

MINUTES

METROPOLITAN EMPLOYEE BENEFIT BOARD

STUDY & FORMULATING COMMITTEE

November 12, 2020

The Study & Formulating Committee met on Thursday, November 12, 2020 at approximately 10:03 a.m. This meeting took place via teleconference.

Committee Members present: Chair: *Trish Holliday; Vice-Chair: Cleophis D. Rucker; Committee Members: Nick Brassell, Richard Chapman and Kim Stagg.

Benefit Board Members present: Shannon B. Hall

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

Justin Stack called the meeting to order and stated that the first order of business will be to have Nicki Eke, Legal Department read the electronic meetings statement.

Nicki Eke stated that at the beginning of the meeting that all Committee members participating by electronic means shall be identified by roll call so that a quorum can be established.

Justin Stack did roll call for the Committee to establish a quorum.

Nicki Eke, Legal Department, stated that as a result of the COVID-19 pandemic the Governor has issued Executive Order #65 authorizing Committee's to meet and conduct their essential business by electronic means if the Committee determines that meeting electronically is necessary to protect the health, safety and welfare of Tennesseans in light of the COVID-19 outbreak. She also stated that before considering items on the agenda the Committee needs to determine by a roll call vote that the meeting agenda constitutes essential business of the Committee and meeting electronically is necessary to protect the health, safety and welfare of Tennesseans in light of the COVID-19 outbreak.

Richard Chapman moved for approval that the meeting agenda constitutes essential business of the Committee and meeting electronically is necessary to protect the health, safety and welfare of Tennesseans in light of the COVID-19 outbreak. Trish Holliday seconded and the Committee approved without objection.

Nicki Eke stated that under the Governor's Executive Order #65 each time a Committee member, staff or other participant who is using audio only participation wishes to speak he or she shall identify themselves in a manner reasonably calculated to permit the public to ascertain the identity of the person speaking. She also stated that all votes during the meeting shall be conducted by roll call.

Justin Stack informed the Committee that the minutes from the October 30, 2020 Study and Formulating Committee meeting are currently unavailable.

1. Review of 2012 vesting and other post-employee benefits, (OPEB), changes.

Christi Mayo, Human Resources staff, reviewed the changes recommended to the Benefit Board from the 2012 Study and Formulating Committee's final report. She stated that the five changes consisted of pension plan vesting, insurance eligibility at retirement, retiree medical premiums, insurance opt out/in for pensioners and the salary supplement program. She also reviewed how employees/pensioners were impacted by each change.

The Committee discussed the insurance eligibility at retirement, having ten years of credited service, medical premiums and the groups of employees the changes apply to.

The Committee also discussed vesting requirements prior to 2001 and that it was changed in October of 2001 from ten years to five as a retention strategy and then back to ten in 2013. It was noted that it was

1. Review of 2012 vesting and OPEB changes. (continued)

changed back to ten in 2013 based on the costs associated with that benefit and ten years was more of a standard.

The Committee also discussed the impact on the retirement plan contribution rate from the vesting changes.

Kevin Sullivan, Findley, stated that at the time of the change from five to ten year vesting was expected to be a relatively small cost savings to the plan. He stated that the greater savings was on the OPEB side.

2. Review of pension funding and contribution rate setting.

Kevin Sullivan, Findley, reviewed the purpose of the annual actuarial valuation, annual plan contribution cost, current funded status and history, a comparison with national studies and a summary of the guaranteed payment plan, which is an umbrella plan that covers the five closed smaller plans that Metro still have. He discussed how the recommended contribution rates are determined, plan census, (active members Division A and B and retired/disabled and deferred vested), and described what deferred vested means for the Committee. He also reviewed cost of living adjustments, the contribution rate trends and projected assumptions and existing gains and losses.

There was discussion of how the cost of living adjustments are determined for Division B and how the investments are handled.

Kevin Sullivan gave an example of how the cost of living adjustments are calculated.

Nicki Eke, Legal Department, stated that the investments are under the jurisdiction of the Investment Committee, which is a separate Committee that oversees and ultimately makes decisions regarding investments. She stated that this Committee is made up of the Director of Finance and the appointed members of the Benefit Board.

The Committee discussed the plan census and the active population patterns (ages and length of service).

The Committee also wanted information related to the numbers for the 2020 valuation, which will be completed over the next few months.

Kevin Sullivan reviewed the census and the annual funding established by the Metro Code for the guaranteed payment plan.

The Committee discussed the remaining unfunded liabilities for the guaranteed payment plan and if they could be recalculated, extending the amortization period, this Committee recommending changes to the Code that would allow Metro to decrease the annual funding for this plan and the funding extra funding going to the current plans.

Nicki Eke, Legal Department, stated that she will look at the law that governs the guaranteed payment plan and then provide that information.

The Committee also discussed that with the current funding for the five guaranteed payment plans the payments will not be necessary or will be paid out.

3. Healthcare strategy recommendation to address other post-employment benefits, (OPEB).

Angela Watts, and Kelley Lewis, Deloitte, addressed the Committee regarding OPEB recommendations.

Angela Watts reviewed what other post-employment benefits are, (health, dental and life insurance), and that this liability is unfunded. She stated that the administrations memo outlined examining and make recommendations for a lower cost health plan option, migrating the retiree health plan options to plans that better maximize health care, review optional incentives for spending healthcare dollars and the availability and use of wellness initiatives. She stated that the strategy to reducing the OPEB liability

3. Healthcare strategy recommendation to address other post-employment benefits, (OPEB). (continued)

centers around the Medicare advantage plan as a sole choice for pensioners with Medicare, which will provide savings for the pensioner and Metro while maintaining coverage. She reviewed the possible savings for both pensioners and Metro and the reduction to the OPEB liability. She reviewed the plans currently available to pensioners with Medicare, the employer group waiver plan, (EGWP), and enrollment in those plans.

There was some discussion related to how EGWP would play a part with the Medicare Advantage plan.

As Angela Watts reviewed the current enrollment of the pensioners in Metro's medical plans it was noted that there seems to be brand loyalty.

Kelley Lewis reviewed a comparison of the plan designs and how the Medicare Advantage plans work.

Committee Chair Trish Holliday informed they Committee that she will have to leave the call.

Kelley Lewis reviewed the premium savings for the Medicare Advantage plan and two recommendations for the Committee to consider; 1) effective January 1, 2023 a Medicare Advantage plan will be the only choice for health insurance offered by Metro to pensioners who have Medicare; and 2) effective January 2023 Metro will eliminate the Medicare Part D/EGWP from Metro's Code language.

*Denotes Committee Chair Trish Holliday leaving the call.

Shannon Hall suggested that this item be placed on the next agenda for more in-depth discussion.

Vice-Chair Cleophis Rucker turned the meeting over to Justin Stack and he gathered the Committee's thoughts on this topic and requested future meeting dates.

It was also suggested that someone from the administration be on the next call and how other peer cities are handling this liability.

With nothing further presented, the meeting adjourned at 12:06 p.m.

ATTEST:

APPROVED:

**Ms. Shannon B. Hall, Director
Human Resources**

**Trish Holliday, Chair
Study & Formulating Committee**