with Mr. Shaver and the department heads to see what builds up. That's why I'm saying that sometime during the year we may want to go ahead and do .gov. If not, then we've been trying to have these sales like this public auction about every two years. It takes a while to build some of that stuff up to have enough inventory for it to be worth it to us and them to have the sale. It's always at the landfill. I'll give you an example like the old sanitation carts and stuff. Some of the wheels were off and we pick those up. We sold those on average one year for \$12 each and one man bought them for deer feeders. You don't know what they're going to buy and what they are going to use it for. I didn't think we'd get \$2 each for them. I hope that answered your question.

Councilmember McClain said I was just curious as to how we come up with a system to decide that we buy a new vehicle here or we need to buy a new truck. How do we come up with that? Mayor Perrin said normally we do that every year at budget time. When budget time comes in and department heads start submitting all those things, you start looking at that list and see something that has "x" number of miles on it or years of service, end of life, and a lot of repairs. I hope, and think, the one new sanitation truck came in yesterday. I don't know if it did or not. Ronnie, do you know if it came in? Chairmember Hafner said I know that it's in. Mr. Shaver said I have not been out there. Mayor Perrin said I just wanted to let the people know that. We're also looking at leasing some of this property. I have talked with Finance Director Deanna Hornback and Chief of Staff Mike Downing about that and we have some figures from some of those companies to lease those major large items, such as the sanitation trucks. The last one that I saw on that was somewhere around 2.45% interest with a 24-month lock in where they would replace or purchase back at cost at something like \$5,500 per month. We're getting more than that on our checking account. It depends on the time and what you're getting for that. Right now would be a good time to enter

into a lease agreement to purchase at least one more of those vehicles, if in fact we need those. Then in next year's budget, we could only add one or whatever. The last time I looked, we needed at least two to three of those sanitation trucks. There are so many moving parts and so many hydraulic lines and things of that nature. They're always stopping and starting. We're literally putting tires on those things at I don't know how many miles. I was going to bring that to you all on the lease agreement only after I get the May financials completed. I'm going to look at it and see.

A motion was made by Councilperson David McClain, seconded by Councilperson Ann Williams, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Charles Coleman;Ann Williams;David McClain and LJ Bryant

Absent: 1 - John Street

5. Pending Items

[RES-19:068](#)

A RESOLUTION AUTHORIZING THE ENTRY INTO A CONTRACT WITH CONTRACTSAFE FOR THE PURPOSE OF COMPUTER SOFTWARE TO TRACK THE CITY OF JONESBORO'S CONTRACTS.

Sponsors: Finance

Attachments: [ContractSafe Agreement Jonesboro_052119.docx](#)
[Laserfiche Proposal City of Jonesboro.pdf](#)

Chairmember Joe Hafner said this is something that has been on the Finance Committee agenda twice before and I was just wanting to know if there were any updates to share with us on what you all found out about Legistar or ContractSafe. Finance Director Deanna Hornback said yes, there are some updates. City Clerk Donna Jackson and I met today and talked a little bit about how the process would work, and I think we have concluded that it's not going to hinder Legistar. I'm not going to speak for her. I'll let her speak for herself. The primary function of it is going to be assisting us when we do budgets, as well as pull reports, which are those types of things that we cannot get right now through Legistar, at least what Legistar is currently. So, with that being said, it's not going to in any way hinder what they do until something's approved. We would then import anything that is approved as far as resolutions or ordinances after they are approved. They won't go into ContractSafe beforehand. So, at that point, all we would get is the copies off Legistar to import that information.

Ms. Jackson said what Ms. Hornback and I discussed is that, for me, it's never been about the software. It's been about protecting the integrity of the contract and I explained to Ms. Hornback that there's been a lot of overturn. What we've agreed to is that this software would be under the administration of the City Clerk, but Ms. Hornback would have access to be able to manage and do what she needed to do, very much like Legistar. I did check on Legistar and it does do the boards and commissions and it would give the mayor a reminder, and we asked for that in the budget. It was \$9,000 for that suite and it included other things. As far as what Ms. Hornback is trying to do as far as keeping up with when a contract ends and they have to renew it, it would not give them a reminder. It gives you everything but that. I think she's wanting that to keep up with all the directors. Chairmember Hafner said plus to keep up with all the projects. Ms. Hornback said and to get that to you in a timely manner so that we're more proactive and if any questions come up, then we have time

to address them. Chairmember Hafner said my only word of caution would be that, if this is approved, let's make sure we are trained on the software and use it. I've seen a lot of systems throughout my career that look great in training, but nobody learns how to really use them.

Ms. Jackson said well, I really appreciated Ms. Hornback coming and speaking with me, along with Mr. Mike Downing because we're coming at it from two different perspectives and I think together we'll be able to keep it on track. Chairmember Hafner said that's good. I like everybody working together. I understand the City Clerk's job and her concerns and I also understand trying to make sure we don't let things slip through the cracks project wise or contract wise. Thank you all for working together even though it took a little bit more time than some people may have liked, but I think in the end it looks like communication helped work through things.

Mr. Downing said I would just like to thank City Clerk Donna Jackson and her staff for meeting with me and walking through Legistar. It was a very helpful and educational process. We committed to have a very open nature of business and I just really appreciate her cooperation. Ms. Jackson said you too.

A motion was made by Councilperson Ann Williams, seconded by Councilperson LJ Bryant, that this matter be Recommended to Council . The motion PASSED with the following vote.

