



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, October 12, 2010

4:00 PM

Huntington Building

1. Call To Order

Mayor Perrin was not able to attend the meeting.

Present 4 - Ann Williams; Jim Hargis; John Street and Darrel Dover

Absent 1 - Mikel Fears

2. Approval of minutes

MIN-10:079

Minutes for the special called Finance Committee meeting on September 7, 2010.

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

Aye: 3 - Jim Hargis; John Street and Darrel Dover

Absent: 1 - Mikel Fears

MIN-10:081

Minutes for the Finance Committee meeting on August 31, 2010.

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

Aye: 3 - Jim Hargis; John Street and Darrel Dover

Absent: 1 - Mikel Fears

3. New Business

4. Pending Items

5. Other Business

COM-10:101

Discussion regarding local Firemen's Pension and Relief Fund and calculation of millage to fund pension costs.

Consideration of changes in insurance premium turnback and impact on City.

Sponsors: Finance

RES-10:133

A RESOLUTION APPROVING THE RECOMMENDATION OF THE LOCAL

FIREMENS PENSION BOARD AND TO LEVY A ONE-HALF (.5) MILL TAX ON ALL REAL AND PERSONAL PROPERTY FOR THE LOCAL FIREMENS PENSION AND RELIEF FUND

Sponsors: Finance

City Treasurer Jim Eagan explained the City will have to make a contribution of no less than \$763,614 to the retired firefighter pension fund, which is an increase. He further explained year to date the City has only collected \$185,000 this year and last year collected \$431,000. He stated the millage for the firemen's pension fund is .5 mills and has been as far back as 1996. He added the millage amount should have been increased last year but was not. Mr. Eagan stated the 1 mill should be the minimum amount collected to make up for prior years shortfall and to pay for future pay increases.

Councilman Dover questioned whether the increase would require a vote by the citizens. Mr. Eagan answered no, that state law allows for the City Council to pass the annual millage levy once the citizens have already voted on the fund. He added the Council can increase the millage to one mill without any type of vote and it will show up on the citizens' property tax bill.

Councilman Dover then questioned if the money raised from the 1 mill tax will go towards the old pension fund. Mr. Eagan answered yes, due to an Attorney General opinion. Councilman Dover expressed concern that in the past they have been told the old pension fund had surplus monies which would cover the cost of the raises the Council has approved over the years and now the committee is being told there's not enough money to cover the cost of the fund. Mr. Eagan explained the retired firefighter's pension fund has not been funded correctly in past years, plus with the market crash in 2008, many of the pension boards decreased the effective rate from 8% to 3%.

Councilman Dover suggested someone familiar with the situation make a presentation to the Council before the passage of the millage resolutions. He expressed further concern that they were told the retired firefighter's plan was not going to be negatively affected by the increases the Council has approved for them in the past. City Clerk Donna Jackson noted the millage resolutions have a deadline in order for them to be taken to Craighead County for the tax to be collected starting next year. Mr. Eagan added he doesn't mind calling someone from LOPFI to see if an actuary can be at the Council meeting to discuss the retired firefighter's fund.

Discussion was held regarding sources of funding for the retired firefighter's pension. Mr. Eagan explained in the past the City has been using state insurance turnback to fund the retired pension plan, when in reality that money should only be going to the active firefighter's pension plan. He added the situation is worsened by the fact that the City is already behind on how much should have been paid in. Discussion was then held regarding who performed the actuarial study. Councilman Dover stated he would like to know how much the City owes for the retired pension fund and the active pension fund separately not as one lump sum.

Councilman Street questioned why it took so long for this to be brought to the committee's attention if the City has been behind for years. Mr. Eagan stated the City has been paying the shortfall out of the general fund instead of paying it out of the millage. Councilman Hargis noted the actuary study Mr. Eagan handed out during the meeting reflects the City going negative in 2003.

Chairwoman Williams noted the City Council will probably ask the same questions, so the Finance Committee members need to be fully informed in order to answer

those questions. Councilman Dover added the citizens will also question the increase in millage and the Council will have to explain it.

Councilman Dover explained he would like an actuary to tell them when the City stopped collecting enough money to pay for the retired pension plan. Mr. Eagan answered that point was 2008 and the City also has an unfunded actuarial liability that has to be paid within a specific amount of time. Further discussion was held concerning the pension plan. Mr. Eagan noted that the 1 mill is for this year and next year the computations may show that less than 1 mill is needed.

Councilman Dover motioned, seconded by Councilman Street, to forward the resolutions on to the City Council for discussion with the stipulation that a presentation be made explaining in more detail the need for the increase in millage. All voted aye. It was noted the Finance Committee is not voting in favor for or against the resolution; rather, it is just being forwarded on to the City Council.

Councilman Dover explained he wanted to know how much money the retired fire pension plan has, how much money the active fire pension plan has, how many retirees are in the old plan and how much the annual expense is for the City, as well as any other details that can be provided. Mr. Dan Melton noted there are 56 retirees.

Aye: 3 - Jim Hargis; John Street and Darrel Dover

Absent: 1 - Mikel Fears

COM-10:102

Discussion of 2009 actuarial valuation for (local) Jonesboro Police Pension Fund and calculation of millage tax for 2011.

Consideration of proposed changes in insurance premium turnback and impact upon City funding of pension costs.

Sponsors: Finance

RES-10:132

A RESOLUTION APPROVING THE RECOMMENDATION OF THE JONESBORO POLICE PENSION BOARD AND TO LEVY A ONE-HALF (.5) MILL TAX ON ALL REAL AND PERSONAL PROPERTY FOR THE JONESBORO POLICE PENSION FUND

Sponsors: Finance

Councilman Dover motioned, seconded by Councilman Street, to forward the resolutions on to the City Council for discussion with the stipulation that a presentation be made explaining in more detail the need for the increase in millage. All voted aye. It was noted the Finance Committee is not voting in favor for or against the resolution; rather, it is just being forwarded on to the City Council.

RES-10:139

A RESOLUTION TO LEVY A 2 MILL TAX ON ALL REAL AND PERSONAL PROPERTY FOR THE PUBLIC LIBRARY TAX

Sponsors: Finance and Mayor's Office

Councilman Dover motioned, seconded by Councilman Street, to forward the resolutions on to the City Council for discussion with the stipulation that a presentation be made explaining in more detail the need for the increase in millage. All voted aye. It was noted the Finance Committee is not voting in

favor for or against the resolution; rather, it is just being forwarded on to the City Council.

[COM-10:103](#) Financial Reports for August, 2010.

Sponsors: Finance

[COM-10:108](#) Cash Management Reports

Sponsors: Finance

[COM-10:114](#) Financial Reports as provided by City Treasurer Jim Eagan to the Finance Committee at the meeting on October 12, 2010.

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 CARRIED by a Voice Vote.

Aye: 3 - Jim Hargis; John Street and Darrel Dover

Absent: 1 - Mikel Fears