

April 26, 2021

The City Council of the City of Murfreesboro, Rutherford County, Tennessee, consistent with the Governor's order, members of the City Council are participating by electronic means as has been determined necessary to protect public health, safety, and welfare in light of the coronavirus pandemic at 5:00 p.m. on Monday, April 26, 2021, with Mayor Shane McFarland present and presiding and with the following Council Members present and in attendance, to wit:

Madelyn Scales Harris
Rick LaLance
Ronnie Martin
Bill Shacklett
Kirt Wade
Shawn Wright

Vice-Mayor Scales Harris participated telephonically at this meeting.

The following members of the MED Pension Committee were present:

Craig Tindall, Chair
Ross Bradley
Jackie Whitaker
Lori Williams
Melissa Wright

The following representatives of the City were also present:

Adam Tucker, City Attorney
Erin Tucker, Budget Director
Pam Russell, Human Resources Director
Jennifer Brown, Assistant Finance Director
Chris McFarlane, Benefits Administrator/
MED Pension Committee Secretary
Joshua Miller, Administrative Assistant

Mayor McFarland commenced the meeting with a prayer followed by the Pledge of Allegiance.

Mr. Craig Tindall, Chair, called this session of the MED Pension Committee to order.

Ms. Pam Russell, Human Resources Director, presented a timeline of what occurred after the sale of MED regarding the MED pension which included the transition of files from MED to the City Human Resources Department; that a pension application was sent to Pinnacle Bank by MED staff for processing after it had been decided that all applications would go through the City HR Department first; the discovery of inconsistencies with the way the MED pensions were calculated; the fact that the pensions were calculated correctly from 1990 through 2005 with the inconsistencies beginning with one instance in 2006, and the inconsistencies continuing until the sale of MED for employees who retired in the first half of the plan year and second half of the calendar year in reflecting the employees not being required to either work 1000 hours in a plan year or use available vacation or sick time to qualify for a final year on their pension.

Mr. Adam Tucker, City Attorney, presented Amendment No. 1 to the MED Pension Plan.

(Insert Amendment No. 1 to the MED Pension Plan here.)

He stated Amendment No. 1 encompassed revisions necessitated by the City assuming administration of the MED Pension Plan, included an update to ensure compliance with current law, and incorporated three prior amendments approved by the MED Pension Committee and Power Board into the body of the Plan Document.

Next Mr. Tucker presented Amendment No. 2 to the MED Pension Plan.

(Insert Amendment No. 2 to the MED Pension Plan here.)

He stated this amendment is a self-correction of the MED Pension Plan required to address previous miscalculation of benefits inconsistent with the language of the Plan Document. He stressed that the miscalculation of benefits has always been to the benefit of the MED employees, but because of the miscalculation of benefits by the previous plan administrator there were only two options to fix the issue in order to remain in qualified status with the IRS. The City can claw back the overpaid money from the plan members, or the City can amend the plan language to get the plan to align with past practices, which is what he, the independent actuary and the outside legal counsel recommend.

Ms. Chris McFarlane, Benefits Administrator/MED Pension Committee Secretary, discussed with Council and answered questions regarding the way the MED benefits were supposed to be calculated according to the plan document, the required 1000 hours to be worked in a plan year and the resulting inconsistent high-five calculation in determining the pension benefit when these requirements were not consistently followed.

Council discussed with City staff and former MED staff regarding the two amendments to the plan document and asked questions which included: the significance of the July 1st date versus June 30th date; January 1st raises not being applied to MED retirees last high-five; why one individual was allowed to deviate from the plan in 2006; MED paying out too much in benefits; the significance of an employee having worked 1000 hours in the last year of their high-five calculations; why further deviations were allowed for certain individuals but not every individual; why did deviations increase when there was the first discussion of the sale of MED; whether or not an actuary or an MED employee calculated the MED retiree's high-fives; the cost of Amendment No. 2; why this was not caught in an annual audit of the MED pension; should all the employees who did not benefit from the miscalculations be made whole; what happens if the Council does or does not pass each amendment; could the IRS not accept the amendments and has the City ever had any issues with the actuary when working on the City's pension plan. Former MED staff

responded that the pension had always been calculated the same and calculated correctly. Further facts were presented and discussed demonstrating that the calculation had been materially changed and that legal and actuarial professionals presented opinions to the City that showed incorrect calculations.

After consideration of the information discussed with City staff regarding findings by outside actuary and legal counsel, and review of calculations performed by City HR staff Mr. Shacklett made a motion to approve Amendment No. 1 to the MED Pension Plan. Amendment No. 1 included revisions necessitated by the City assuming administration of the MED Pension Plan, includes an update to ensure compliance with current law, and incorporates three prior amendments approved by the MED Pension Committee and Power Board into the body of the Plan Document. Mr. LaLance seconded the motion. A roll call vote was conducted and all members of the Council voted "Aye".

Mr. Shacklett made a motion to approve Amendment No. 2 to the MED Pension Plan which was a self-correction of the MED Pension Plan required to address previous miscalculation of benefits inconsistent with the requirements of the Plan Document. Mr. LaLance seconded the motion. A roll call vote was conducted and all members of the Council voted "Aye".

There being no further business, Mayor McFarland adjourned this special joint meeting at 6:46 p.m.

SHANE MCFARLAND – MAYOR

CRAIG TINDALL – CHAIR

ATTEST:

MELISSA B. WRIGHT - CITY RECORDER