

STEERING, LEGISLATIVE & GOVERNMENTAL COMMITTEE

November 2, 2015

5:30 p.m.

Courthouse

MINUTES:

MEMBERS PRESENT:

Commissioner Paul Johnson
Commissioner Allen McAdoo
Commissioner Robert Peay
Commissioner Jeff Phillips
Commissioner Robert Stevens
Commissioner Brad Turner
Commissioner Trey Gooch, C

OTHERS PRESENT:

Ernest Burgess Lisa Nolen
Lisa Duke Crowell Melissa Davis
Karen Curtis Caci Lantz
Josh Thomas Joe Haffner
Heather Dawbarn Rhonda Allen
Melissa Harrell Greg Brooks
Brian Gaither Mike Hughes

Elizabeth Crace, Melanie Meshotto, Phil Dodd, Debbie Creech, Julianne Bratcher, Doug Demosi, Anthony Tuggle, John Bratcher, Sonya Stephenson, Becky Shelton

Chairman Gooch presided and called the meeting to order at 5:30 p.m. with all members being present at that time.

MINUTES:

"Commissioner Turner moved, seconded by Commissioner Phillips, to approve the minutes of the last meeting as mailed. This motion passed unanimously by acclamation."

ANNOUNCE VACANCIES ON AGRICULTURAL ADVISORY BOARD:

Chairman Gooch advised the positions of the farm woman (Francille Whitworth), the farmer (Donald Blankenship) and two Commissioners (Robert Peay and Will Jordan) on the Agricultural Advisory Board were expiring and accordingly being announced.

ANNOUNCE TWO VACANCIES ON COMMUNITY CARE BOARD:

Chairman Gooch advised the position of Kaye Jernigan on the Community Care Board was expiring December, 2015 and accordingly being announced. Additionally, Donna Belew has resigned her position which expires July, 2018 and this position was being announced.

ANNOUNCE COUNTY GENERAL EMPLOYEE VACANCY ON INSURANCE COMMITTEE:

Chairman Gooch advised the County general employee position of Elizabeth Crace on the Insurance Committee was expiring and accordingly being announced.

ANNOUNCE TWO VACANCIES ON CORRECTIONAL WORK CENTER BOARD:

Chairman Gooch advised the positions of Frances Mosby and Robert Asbury on the Correctional Work Center Board were expiring and accordingly being announced.

ANNOUNCE TWO VACANCIES ON PUBLIC BUILDING AUTHORITY:

Chairman Gooch advised the positions of Dow Smith and Leslie Smith on the Public Building Authority were expiring and accordingly being announced.

FILL COUNTY GENERAL EMPLOYEE VACANCY ON INSURANCE COMMITTEE:

Chairman Gooch advised applications had been received from Dianne Chapman, Joseph Haffner, Brian Gaither and Julianne Bratcher to fill the employee vacancy on the Insurance Committee previously held by Virgil Gammon which expires January, 2018. Mr. Haffner, Mr. Gaither and Ms. Bratcher were in attendance and addressed the Committee. Following discussion,

"Commissioner Phillips moved, seconded by Commissioner Peay, to nominate all four applicants and for vote one. Mr. Haffner will be recommended for appointment to fill the unexpired term of Virgil Gammon in the employee vacancy on the Insurance Committee which expires January, 2018 with Commissioners Johnson, McAdoo, Stevens, Turner and Gooch voting for Haffner, Commissioner Peay voting for Bratcher and Commissioner Phillips voting for Gaither."

ELECTED OFFICIALS' ACCRUED SICK LEAVE:

Finance Director Nolan addressed the Committee regarding the issue of accrued sick leave for elected officials advising the County pays the minimum amount so the elected officials have to be paid whether they are at work or not and there is no accounting for annual or sick leave. Ms. Nolen advised her office stopped leave accrual and reversed what had been accrued when the issue was discovered. Per TCRS guidelines elected officials are not entitled to service credit for accrued sick leave and the only benefit to accruing sick leave would be to give it to other employees. However, there is a requirement that sick leave must be maintained at a minimum balance of 90 days before someone can donate and this would be the equivalent of accruing for 7 1/2 years. Ms. Nolen advised the issue was initially discovered through an internal audit effort and research into the County policy and specific definition of elected official. Ms. Nolen advised she was asking for input as to the County's intent on sick leave for elected officials.

Commissioner Peay asked why the County Attorney was not making the report because he should advise when an action is not legal and should have so advised when the policies were adopted.

Ms. Nolen advised the County has turned in sick leave for maybe 5 elected officials in the past which counted as service credit towards their retirement and recommended not going back on these employees to correct but to do correctly moving forward. However, there are some former elected officials with accrued sick leave and are under the impression they will get credit towards retirement with TCRS. However, per TCRS guidelines the accrued sick leave cannot be used as service credit by elected officials. Ms. Nolen recommended the County handbook be corrected as to the definition of an elected official. Ms. Nolen advised the only question remaining is should current elected officials be able to accrue sick leave to be able to give to other employees because per TCRS guidelines the sick leave cannot be used for service credit. Commissioner Peay advised the Committee needed authority to say this can be done such as from the County Attorney but he thought it was a nice perk and was good when someone needed the additional sick leave. Ms. Nolen advised if the sick leave is awarded she would recommend the elected official not have to turn in notice when it is used as she did not want to have to police the use. Commissioners Phillips and McAdoo asked if this was a moot question since the leave cannot be done under TCRS guidelines. Register of Deed's Heather Dawbarn advised she did not think the elected officials wanted to continue receiving sick leave but would like to keep what has been accrued and let the elected official gift what they have accrued until it is gone realizing this is counter to the 90 day minimum sick leave policy.

