

ADMINISTRATIVE SERVICES AGREEMENT

This Agreement is entered into this 8th day of Oct 2012, by and between the ARKANSAS LOCAL POLICE AND POLICE RETIREMENT SYSTEM (LOPFI) and the CITY OF JONESBORO for the benefit of its POLICE Pension and Relief Fund (Police Pension Fund).

PARTIES

The City of JONESBORO, a political subdivision, currently has and administers a Police Pension Fund.

LOPFI is an agency created by statute (A.C.A. 24-10-101, et. seq.) for the purpose of providing a statewide retirement system with pooled administration.

The Mayor and City Council of JONESBORO desire to enter into an irrevocable Agreement with LOPFI to administer its Police Pension Fund and in consideration of the mutual obligations hereinafter enumerated the parties agree as follows:

1. This Agreement is made pursuant to the authority of Act 364 of 1981, as amended, of the General Assembly of the State of Arkansas.
2. This Agreement shall be effective sixty (60) days from the date affixed hereto, provided, however, at any time during the sixty (60) day period the LOPFI Board of Trustees may reject this Agreement.
3. This Agreement is for the administration of the Police Pension Fund and its benefit structure shall not change, unless a benefit increase is approved by the City of JONESBORO.
4. The actuaries for LOPFI have computed an initial employer contribution rate(s) to be paid by the City of JONESBORO to support the benefits paid by the Police Pension Fund and will provide eligible participants with the benefits described in Act 1197 of 1983 (applies to Police plans). The City of JONESBORO agrees to always remit payment at the level established by the actuaries for LOPFI.
5. The annual fee paid to LOPFI for administration of the Police Pension Fund shall not exceed one half (1/2) of one percent (1%) of the annual payroll of the Police Pension Fund and one percent (1%) of the average annual Police Pension Fund assets. However, this fee is subject to change by legislative action. The fiscal year shall be January 1 through December 31.

City of JONESBORO

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6. Benefits and member refunds shall be paid on the first business day of each month and in accordance with LOPFI procedures.
7. LOPFI covenants and agrees to provide the following services:
 - a. annual report including a statement of revenues and expenditures, reserve accounts, assets, and an investment summary.
 - b. investment of Police Pension Fund assets and the award of annual interest to the employer reserve account at the end of each fiscal year in an amount consistent with the interest awarded to other LOPFI employer accounts;
 - c. process retirement applications including determination of eligibility, calculation of service credit and benefit payment amounts, payment of benefits to eligible beneficiaries; and satisfaction of state and federal withholding requirements;
 - d. disability determinations, provided the employer submits appropriate materials for said determinations. All disability determinations shall conform to LOPFI procedures;
 - e. refund of member contributions to eligible terminating members;
 - f. all bookkeeping and records management; and
8. The City of JONESBORO covenants and agrees as follows:
 - a. upon execution of this Agreement all Police Pension Fund assets and records shall be transferred to LOPFI. In the sole discretion of LOPFI, certain investments may be allowed to mature to avoid penalties;
 - b. all employer and applicable employee contributions shall be remitted to LOPFI in time to be recorded by the tenth (10th) day of each month following the month in which services were rendered. Remittance shall be made in the manner and amounts prescribed by LOPFI, which shall include the use of electronic reporting and electronic payment;
 - c. the City of JONESBORO shall execute all documents required by LOPFI to aid in the administrative process;
 - d. all active members and beneficiaries of the Police Pension Fund have been deemed eligible pursuant to the standards prevailing at the time of the determination of eligibility. The parties agree that LOPFI is bound by any determination of eligibility or ineligibility made by the Board of Trustees of the Police Pension Fund as long as such determination(s) conform to state law. The Police Pension Fund and the City of JONESBORO indemnify and hold LOPFI harmless for any eligibility decisions made by the Police Pension Fund.
 - e. the City of JONESBORO has disclosed to LOPFI all pending claims, actions, suits, and threatened liabilities to the Police Pension Fund.

9. Upon the passage of sixty (60) days following the execution of this document, unless rejected by the LOPFI Board of Trustees, this Agreement shall become permanent.
10. JONESBORO Police Pension and Relief Fund Board of Trustees' Resolution dated August 27, 2012, and Ordinance No. 12:053, dated October 8, 2012, of the City of JONESBORO, are incorporated by reference herein as though set forth word for word.

This Agreement executed in duplicate originals this 8th day of Oct, 2012.

JONESBORO, ARKANSAS

LOPFI BOARD OF TRUSTEES

BY: James H. Bush
(LOPFI Board Chairman)

ATTEST: [Signature]

L.O.P.F.I.
OCT 15 2012
RECEIVED

City of Jonesboro, Arkansas
Analysis of LOPFI & Local Police Pension Fund Consolidation
Fiscal Year 2012

Salary Assumptions Used for Future Calculations				
Year	Base Salary	Overtime	Incentive Pay	TOTAL PAY
2012	\$ 5,731,469.82	\$ 150,000.00	\$ 450,000.00	\$ 6,331,469.82
2013	5,903,413.91	154,500.00	472,500.00	6,530,413.91
2014	6,080,516.33	159,135.00	496,125.00	6,735,776.33
2015	6,262,931.82	163,909.05	520,931.25	6,947,772.12
2016	6,450,819.78	168,826.32	546,977.81	7,166,623.91
2017	6,644,344.37	173,891.11	574,326.70	7,392,562.18
2018	6,843,674.70	179,107.84	603,043.04	7,625,825.58
2019	7,048,984.94	184,481.08	633,195.19	7,866,661.21
2020	7,260,454.49	190,015.51	664,854.95	8,115,324.95
2021	7,478,268.13	195,715.98	698,097.70	8,372,081.80
2022	7,702,616.17	201,587.46	733,002.58	8,637,206.21
2023	7,933,694.65	207,635.08	769,652.71	8,910,982.45
2024	8,171,705.49	213,864.13	808,135.35	9,193,704.97
2025	8,416,856.66	220,280.06	848,542.11	9,485,678.83
2026	8,669,362.36	226,888.46	890,969.22	9,787,220.04
2027	8,929,443.23	233,695.11	935,517.68	10,098,656.02
2028	9,197,326.53	240,705.97	982,293.56	10,420,326.06

