

Town of Arlington

5854 Airline Road, Arlington, TN 38002



PUBLIC HEARING – Potential projects the Town may seek funding under the 2012-2017 Transportation Improvement Program (TIP) of the Memphis Metropolitan Planning Organization (MPO).

Mayor Wissman opened the Public Hearing and advised that notice of the hearing was published in The Daily News on November 26, 2012.

Mayor Wissman recognized Steve Hill of Powers Hill Design and the Town Engineer who made a presentation. He stated that the Metropolitan Planning Organization (MPO) receives funding from the Federal Highway Administration (FHA) through the Tennessee Department of Transportation (TDOT). He explained that the funding gets portioned every four years through the Transportation Improvements Program (TIP). Mr. Hill advised that projects are being lined up for the 2014-2017 TIP Program which runs from October 1, 2013, to October 31, 2017. He noted that the process is competitive, projects are ranked, and the Town of Arlington is competing for these funds with other municipalities in Shelby County, including Shelby County. Mr. Hill mentioned the following projects that Arlington is presenting: road widening for Airline Road to I-40 and south of I-40 to Arlington Trail, signals for Jetway at Hwy 70, bike-ped project to extend the last project from Milton Wilson Road at Memphis-Arlington back to Jetway that would complete the loop between the schools, paving projects, and bridge projects. Mr. Hill advised that the Town will determine what projects to pursue and must submit the applications by January 11, 2013. He noted that the only thing the Federal Government requires of the MPO is that this plan be fiscally constrained, meaning you cannot commit to do more projects than you have money to do. He stated that this is the only opportunity for the public to make comments.

Mayor Wissman commented that this allows the Town to apply for grants. Mr. Hill responded that once projects get into the TIP Program and survive the process, the money is then set for a project as long as it can be executed in a timely manner and as long as the Federal Government doesn't rescind any of their funding. Mr. Hill noted that the Town has done about seven or eight projects in the last few years using this type of funding.

Mayor Wissman called for comments from the Board. Hearing none, he invited anyone wishing to speak for or against to please stand to be recognized. State your name and address for the record. Hearing no comments, the Public Hearing was closed.

PUBLIC HEARING – Second and final reading Ordinance 2012-13 to amend Chapter 4, Section 4.6.3 of the Arlington Zoning Ordinance, Municipal Floodplain Regulations, General Provisions, adopting revised FEMA Flood Insurance Rate Maps and Flood Insurance Study.

Mayor Wissman opened the Public Hearing and advised that notice of the public hearing was published in The Commercial Appeal on November 9, 2012. He invited anyone wishing to speak for or against to please stand to be recognized. State your name and address for the record. Hearing no further comments, the Public Hearing was closed.

PUBLIC HEARING – Second and final reading Ordinance 2012-14 amending Title 20, Chapter 1, Air Pollution Control Code, of the Arlington Municipal Code, to revise the amount of the annual Emission Fee collected from permitted air pollution sources.

Mayor Wissman opened the Public Hearing and advised that notice of the public hearing was published in The Commercial Appeal on November 9, 2012. He invited anyone wishing to speak for or against to please stand to be recognized. State your name and address for the record. Hearing no further comments, the Public Hearing was closed.

**Town Of Arlington
Board of Mayor and Aldermen
December 3, 2012
6:30 P.M.**

MEETING MINUTES

I. CALL TO ORDER AND ROLL CALL

Present

Mike Wissman, Mayor
Harry McKee, Vice Mayor
Gerald McGee, Alderman
Oscar Brooks, Alderman
Glen Bascom, Jr., Alderman
Brian Thompson, Alderman
Jeff McKee, Alderman

Others Present

Gerald Lawson, Attorney
Steve Hill, Engineer
Heather Sparkes, Planner
Catherine Durant, Recorder
See List

Mayor Wissman called the Board of Mayor and Aldermen meeting to order and advised that a quorum was established.

II. OPENING PRAYER

Vice Mayor McKee led the opening prayer.

III. PLEDGE TO THE FLAG

Alderman Gerald McGee led the Pledge of Allegiance.

IV. APPROVAL OF THE MINUTES FROM THE BMA MEETING OF NOVEMBER 5, 2012, AND SPECIAL CALLED MEETING OF NOVEMBER 20, 2012.

Mayor Wissman called for a motion to approve the minutes from the BMA Meeting of November 5, 2012, and Special Called Meeting of November 20, 2012.

Motion: Alderman Brooks made a motion to approve the Board of Mayor and Aldermen minutes of November 5, 2012, and Special Called Meeting of November 20, 2012. Alderman McGee seconded the motion.

