



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, August 23, 2011

3:00 PM

Huntington Building

1. Call To Order

Mayor Perrin was also in attendance.

Present 3 - Ann Williams; John Street and Darrel Dover

Absent 2 - Mikel Fears and Charles Coleman

2. Approval of minutes

MIN-11:071 Minutes for the Finance Committee meeting on August 9, 2011

Attachments: [Minutes](#)

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: 2 - John Street and Darrel Dover

Absent: 2 - Mikel Fears and Charles Coleman

3. New Business

Resolutions To Be Introduced

RES-11:139 A RESOLUTION AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE AN ENGAGEMENT LETTER FOR AUDIT SERVICES OF FEDERAL AWARDS WITH FREEMAN & COMPANY, CPA

Sponsors: Finance

Attachments: [Freeman & Co](#)

Mayor Perrin explained this is the company that does the federal audit for the federal funds. He noted the resolution is routine and the City has been using Freeman for a while.

A motion was made by Councilman Darrel Dover, seconded by Councilman John Street, that this matter be Recommended to Council . The motion PASSED by a unanimous vote

Aye: 2 - John Street and Darrel Dover

Absent: 2 - Mikel Fears and Charles Coleman

4. Pending Items

5. Other Business

COM-11:063 Non Uniform Pension Discussion with Stephens and The Hartford from 3:00-5:00

Sponsors: Finance

Attachments: [Stephens Information](#)
[Hartford information](#)

Mr. Matt Clafin, a representative from The Hartford, asked the committee if there were any specific questions they would like to be answered during their presentation. Councilman Dover stated their main concerns are regarding how the employees will be affected by the proposed plan and to make sure the employees will be assisted in managing their money.

Mr. Charles Long, a representative from Stephens, discussed their role with the proposed plan. He noted they will be taking care of employee education and the committee will be able to decide how that will be administered. He added Stephens is local and while they selected Hartford to work with them on this plan, Hartford will be held responsible for their role. Mr. Long explained they will make sure the employee's goals and objectives are matched with the correct investments. He discussed how they will help to meet those objectives and explained they will be available to meet with employees at any time since they are local. He further explained they chose Hartford due to their performance with governmental agencies, but they can be replaced if Stephens thinks Hartford is not doing enough for the plan. Discussion was held concerning options within the plan concerning investments.

Employee Representative Larry Jackson noted the plan is different than what the employees have now because the employees will no longer be guaranteed a certain amount in benefits every month. Mr. Clafin explained the proposed plan is a combination of a 457, which is where the employee contributes, and a 401a in which the City contributes. If an employee takes part in both plans, they will get statements for each plan. Mr. Jackson stated if the investments aren't good, then that will affect the size of the employee's retirement. Mr. Clafin agreed, but they have an option for a fixed account with a guaranteed minimum rate of return with a minimum current rate of 3%. That will guarantee the account makes at least 3% and reduces the risk of the stock market variances. He noted they, along with Stephens, will help the City and the employees choose wise investments, but the ultimate choice will be with the City and employees.

Councilman Street questioned how often the reports are sent out. Mr. Clafin answered the reports are sent out quarterly and the online information is updated daily. Councilman Street then questioned whether the employees can borrow against their plan. Mr. Clafin stated that option is up to the committee and will be written into the plan depending on what the committee wants. Councilman Street expressed concern about people borrowing against their retirement due to future effects. Mr. Long stated borrowing is normally a bad idea and they do not generally recommend it, but if it's offered then there will be people who decide to do it. Mr. Clafin added the City also has an option to allow employees to borrow off the contribution portion of

the plan, but not borrow off what the City has put into their retirement plan.

Mr. Long questioned whether the City has decided as to whether the City's portion of payments into the plan will be pooled together. Mayor Perrin stated they have discussed it with Attorney Wyck Nisbett from Friday Eldredge and Clark and Mr. Nisbett recommended keeping the City's portion of the contributions separate from the employee's contributions. He also explained there are some factors that have not been determined, such as how much the City will be contributing.

Discussion was held concerning costs to the City and the employees. Mr. Clafin explained there will be an annual maintenance cost for the employees for the 401a, which will be determined by an annual balance. He added there will be internal expenses as well. There are no sales charges or surrender charges. He noted the charge will be listed on the summaries sent out quarterly so the employees know how much in charges they are paying. Mr. Clafin noted there are no transaction fees and changes can be made once per day. He added the number of transactions that can be made online is 20 per year because they like to be able to speak with the employees and discuss changes in the investments. Further discussion was held concerning employees borrowing against their retirement funds.

Discussion was then held regarding the rest of the information that was passed out to the committee members. Councilman Dover questioned the options for the employees once they retire. Mr. Clafin explained the employees will have several options concerning rolling over into an IRA, survivor benefits, as well as other options.

This item was Read.

6. Public Comments

7. Adjournment

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

Aye: 2 - John Street and Darrel Dover

Absent: 2 - Mikel Fears and Charles Coleman