City of Jonesboro, Arkansas
Analysis of LOPFI & Local Police Pension Fund Consolidation
Fiscal Year 2012

Current LOPFI Police Plan				
Year	% of Payroll	LOPFI Payment	SIT Credit	General Fund
2012	16.54%	\$ 1,047,225.11	\$ 626,963.88	\$ 420,261.23
2013	17.54%	1,145,434.60	563,649.18	581,785.42
2014	18.54%	1,248,812.93	498,345.04	750,467.89
2015	19.54%	1,357,594.67	430,987.28	926,607.39
2016	20.54%	1,472,024.55	361,509.56	1,110,514.99
2017	20.54%	1,518,432.27	607,372.91	911,059.36
2018	20.54%	1,566,344.57	626,537.83	939,806.74
2019	20.54%	1,615,812.21	646,324.89	969,487.33
2020	20.54%	1,666,887.75	666,755.10	1,000,132.65
2021	20.54%	1,719,625.60	687,850.24	1,031,775.36
2022	20.54%	1,774,082.16	709,632.86	1,064,449.29
2023	20.54%	1,830,315.79	732,126.32	1,098,189.48
2024	20.54%	1,888,387.00	755,354.80	1,133,032.20
2025	20.54%	1,948,358.43	779,343.37	1,169,015.06
2026	20.54%	2,010,295.00	804,118.00	1,206,177.00
2027	20.54%	2,074,263.95	829,705.58	1,244,558.37
2028	20.54%	2,140,334.97	856,133.99	1,284,200.98
Totals		\$ 28,024,231.57	\$ 11,182,710.82	\$ 16,841,520.75

City of Jonesboro, Arkansas
Analysis of LOPFI & Local Police Pension Fund Consolidation
Fiscal Year 2012

Combine Old Police Plan and Current LOPFI Police Plan						
Year	% of Payroll	Payment to LOPFI	SIT Credit	Property Tax	Fines	General Fund
2012	20.11%	\$ 1,273,258.58	\$ 626,963.88	\$ 475,000.00	\$ 131,000.00	\$ 40,294.70
2013	21.11%	1,378,570.38	563,649.18	475,000.00	131,000.00	208,921.20
2014	22.11%	1,489,280.15	498,345.04	475,000.00	131,000.00	384,935.10
2015	23.11%	1,605,630.14	430,987.28	475,000.00	131,000.00	568,642.86
2016	24.11%	1,727,873.02	361,509.56	475,000.00	131,000.00	760,363.47
2017	24.11%	1,782,346.74	607,372.91	475,000.00	131,000.00	568,973.83
2018	24.11%	1,838,586.55	626,537.83	475,000.00	131,000.00	606,048.72
2019	24.11%	1,896,652.02	646,324.89	475,000.00	131,000.00	644,327.13
2020	24.11%	1,956,604.85	666,755.10	475,000.00	131,000.00	683,849.75
2021	24.11%	2,018,508.92	687,850.24	475,000.00	131,000.00	724,658.68
2022	24.11%	2,082,430.42	709,632.86	475,000.00	131,000.00	766,797.55
2023	24.11%	2,148,437.87	732,126.32	475,000.00	131,000.00	810,311.55
2024	24.11%	2,216,602.27	755,354.80	475,000.00	131,000.00	855,247.47
2025	24.11%	2,286,997.17	779,343.37	475,000.00	131,000.00	901,653.79
2026	24.11%	2,359,698.75	804,118.00	475,000.00	131,000.00	949,580.75
2027	24.11%	2,434,785.97	829,705.58	475,000.00	131,000.00	999,080.39
2028	20.54%	2,140,334.97	856,133.99	475,000.00	131,000.00	678,200.98
Totals		\$ 32,636,598.75	\$ 11,182,710.82	\$ 8,075,000.00	\$ 2,227,000.00	\$ 11,151,887.93

City of Jonesboro, Arkansas
Analysis of LOPFI & Local Police Pension Fund Consolidation
Fiscal Year 2012

Estimated Savings by Combining Plans			
Year	Current Plan	Combined Option	Difference
2012	\$ 420,261.23	\$ 40,294.70	\$ 379,966.53
2013	581,785.42	208,921.20	372,864.22
2014	750,467.89	384,935.10	365,532.78
2015	926,607.39	568,642.86	357,964.54
2016	1,110,514.99	760,363.47	350,151.53
2017	911,059.36	568,973.83	342,085.53
2018	939,806.74	606,048.72	333,758.03
2019	969,487.33	644,327.13	325,160.19
2020	1,000,132.65	683,849.75	316,282.90
2021	1,031,775.36	724,658.68	307,116.68
2022	1,064,449.29	766,797.55	297,651.74
2023	1,098,189.48	810,311.55	287,877.93
2024	1,133,032.20	855,247.47	277,784.73
2025	1,169,015.06	901,653.79	267,361.27
2026	1,206,177.00	949,580.75	256,596.24
2027	1,244,558.37	999,080.39	245,477.98
2028	1,284,200.98	678,200.98	606,000.00
Totals	\$ 16,841,520.75	\$ 11,151,887.93	\$ 5,689,632.82