Mayor Wissman called for additions or corrections. Hearing no reply, he called for a vote.

Vote on Motion: The motion carried unanimously.

V. GRIEVANCES & COMMENTS FROM CITIZENS

Mayor Wissman asked if any citizen wished to address the Board to please come to the podium, state your name and address for the record.

Mayor Wissman recognized Larry Harmon, 6171 Greenlee, who addressed the pension plan being looked at by the Town. He noted that there are those who can explain the nuts and bolts and how much it costs and how it needs to be done; however, he wants to explain why this needs to be done. He stated that the Town has employees of all kinds – management, clerical, heavy equipment operators, and firemen. He noted that even though some of these jobs are more dangerous than others, in the event of a tragedy, a pension plan is needed to take care of the employee's family. He concluded that the citizens of Arlington have a moral responsibility to take care of the people who take care of them. Mayor Wissman asked if anyone else wished to address the Board. There were no further comments from citizens.

VI. COMMUNICATIONS FROM THE MAYOR

A. Shelby County Sheriff's Department Incident Report for the Month of November 2012.

Mayor Wissman recognized Sheriff's representative, Officer Fox, who presented the incident report for November (on file). Mayor Wissman called for questions, and hearing no reply, thanked Officer Fox for the report.

B. Other as properly presented.

1. Mayor Wissman advised that the school issue is still a heavy discussion on all levels of government. He stated that the Judge ruled against the municipalities on one of the laws in question. Mayor Wissman stated for the record that the ruling does not eliminate the possibility of municipal schools; it eliminates one of the three or four laws that are in discussion. He advised that right now we are still under the Norris Todd bill which not only lifts the ban on municipal schools in August 2013, but also provides the transition process for the two systems to merge. He noted that the Judge will be hearing and ruling on the constitutionality of the municipal school ban. Mayor Wissman advised that mediation and negotiations will continue to be a topic on the news channels. He stated that the municipalities just want to have a strong say in the education of their children by having local control over the educational system; therefore, even though the vote was thrown out, we will continue to pursue whatever school system is allowed under state law. Mayor Wissman addressed the question of the sales tax increase and advised that it was never specifically ear-marked for

education, but the Town does have the intent of using it for educational issues until a school system is put in place. He noted that this increase is in the general fund under a specific line item which allows the Town to use the increase for this purpose. Mayor Wissman stated that the Town will go forward until a final decision is reached, and he assured everyone that the money will be spent on education, whether it is for attorney fees, creation of a system, or whatever is required. Mayor Wissman wanted to reassure citizens that the sales tax increase is being put towards what it was intended for and that it was not affected by the Judge's ruling.

2. Mayor Wissman noted that the December 1st Christmas Parade was a success and thanked those present whose hard work helped to make it a success. He stated that events like the Christmas Parade are what makes Arlington a great place to live and noted that even the weather cooperated.
3. There was nothing further to come before the Board.

VII. COMMITTEE REPORTS

Mayor Wissman advised that committee reports, including the Treasurer's Report and financial reports, for the month of November are on file at Town Hall and have been provided to the Board. Mayor Wissman asked if anyone wished to report on their committee.

Mayor Wissman reported on the Municipal School Board Planning Committee, advising that a Board was elected, but as a result of the Judge's ruling, was not allowed to take office. He stated that if they desire, the committee will remain intact and may, with some restructuring, invite the elected Board members to be on the committee to keep the planning process going forward.

Vice Mayor McKee read the Treasurer's Report into the record. Mayor Wissman called for comments and hearing none, advised that the Finance Committee will meet beginning in January on the third Thursday at 6:00 p.m. for preparation of the 2013/2014 Budget.

VIII. OLD BUSINESS

- A. Second and Final Reading Ordinance 2012-13 to amend Chapter 4, Section 4.6.3 of the Arlington Zoning Ordinance, Municipal Floodplain Regulations, General Provisions, adopting revised FEMA Flood Insurance Rate Maps and Flood Insurance Study.

Mayor Wissman called for a motion.

Motion: Alderman McGee made a motion to approve the Second and Final Reading of Ordinance 2012-13. Alderman Brooks seconded the motion.

Mayor Wissman asked Mr. Hill and Ms. Sparkes if they wished to make a presentation. Mr. Hill advised that the re-study that was done mainly affected the industrial park area and subdivisions on Forrest and Griffin. He noted that this revision takes them out of the floodplain. Mayor Wissman called for discussion. Hearing no reply, he called for a vote.

Vote on Motion: The motion carried unanimously.

- B. Second and Final Reading Ordinance 2012-14 amending Title 20, Chapter 1, Air Pollution Control Code, of the Arlington Municipal Code, to revise the amount of the annual Emission Fee collected from permitted air pollution sources.