"Commissioner Stevens moved, seconded by Commissioner McAdoo, to end the accrual of sick and annual leave for elected officials and have the definition of elected official included in the Rutherford County Handbook with a report back from the HR Director. This motion passed unanimously by acclamation."

RETIREMENT PLAN REVIEW:

HR Director Sonya Stephenson introduced Karen Curtis, Melissa Davis, Caci Lantz and Josh Thomas from Tennessee Consolidated Retirement System to answer any questions from the Committee regarding the employee retirement benefit. Commissioner Turner confirmed that

any change would not affect current employees but only future employees hired after the date of implementation of any change. The retirement plan for current employees cannot be changed in anyway.

Ms. Stephenson advised if the County wanted to impact its rate she would recommend changing the vesting from 5 years to 10 years. Ms. Dawbarn advised she just wanted to point out that if the vesting was changed to 10 years this would require elected officials to win three elections to vest.

Karen Curtis of TCRS reviewed the legacy plan which the County currently has versus the hybrid plans and advised Ms. Stephenson's prior presentation on TCRS had been correct and comprehensive. Ms. Curtis advised there is no way to advise as to savings for a 10 year vesting because no other entity has done the same to date and she would want Rutherford County to explore all options. 11.97% of the total payroll is the current Rutherford County contribution for County general and School Board classified employees. At some point in the 1980's the County was not in a position to give raises and assumed the employee 5% portion of the retirement contribution.

A DC plan is like a 401-K and Ms. Stephenson advised she thought the County needed to stay with a pension plan to provide a cushion for employees as she was concerned with a DC plan.

Josh Thomas with TCRS advised there are three things to consider being (1) sustainability and ability to afford; (2) providing good quality benefits and (3) recruitment and retention of employees. TCRS is one of the highest funded plans in the country and is a good, well funded plan. Rutherford County currently has the Legacy plan and available options for new hires would be to require a 2 1/2% or 5% contribution or change the vesting requirement. The hybrid plan locks the cost in for perpetuity at 9%. The DC plan can be the cheapest option but may lead to retention and recruitment problems and the County needs to consider the surrounding competitive employers.

Ms. Stephenson advised based on her understanding the 10 year vesting would save money because the average length of time an employee stays is 9 years. This would build the fund if someone doesn't stay. Commissioner Peay advised this may lead to recruitment problems. Ms. Stephenson advised this may affect who wants to serve as elected officials.

The Committee was advised by Caci Lantz and Melissa Davis of TCRS that the majority of political subdivisions are non-contributory. Of the 95 Tennessee counties, one has no pension; three have moved to a hybrid plan, three have their own internal pension and three are on a DC plan.

Commissioner Phillips advised the private sector has done away with defined plans and gone to 401Ks and it does not seem to have problems attracting new employees. Ms. Stephenson advised Rutherford County has to compete with other governments.

Commissioner Phillips advised the options are the Legacy plan and staying as is or change to require an employee contribution for new hires; the hybrid plan or Defined Contribution (DC) plan. Commissioner Phillips advised the County has done a lot to try to enhance employment with Rutherford County to make more attractive and thought the retirement plan was very attractive but questioned if it made a big decision considering the change in the private sector. This is a process trying to balance and the Commission needs to make the best decision for employees but has to look at cost. Commissioner Phillips questioned how the County can continue to pay skyrocketing costs but needed to do something long term. Caci Lantz advised governments are the only employers left with defined benefit plans. Commissioner Peay confirmed Commissioner Phillips was right on benefits and Rutherford County has good job opportunities and he

wanted to look at the retirement benefit a long time before making a drastic decision.

Debbie Creech, an employee at the Sheriff's Department, addressed the Committee advising a 401-K is a big risk to employees and TCRS is a great recruitment/retaining tool and is not a gift from taxpayers but is earned by the employee.

John Bratcher advised there is not a crisis in TCRS and has the best investment strategy in the country. Hybrid plan projections indicate retirement will be reduced by one-third and employees will have to work longer and get less. The DC plans do not work for most people. Mr. Bratcher advised he has been studying this issue for three years and health care and other areas are what are skyrocketing.

Mayor Burgess advised the Committee needed to give the HR Director direction to follow. Chairman Gooch advised this matter should not be discussed in December with the legislators but he would like leadership to make proposals in January so the Committee can have until February to consider. Commissioner McAdoo advised GASB45 is a big factor in any decision.

ELECTED OFFICIALS' ACCRUED SICK LEAVE:

Commissioner Stevens asked what action would be taken as to accrued leave for elected officials no longer in office. Ms. Nolen advised per TCRS guidelines the leave cannot be used for service credit. Commissioner Stevens advised he thought the elected officials affected needed to be notified. Ms. Nolen will write letters to the affected individuals.

There appearing to be no further business to come before the Committee, Chairman Gooch declared the meeting adjourned at 7:52 p.m.

TREY GOOCH, Chairman