

MINUTES

METROPOLITAN EMPLOYEE BENEFIT BOARD

STUDY & FORMULATING COMMITTEE

May 30, 2014

The Metropolitan Employee Benefit Board's Study & Formulating Committee met on Friday, May 30, 2014 at 9:00 a.m., Parks and Recreation Conference Room, 2565 Park Plaza, Nashville, TN.

Committee Members present: Chair: Michael Shmerling; Member(s): Glenn Farner, Jr., Debra Grimes and Ivanetta Samuels.

Vice-Chair: Lucia Folk was unable to be present.

Benefit Board Member(s) present: Veronica Frazier, Edna Jones and Richard Riebeling.

Other(s) present: Justin Stack, Metro Human Resources, and Nicki Eke, Metro Legal Department.

1. Update on PEW foundation review.

Michael Shmerling reported to the Committee that it has been requested to get approval from the Benefit Board regarding the Pew foundations involvement. He stated that once that is done, it is planned for them to come before this Committee.

Michael Shmerling asked if there were any amendments, corrections or questions of the minutes from the last meeting held on April 28, 2014. With no corrections, Glenn Farner moved for approval of the minutes. Lucia Folk seconded and the minutes were approved without objection.

2. Bryan, Pendleton, Swats & McAllister review of previous S&F recommendations.

David Shaub and Kevin Sullivan, (BPS&M), were present.

David Shaub and Kevin Sullivan reviewed the proposals from the prior Committee related to retiree medical benefits, service pensions, employee disability and injured on duty medical benefits, the recommendations made by the Committee related to those proposals/benefits, any associated costs/savings, the status of the proposals and those that were approved by Council.

There was discussion of the defined contribution benefit, the pros and cons and examples (i.e. State of TN).

There was discussion of the pros and cons of a deferred vested lump sum payout option and the impact on the plans (medical and pension). The Committee was in agreement that they would like to study the option of offering a lump sum settlement of a vested retirement benefit and forfeiting any future retiree medical benefit, if deemed permissible by Metro Legal.

There was discussion of changing the normal retirement provision and possibly making it consistent with social security retirement and increasing the reduction factors for early retirement provisions for future members and the potential impact on the plan.

The Committee reviewed changing the actuarial equivalence provision for optional forms of benefit to include assumed cost of living adjustments for forms of payment with survivor benefits. Requiring 10 years of service for a normal retirement benefit regardless of age which would prevent members that are hired at later ages from receiving a benefit at age 65 with 5 years of service.

There was discussion of a hybrid plan/defined contribution plan for new members, which is a combination of a defined benefit plan and a defined contribution plan where the member bears some or all of the investment risk and if there is any information available on the plan implemented by the

State of TN.

The Committee discussed the defined contribution plan and requested information available on entities that have implemented that type of plan and cost savings.

The Committee discussed how Metro's plans rank in comparison to private sector.

Greg Drennan informed the Committee that a compensation study was recently completed and that Metro's plans are in range with regard to compensation but the retirement benefits are very lucrative compared to private sector.

There was discussion of the pension fund being almost fully funded and what percentage of Metro's budget is allocated to pension/medical benefits.

The Committee discussed the next steps regarding the items discussed today and requested different scenarios and then possibly making recommendations.

Michael Shmerling reviewed the letter from Councilman Charlie Tygard regarding the proposal of a defined contribution plan.

Greg Drennan gave some stats regarding Metro's benefits verses the private sector and indicated that they can draft a model plan for a defined contribution plan equivalent to that of the public sector.

Glenn Farner addressed the scope of the Committee and stated that it was not perceived that the Committee was going to address past considerations. He also stated that some of the items addressed today will require a significant amount of time on the Committee's part.

Ivanetta Samuels stated that she would like to see how much time will need to be spent to review what has been done in the past in terms of planning.

Michael Shmerling stated that the immediate issue was to address the domestic partner benefit, however, since the appointment of the Committee is for one year it just seemed logical to address other issues.

The Committee discussed the process and time needed to review/study the proposals, use of the resources (consultants/actuary) available to obtain the information needed for discussions and the Pew organization making a presentation to the Committee.

There was discussion of the next meeting date and the Committee was in agreement not to schedule a meeting until after the July 4th holiday.

Veronica Frazier suggested that the budget allotted for this Committee be reviewed to make sure that the Committee has everything it needs and noted that the benefit package will be included in reviewing Metro's compensation plan.

There was some discussion of the Affordable Care Act and any impact it may have on Metro's medical plans.

Michael Shmerling reviewed the role of the Committee.

Nicki Eke gave an update on the domestic partner benefit.

Mark Young, asked if the Committee will still be accepting information/proposals for review.

Michael Shmerling stated that the Committee is open to receiving information as long as it is received in advance to make everyone aware of what is to be addressed.

3. Bryan, Pendleton, Swats & McAllister overview – Design of benefit plans.

This item was included with item 2.

With nothing further presented, the meeting adjourned at 10:55 a.m.

ATTEST:

APPROVED:

***Ms. Veronica T. Frazier, Director
Human Resources***

***Mr. Michael Shmerling, Chair
Study & Formulating Committee***