Mayor Wissman called for a motion to approve.

Main Motion: Alderman Thompson made a motion to approve Resolution 2012-14. Alderman Brooks seconded the motion.

Mayor Wissman called for discussion. Ms. Durant, Town Recorder, advised that this is for a fee being revised that does not impact any existing industries in Arlington. She noted that this revision was proposed by the Shelby County Health Department. Mayor Wissman called for further discussion. Hearing no reply, he called for a vote.

Vote on Motion: The motion carried unanimously.

- C. Other as Properly Presented

There was no other old business brought forward.

IX. NEW BUSINESS

- A. Presentation June 30, 2012, Audit Report – Mike Hewitt, Alexander, Thompson Arnold, PLLC.

Mayor Wissman recognized Mike Hewitt of Alexander Thompson Arnold, PLLC, who provided the results of their audit dated June 30, 2012, (on file). He advised that he would review the high points and then answer questions. Mr. Hewitt reviewed the following:

Page 2 – Independent Auditor’s Report, third paragraph which states that the financial statements do present fairly the financial condition and results of operations of the Town of Arlington.

Page 10 – Statement of Net Assets was reviewed, noting that sewer system is \$18 million with \$10.4 million actually being invested in the sewer plant. He advised that \$7.7 million represents unrestricted net assets, Governmental Activities net assets total \$43 million with \$28 million of this is capital assets, \$5.5 million of the net assets are restricted for use on streets, and unrestricted funds available for expenditures are \$9.3 million.

Page 11 – Statement of Activities is essentially a private sector Income Statement, and columns and amounts were reviewed.

Page 12 – Balance Sheet, fund balances were reviewed, with the unassigned fund balance being \$9.8 million. It was noted that Solid Waste is encompassed in the General Fund.

Page 14 – This report is the operating results for the Town’s funds with the State Street Aid Fund having an increase in fund balance of \$823,000 and the General Fund and Solid Waste Fund together having an increase of \$1.4 million.

Page 23 – Income Statement for the Sewer Fund, noting the change in net assets of \$1.4 million with contributed income from developers of \$616,000 and actual income from operation of sewer system was \$794,000.

Page 24 – Cash Flow Statement was reviewed noting that net increase (decrease) in cash and cash equivalents \$753,000. This is significant because it represents adequate cash flow for servicing debt that the Town is preparing to issue;

Page 43 – Federal Awards and State Financial Assistance.

Page 44 – Internal Control and Compliance with Laws and Regulations as they have an impact on Financial Statements, advised that there were no deficiencies or weaknesses in the internal control that needed to be pointed out. It stated that there were a very few minor issues that were reviewed and staff corrected. Mr. Hewitt advised that with regard to compliance, this provision was not an objective of the audit and no opinion was expressed.

Page 46 – Mr. Hewitt advised that when a Town spends more than \$500,000 of federal funds, and Arlington spent \$2.2 million, a single audit is required to test and audit the expenditure of federal funds to ensure compliance with the most significant federal restrictions. He stated this page reports that there was nothing to indicate non-compliance.

Page 49 - Mr. Hewitt noted that there were no formal findings. He advised that they provided the Town with a separate “management” letter, not part of the audit, pointing out insignificant items that the Town may need to know. He advised that the Town did have an immaterial non-compliance on the State Street Aid Fund for spending \$4800 more than what was budgeted. He commented that this happens from time to time and is the most common finding with municipalities. Mr. Hewitt rated the Town at 8.5 for financial stability, which is an improvement over last year’s rating.

Mayor Wissman called for discussion. The Board thanked Mr. Hewitt who responded that the auditors enjoy coming to Arlington and working with the staff because they are conscientious and accommodating when assistance is needed. Mayor Wissman acknowledged staff’s hard work and stated that no one works harder than Ms. Durant, who deserves a well-done for her professionalism and commitment to the Town’s financial status.

B. Town of Arlington Retirement Plan Study from Tennessee Consolidated Retirement System.

Mayor Wissman advised that when he was elected last year, the school issue was predominant. The Town realized that it could eventually have a branch of government that was involved in TCRS, as well as a branch of government not involved, specifically school and non-school employees. He noted that the school employees are automatically with TCRS, and the Town has no say in that. He explained that when he took office,

Arlington was contributing four percent of everyone's salary to a retirement 457 plan. He advised that it was observed that some employees were not necessarily using this plan as a retirement fund, but using the money for loans, hardships, etc. So after discussion, the Town changed their contribution percentage to up to five percent with a match from the employee. This gave the Town the opportunity to see what it would cost the Town in a TCRS-type of retirement plan if it ever came to be. He explained that this was just something that was asked about. He noted that Collierville no longer has TCRS, they have their own defined benefit program, as do most of the surrounding municipalities. He noted that the Town approved an actuarial study earlier this year, and there may have been some confusion over the cost of the study which was approved for up to \$700. Mayor Wissman advised that representatives from TCRS will provide a presentation, and there will be no voting, this is just for the Town's consideration. Mayor Wissman introduced Melissa Davis, Field Services Supervisor, with TCRS, who then introduced team members Robert Tyson and Jessica Reeves. Ms. Davis advised that she would present an overview of TCRS (on file), review the plan costs, and answer questions.