Aye: 4 - Charles Coleman;Ann Williams;David McClain and LJ Bryant

Absent: 1 - John Street

6. Other Business

Before I turn the floor over to the mayor, who wants to make a few comments, I just want to provide an update and others can add to this, as they want to. I know the Finance Department has been working hard on getting the financials updated. With everything going on, those fell behind, but hopefully we can get things back up to speed by the end of this week. Then, we also need to make sure that we get everything, hopefully, that we can as soon as we can, to the City Clerk so it can be placed on the City Council agenda so that everything can be reviewed according to our city statutes and state statutes, and get back on the regular quarterly reporting. I think there was a little bit of misunderstanding about what's being done. I think we've worked through that.

Mayor Perrin said I'm going to take the lead on your comments there. We did get behind with the change of Chief of Staff, as well as when Mr. Bill Reznicek moved, and also the young man who was in that position. We will, by this Friday, be caught up and have all the way through May. We don't get the bank statements until somewhere around the 10th or 15th. So, we felt a good time for a cutoff should be somewhere around the week of the 20th. So, the week of the 20th, we will have the monthly reports done, all monthly reports, on all the things that we do, and then it will be on the next month's agenda at the City Council meeting. So, you're going to get it as soon as we get through with it, including the executive summary and all the reports that are behind the executive summary that backs that up. That will give you at least a week or week and a half before it comes on the City Council floor so you can look at it or make any comments on it. I do have a call in to Larry Walther, Director of the Arkansas Department of Finance and Administration. During our meeting today, two things were brought up. First, internet sales tax will kick in. I want to know from Mr. Walthers when we anticipate getting the first one from the state. Second, the report you get has a

listing of all companies and what they pay on the Alcohol Beverage Control (ABC) tax and things of that nature. I'm not for sure that we may not have to give a lump sum rather than giving the name of the company. I don't know that, so that's a question for DFA. I know when I call there to get information from them, they will not give me a specific individual, but they'll give me either a lump sum or in a category of something. So, I've asked them to give me an opinion on that. I just wanted to share that with you all. Does that answer your question on that? The cutoff is on the 20th. You'll have it at least a week or so before, and at the first City Council meeting of the following month, we should be able to have the financials on there. Once approved, we'll put those on the website.

Chairmember Hafner said we probably need to talk about what goes on and the timing because I want to make sure we don't mess anything up with Legistar and stuff like that. Mayor Perrin said I agree because there are a lot of documents in there. Chairmember Hafner said we'll work through that. That was my thought after looking at some other cities like Conway and stuff. Like they did today, I want to make sure we sit down with Ms. Jackson and not put the cart before the horse. Mayor Perrin said I talked to Conway's mayor at noon today. They don't put everything on there. It's just certain things because you have the ABC and state turnback, and in state turnback you have three categories of state turnback, and one cover sheet will be combined so you're getting questions about which one is which, where does it go, and why does it go there. Then you have sales tax and franchise fees. You have sales tax, city and county, which is combined, plus individually. It goes on and on and on, so there's a lot of work in that report that gives you the total report. I'm thinking that I may ask Ms. Hornback to go through one of those with you all and I think that would be a big help.

Mayor Perrin said I just have one item and I'm glad Ms. Patti Lack is here because I think she had sent you an e-mail about me trading cars. I just wanted to clear that up if I may because it seems that the interest of the mayor's car is so much of an important issue here rather than trying to run the city. Let me explain something to you. First, we knew at budget time that we were going to look at a car probably in my area because of the mileage on the car that I had and also going to Little Rock so much, and out of town. We used the state bid process to get that. The state bid I went through was through the Police Department, which again was approved by the budget, so it doesn't have to go back through Finance or the City Council. Secondly, we were able to trade that car in at no cost whatsoever for a brand new car, which stopped any maintenance on that car. The city does not pay any sales tax whatsoever. I hope I answered all of those questions. I would be glad to give you anything on that. Just let me know and I'd be glad to do that. I just want to clear the air. It seemed like King Harold and the Golden Chariot on the last car, so I just want to make it real clear to you all that what I'm driving out here is an absolute police car, if you'll call it that. Go look at it outside. It sets outside back here in the back. You're welcome to look at that at any time. It does not have any whistles and bells and, in fact, it didn't even have the three buttons up here so I had to go to Mr. Vance's company and spend some money just to get a remote to get in my garage door. I just want to make it clear that I'm not taking sales tax money, I assure you, for any gain for me or anybody else on that deal. I'm as frugal as anybody possibly can be and anybody sitting in this room and the department heads will tell you that. We don't buy a bolt unless we need a bolt. I just wanted to make that clear.

Councilmember McClain said I think that goes back to my question of when do we decide when we purchase vehicles. Do we have a list of what we purchased this year or what we plan to purchase? Mayor Perrin said it's in the budget. Councilmember McClain said I couldn't tell what department and where and all that kind of stuff. Mayor

Perrin said it's in the budget. The department heads put a request in and, like on fixed assets, it will have the vehicle or the equipment and things of that nature, and then we put those in there if we can afford them or not. When they come in, then they're ready to go through the purchasing agent to put on the books. In fact, with the new system we have now with AML, a picture is taken, the VIN and all that stuff is with the AML on the computer. So, they know the date of contract, the date of purchase, etc.

Ms. Patti Lack, 4108 Forest Hill Road, said I just want to say thank you very much for that because I think a lot of citizens probably question that. I think just letting us know about that because sometimes we see things apparent and sometimes it makes more of what something is. So, I appreciate that you let us know on that. Mayor Perrin said you're quite welcome. Ms. Lack said thank you. Mayor Perrin said thank you, Patti.

7. Public Comments

8. Adjournment

A motion was made by Councilperson LJ Bryant, seconded by Councilperson David McClain, that this meeting be Adjourned. The motion PASSED with the following vote.

Aye: 4 - Charles Coleman; Ann Williams; David McClain and LJ Bryant

Absent: 1 - John Street