



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, June 8, 2010

4:00 PM

Huntington Building

1. Call To Order

Mayor Perrin was also in attendance.

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

Absent 1 - Mikel Fears

2. Approval of minutes

MIN-10:049 Minutes for the Finance Committee meeting on May 11, 2010.

A motion was made by Councilman Jim Hargis, seconded by Councilman John Street, 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-10:052 Minutes for the special called Finance Committee meeting on June 1, 2010.

A motion was made by Councilman John Street, seconded by Councilman Darrel Dover, 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-10:057 Feasibility of Providing ATM Services at Justice Complex

Sponsors: Finance

Chairwoman Williams explained an ATM is being considered for the Justice Complex due to having to pay fines in cash. Councilman Street noted he has personally had to escort people to their bank to get money. Chairwoman Williams stated an ATM would

be helpful in order to reduce risk and to use the personnel elsewhere. Councilman Street asked if there would be any cost to the City. Mayor Perrin added ATM services will be bid out to all of the banks and the banks will pay the City a monthly rental since the needed data lines are already set up at the Justice Complex. Chairwoman Williams asked if it will be like an ATM that's set up at a grocery store or quick stop. Mayor Perrin answered yes. Councilman Dover questioned whether the ATM will accept a bank card from any bank. Mayor Perrin stated yes it will, but it will charge a \$2 transaction fee if the user is a customer of another bank. He added the bank will make income due to the transaction fees, plus the City will get income from the rental fee as well as providing a public service.

Councilman Dover motioned, seconded by Councilman Street, to instruct the Mayor to proceed with the RFP. He noted the bids should be brought back to the Finance Committee.

Councilman Hargis questioned who will set the transaction fee. Mayor Perrin stated the bank will set the fee. He added as far as he knows all transaction fees used to be \$2 and are standard throughout banking. He noted they did not include in the bid stating what the transaction fee will be, but they can ask the bank.

City Treasurer Jim Eagan stated he had concerns about monitoring the ATM. He explained the desk sergeant's camera looks onto where the ATM will be placed. He also noted the area in which the ATM will be located is recessed, so it will provide some privacy for the users. He further explained the bids will be received before the next Finance meeting in order for the committee to make a decision and pass a resolution on to the City Council.

This item was Read.

COM-10:058

Cash Management Reports

Sponsors: Finance

Discussion was held concerning the financial reports. Councilman Hargis expressed concern over the amount of information that is in the cash balances report and questioned what they are supposed to get out of it. He noted the report does reflect a gain of \$200,000 during May. Mayor Perrin stated he is trying to provide the committee with information regarding the cash balances and what the City ended the month with. Further discussion was held regarding the reports.

Councilman Hargis questioned where the reserve money is located in the interest earning report. Mr. Eagan explained it is calculated into the fund balances. Mayor Perrin added the reserve money is included in the \$23 million that is reflected in the report. He added the budget process will start in August and the interest rate will probably go down for 2011. Discussion was then held regarding the current stock market and incoming revenue. Mayor Perrin noted the City still runs day-to-day operations on sales tax revenue.

This item was Read.

Principal Financial and the non-uniform pension plan

Mr. Eagan explained they sent out letters to the retirees asking them to sign a waiver in order to the transfer funds. He further explained some retirees have contacted them with questions, so they will be holding a public meeting on June 21st at 6:00 p.m. at the Huntington Building to address the retirees concerns. Councilman Hargis

expressed concern over the transfer of funds taking so long. Mr. Eagan noted the majority of the retirees they have spoken to have indicated they will sign their waivers. He added once they have the waivers they will present them to Principal and transfer the funds to Stephens. Councilman Dover questioned how long the City is paid through with Principal. Mr. Eagan stated they have not sent in any money to Principal, but they are accruing it. Mayor Perrin added the City is paid through 2008, but they haven't sent any money to Principal for 2009. He noted the money that is accruing is for 2009. He explained typically the money would have been sent in February or March. He further explained if they are successful in transferring the pension money to Stephens, then the money the City has accrued for 2009 can be sent to Stephens rather than Principal.

Mayor Perrin questioned whether the Principal reports are still being sent out to the committee members. Councilman Dover stated he hasn't gotten one in a while. Mayor Perrin asked for the reports to be sent out to the committee members.

Chairwoman Williams stated City Attorney Phillip Crego has sent a letter to Principal concerning transferring the funds. Councilman Dover questioned how the City determines how much money should be saved every month to pay for the pension plan. Mayor Perrin explained the company sends the City an actuarial form that lets the City know the cost of the plan. He added they got the form back in November of 2008 or 2009 that reflected a cost of \$650,000 or \$690,000. Chairwoman Williams questioned how often the City will be paying the company in 2011. Mayor Perrin stated he would like to start making monthly payments for the pension plan in 2011, so the City can take advantage of the stock market fluctuations during the year.

Edwards property near the landfill

Councilman Hargis questioned whether Dr. Edwards' property near the landfill has been purchased yet. Mayor Perrin stated he anticipates having to write a check to purchase the property within the next 30 to 60 days. He noted the City will be getting 30 acres in the purchase for \$365,000. He explained he thinks the City will be able to sell the property in the future for a profit. He further explained he is hoping to further negotiate the land purchase with Dr. Edwards.

Discussion concerning the recent hire of a CPA

Mayor Perrin informed the committee that about a month ago he hired a CPA to assist the Finance Department with certain tasks. He explained the CPA was hired through Professional Services at the rate of \$2,500 a month. He further explained he's looking at journal entries and bank reconciliations, as well as other duties. He noted the CPA has found a journal entry error in the amount of \$385,000.

6. Public Comments

Mr. Harold Carter discussed the pension plan with Principal Financial. He questioned why Principal hasn't released the funds yet. Mayor Perrin stated the City has a contract with Principal for the pension plan. He explained the contract states Principal will guarantee a certain dollar amount for each retiree and the City cannot transfer the money from Principal to Stephens due to that obligation. He further explained Principal has indicated that until they get waivers from the retirees they will not release the funds. Discussion was held concerning the pension plan. Mr. Carter then questioned what will happen if a retiree doesn't sign the waiver. Mayor Perrin stated if a retiree doesn't sign the waiver, then Principal will be obligated to continue paying the pension for the retiree by purchasing an annuity to fund the retirees plan.

7. Adjournment

A motion was made by Councilman Darrel Dover, seconded by Councilman Jim Hargis, 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