Mayor Wissman called for discussion and recognized Alderman Thompson who requested an explanation for someone who has never looked at a plan like this, whether an employer or employee, what is the employer contributing to, how does it work. Ms. Davis replied that you are automatically assuming that if you join the TCRS you are automatically guaranteeing a monthly benefit to your employees by choosing one of the two scenarios, because you are coming in with five years, whether it is your dime or theirs, which is an immediate benefit. The employee is automatically vested even if the employee chooses to retire the next day and the employee collects a pension as long as the age requirement is met. She explained that the Town would be offering a lifetime benefit to the employee and a benefit to their beneficiary upon the employee's death. Alderman Thompson asked how a pension plan differs from a 401(K) or a 457 plan. Ms. Davis responded that being a defined benefit plan, it is not based on the annuity and the employee's contribution, but is based on a set formula. Employees will still be required to contribute five percent of their monthly check or their contribution can be assumed by the Town if the Town chooses. She advised that when a retiree's monthly benefit is calculated, initially the funds will be taken out of the employee's account which will fund the benefit until depleted. After that, the benefit will be funded by the Town for the remainder of the employee's life or the beneficiary's life. Alderman McGee asked Ms. Davis to explain some of the amounts presented in the study. Ms. Davis responded that the amounts represent the total of what the Town would need to provide for the first year's cost and is amortized over 20 years and is a running figure for a long-term plan. She noted that you can contribute more money on the front end to lower the rate initially, which a lot of local governments choose to do. Mayor Wissman noted that until a few years ago, the plan was 100 percent funded through the state and now that funding is 91 percent. He asked if the current 457 retirement plan funds would be transferred into TCRS. Ms. Davis responded that this could occur only if the funds were being used by the employee to purchase the 5 year prior service. Mayor Wissman asked if those employees with less than 5, would they be factored in as well. Ms. Davis responded yes, that the estimate for the plan is calculated with the assumption that all employees are eligible and will participate. Alderman McGee clarified that everyone will be vested immediately because either the Town or the employees are purchasing the five years. It was asked if someone retires the day after starting the plan, what will their pension be based on. Ms. Davis responded that the pension will be based on five years and would be a lesser amount than someone retiring at 30 years. She advised that at the 30-year full

benefit, the pension will be about 47-48 percent of the employee's average salary. She stated that at five years, the pension would be about a five to eight percent benefit. Vice Mayor McKee noted that many companies are moving away from defined benefit plans and asked how this plan is different. Ms. Davis responded that this is a long-term plan where the Town is offering a lifetime benefit to its employees. She noted that the plan is a costly plan, but it is a good benefit and there are advantages to offering this type of plan. It was advised TCRS investment decisions are made by a team of investors who work for the Treasury Department. There was discussion about the history of the percentage of funding over the last few years and how any loss would be dealt with. Ms. Davis advised that as of July 1, 2012, TCRS has three other plans that can be offered that might be less costly than the defined benefit plan currently being offered. She briefly reviewed these plan options. Alderman Bascom asked if the Town would only be responsible for the time an employee works here. Ms. Davis responded that the Town would only be responsible for the time served. She advised that the only time a person is potentially not eligible for benefits is if the person is convicted of a felony, at which time TCRS legal determines if the benefit will be denied. At Mayor Wissman's request, Ms. Davis provided an explanation regarding the effect of social security benefits on pension benefits. There was discussion regarding what the Town's liability would be for this particular long-term benefits plan as opposed to the 457 Plan that the Town is now contributing to. Mayor Wissman recognized Ed Haley, Town Superintendent, who suggested that the TCRS plan is a great plan for the Town's employees. There was discussion. Ms. Davis advised that it takes about six weeks to implement once the Town receives TCRS Board approval and a resolution must be approved by the BMA. There was further discussion regarding employee eligibility requirements. Alderman McGee requested a copy of the presentation for the Town to review. Mayor Wissman thanked Ms. Davis and her team for their presentation.

