
MINUTES OF THE CITY COUNCIL, CITY OF CONWAY, ARKANSAS

Conway, Arkansas
Monday 5:30 p.m.
October 26, 2009

On this date the City Council of the City of Conway, Arkansas met in special session. The following members being a quorum, were present and acting; Alderman Hawkins, Alderman Grimes, Alderwoman Whitmore, Alderman Vaught, Alderman Jones, and Alderman Rhodes. Also, present and acting: Mayor Tab Townsell, City Clerk Michael Garrett, and City Attorney Michael Murphy.

1. Call to Order
2. Reporting of Standing Committees

A. Community Development Committee (Planning, Zoning, Permits, Community Development, Historic District, Streets, & Conway Housing Authority)

1. Resolution to show support for the Safe Route to School grant application and master plan submitted by the City of Conway.

R-09-74

Wes Craiglow, Planning & Development, was present to answer questions. Alderman Hawkins motioned to adopt the resolution. Alderman Grimes seconded the motion. There was no discussion. The motion passed 6-0.

B. Public Safety Committee (Police, CEOC, IT Technology, Fire, District Court, City Attorney, & Animal Control)

1. Ordinance transferring administration of retirement coverage for eligible members of the Conway Firemen's Pension and Relief fund to the Arkansas LOPFI and authorizing the Mayor to enter into an agreement with LOPFI.

O-09-123

Mayor Townsell explained, as previously agreed, the city hired a firm to prepare an actuary for each of the City's pension plans. Upon receiving the actuary reports we contacted LOPFI and asked what would be required for them to take over our local police and fire retirement plans. Mayor Townsell stated there would be a 15 year amortization pay period with zero interest, for any unfunded liability these plans may have. In regards to the fire pension plan, LOPFI informed us they would take over administration of this plan if the city agreed to pay LOPFI \$473,630.00 per year for the next 15 year with no COLA. This would ultimately remove the city's obligation of this plan being funded by the city's

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general fund. Mayor Townsell stated if we wanted to factor in a 3% COLA increase the cost would be \$719,858.00 per year for 15 years. Mayor Townsell went onto say that LOPFI would take the police plan for \$230,927.00 per year for 15 years with no COLA, or \$408,416.00 per year with a COLA. Mayor Townsell explained that in 2008 we collected \$555,987.00 in revenues for the fire plan from various sources. The police pension fund collected \$580,000.00; some of these revenues will fluctuate, but it is feasible to turn the fire pension fund over without a COLA and without tapping the general fund with the revenue we bring in today. Mayor Townsell explained the overages from these revenues would need to be kept segregated by the city. If in the future the city is able to buy a richer benefit with any accumulated funds we could, without getting into the general fund. We cannot necessarily buy the 3% COLA for the fire plan, but in the future we may be able to buy a richer benefit with the overage balance, the same goes for the police plan. Mayor Townsell stated that fire retirees are currently paid at 60% of final salary and police retirees are paid at 50% of final salary with a \$250.00 per month increase. Mayor Townsell explained that both police and fire pension boards met and both voted unanimously to ask council to move these plans to LOPFI. Alderman Hawkins asked at the end of 15 years and the plans are being funded will the overage come back to the city. Mayor Townsell stated no, it is dedicated to pensions. Alderman Grimes asked where these funds come from. Mayor Townsell stated we police gets funds from District Court fees. Robin Scott, CFO, stated we get funds from employer contributions and employer matching contribution of existing employees but the bulk comes from millages. Alderman Grimes inquired, as active employees begin to retire will the employee/employer contributions go away. Mayor Townsell stated yes that portion will. Alderman Grimes asked what happens to the overage of funds when all the retirees are no longer with us and no more benefits are paid out. Michael Garrett, City Clerk, stated he believes the city would repeal the millage rate. Mayor Townsell stated we would certainly do that at some point but he does not know if it is retained as property of the state at that time. Ms. Scott stated that the millage and the insurance turn back for both plans are sufficient to cover the obligation within \$1,000.00. Alderman Vaught asked if we would have to raise the millage in the future to fund these plans. Mayor Townsell stated that has been a question and these numbers show us that that will not be necessary. Alderman Jones motioned to waive the readings of the ordinance. Alderwoman Whitmore seconded the motion. The motion passed 6-0. Alderman Jones motioned to adopt the ordinance and the emergency clause. Alderwoman Whitmore seconded the motion. There was no discussion. The clerk called the roll with the following voting "Aye": Alderman Hawkins, Alderman Vaught, Alderwoman Whitmore, Alderman Grimes, Alderman Jones, and Alderman Rhodes. The motion passed 6-0. Mayor Townsell stated this ordinance was without COLA

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2. **Ordinance transferring administration of retirement coverage for eligible members of the Conway Police Pension and Relief fund to the Arkansas LOPFI and authorizing the Mayor to enter into an agreement with LOPFI.**

O-09-124

Alderman Hawkins motioned to waive the readings of the ordinance. Alderwoman Whitmore seconded the motion. The motion passed 6-0. Alderman Hawkins motioned to adopt the ordinance and the emergency clause. Alderwoman Whitmore seconded the motion. Mayor Townsell pointed out this ordinance included the *COLA* for the police pension plan. There was no discussion. The clerk called the roll with the following voting "Aye": Alderman Hawkins, Alderman Vaught, Alderwoman Whitmore, Alderman Grimes, Alderman Jones, and Alderman Rhodes. The motion passed 6-0.

3. **Old Business**

4. **New Business**

Adjournment

PASSED this 26th day of October 2009

APPROVED:

Mayor Tab Townsell

City Clerk Michael O. Garrett