C. Resolution 2012-36 to remove uncollectible taxes from the Town of Arlington Certified Tax Rolls.

Mayor Wissman called for a motion to approve.

Main Motion: Alderman McGee made a motion to approve Resolution 2012-36. Alderman Bascom seconded the motion.

Mayor Wissman called for discussion. Hearing no reply, he called for a vote.

Vote on Motion: The motion carried unanimously.

D. Discussion – Benefits for Elected Officials.

Mayor Wissman advised that this is for discussion only, no vote is necessary. He advised that recently the question was asked if elected officials were eligible for insurance. Mayor Wissman stated that he checked with Gerald Lawson, Town Attorney, and the University of Tennessee MTAS Attorney, both advised him on state law and there was a slight difference of opinion. Mr. Lawson stated that the Town does not have a written policy in place on whether or not the Town provides insurance to elected officials or how it would be administered. He stated that the Personnel Policy is written for part-time

employees and full-time employees, and elected officials are not employees, there is no such thing as a part-time elected official. He advised that there is a state law that allows elected officials to receive benefits; however, the difference of opinion and lack of budgeting delayed information being presented to the Board. He noted that the policy during the last three administrations, the mayor has been allowed to participate, and two of the three mayors have signed up for insurance. Mr. Lawson has noted that this created a policy even though it is not a written policy. Mayor Wissman suggested that the Town needs to determine how to handle this issue to avoid problems down the road. He asked if this policy needs to be changed and put in writing for the future. Alderman Brooks stated that he would want to see the elected official pay the full amount of the insurance premium. Mr. Lawson advised that to change the policy would open the Town up to liability. Mayor Wissman asked Ms. Durant if benefits for the elected officials was calculated as part of the budget. Ms. Durant advised that it was not included in the 2012/2013 budget. She stated that she also needed to know if other benefits such as long-term disability and life insurance would be offered to elected officials. She queried that if benefits extended to a contribution to the 457 plan for elected officials, is that considered compensation. Alderman McKee asked if anyone has used those in the past. Ms. Durant replied no. She advised that under a previous administration the mayor came to her and said that he would like to participate. She advised that the Town is at the mercy of Shelby County and are allowed to participate in their program. She stated that the town went to Shelby County and asked what it would take for an elected official to participate. They advised that the Town write a letter saying that the Mayor is the equivalent of a full-time employee, working the equivalent of 30 to 40 hours per week on Town of Arlington business, then we will allow the mayor to participate. She stated that this is how this unwritten policy got started. Mayor Wissman stated that this is why he brought this up, so that the Town could decide what direction to take on this issue. Alderman Brooks stated that he would not put the extra burden on the taxpayers. Alderman Bascom stated that he is fine with the current policy in place. Mr. Lawson advised any change would be an amendment to the Personnel Policy. Mayor Wissman stated that he thinks this issue should be subject to more discussion to prevent future problems for the Town. Alderman Thompson stated that if he had the option for insurance through his business, then he would do that; however, if he did not have that option, then he thinks he should have the option to participate in the insurance through the Town. Alderman Bascom asked what the budgeted amount would be and Ms. Durant provided an approximate figure of \$10,000 per person for a family policy. She stated that the Town pays two-thirds of the premium and the employee pays one-third. Alderman McGee noted that the Town's insurance is a pretty good policy. There was discussion regarding how this discussion came about noting that paperwork was turned in to participate in the insurance and the Town felt it was necessary for everyone to be made aware prior to processing the request. Mayor Wissman asked the Board to clarify if they want to go a different route for the future, so that budget considerations can be addressed. It was noted that Russell Wiseman did have insurance through the Town of Arlington when he was mayor. Alderman Bascom commented that he would be leery of signing up for insurance through the Town because of the ramifications of what would happen should he not be re-elected. Mayor Wissman advised that this is on the record so that if it comes up in the future, the Board is clear on what the options are. There was further discussion.

D. Other as properly presented.

There was no other new business to come before the Board.

X. APPROVAL OF BILLS

Motion: Alderman Brooks made a motion to approve bills for payment. Alderman Thompson seconded the motion.

Mayor Wissman called for discussion. Hearing no reply, he called for a vote.

Vote on Motion: The motion carried unanimously.

XI. ADJOURNMENT

Motion: Alderman McGee made a motion to adjourn. Alderman Brooks seconded the motion. The motion carried unanimously.

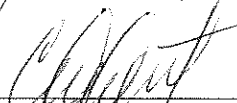
Meeting adjourned.



Mike Wissman, Mayor

1-7-13

Date



Catherine D. Durant, Recorder

1-7-13

Date

Submitted By: Theresa Smith, Planning Clerk