

**MURFREESBORO ELECTRIC DEPARTMENT
FINAL PENSION COMMITTEE MEETING**

**May 22, 2023
11:30 A.M.
Airport Conference Center**

AGENDA

1. Called to Order
2. Consideration Minutes of March 6, 2023.
3. Information only:
 - a. BCG - Invoice AE-115: 3/6/2023 paid
 - b. Cowden – Invoice 23-Murf-04520: 3/8/2023 paid
 - c. Cowden – Invoice 23-Murf-04694: 3/15/2023 paid
 - d. Treasury Department Compliance letter: 3/10/2023
 - e. Final SPGA Buyout Contract Bids: 3/14/2023
 - f. ANICO acceptance letter: 3/14/2023
4. Plan Closure.
5. Recognition of Committee members.
6. Adjournment

**MEETING of the PENSION COMMITTEE for the
MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN**

March 6, 2023

10:00 A.M.

City Council Chambers

The Pension Committee for the Murfreesboro Electric Department Pension Plan met on Monday, March 6, 2023, in the City Council Chambers at 111 West Vine Street, Murfreesboro, Tennessee, at 10:00 a.m.

Members Present: Craig Tindall, Chair
 Charlie Riggs
 Melissa Wright
 Ross Bradley
 Jackie Whitaker

The following representatives of the city were also present:

Jennifer Brown, Finance Director / City Recorder
Erin Tucker, Budget Director
Adam Tucker, City Attorney
Randolph Wilkerson, Employee Services Director
Rhonda Darnell, Employee Services Assistant Director
Melissa Pettis, Employee Services Assistant
Fredia Coldwell, Employee Services Generalist

Other attendees present:

Kim Boone, Pinnacle Bank
Tammy Holland, Pinnacle Bank

Other attendees by Zoom:

Amy Crouse, Cowden
Karen Ambrose, BCG Pension Risk Consultants
Mike Devlin, BCG Pension Risk Consultants
Andrew Elbon, Bradley Arant Boult Cummings LLP
Ted Cormier, Alirt Insurance Research

Chair Tindall called the meeting to order at 10:00 a.m. Prayer was done by **Chair Tindall** followed by the Pledge of Allegiance. A quorum was present for this meeting.

Consider Minutes of October 5, 2022:

Chair Tindall announced the Committee would consider the minutes of October 5, 2022. **Ms. Wright** made a **MOTION** to approve the minutes of the meeting held on October 5, 2022, as submitted. **Mr. Riggs** **SECONDED** the motion. All members present of the MED Pension Committee voted "Aye".

Tammy Holland of Pinnacle bank reviewed the Murfreesboro Electric Department Money Market Asset Allocation and balance:

Chair Tindall welcomed Tammy Holland of Pinnacle Bank. **Ms. Holland** reviewed the Murfreesboro Electric Department Pension Trust Plan asset allocation and account investment performance for the Period Ending February 2023, the document is attached and incorporated as part of the MED Pension Committee Minutes of March 6, 2023. The current balance is \$16,334,216.00 and is in a daily 100% liquidity Money Market position with a current yield of 4.41%. No questions from the MED Pension Committee on the Pinnacle report.

MED Pension Plan Resolution:

Mrs. Tucker stated that the Lump Sum distributions went out last week and 82% of eligible participants elected the lump sum. Mike Devlin with BCG Pension Risk Consultants is on the phone to go over the Due Diligence Report. They issued the bid for the annuity placement for the annuity purchase in January 2023 and that bid will close on March 14, 2023. BCG will be going over the Due Diligence Report which includes the financial information regarding the six (6) carriers that respond with an interest to bid.

Mr. Devlin with BCG, reported on the findings of the Due Diligence Report. The Due Diligence report will show all the fast facts that you would want to know about the insurance carriers, from how quickly they answer the phone, and what their operating hours are, to the financial position and grading. The DOL Bulletin 95-1 Quick Reference Guide determines which insurance carriers meet the safest available annuity definition. **Mr. Devlin** explained how they selected the insurance carriers they have chosen. No questions were asked from the MED Pension Committee. **Mr. Devlin** turned the screen over to Ted Cormier.

Ted Cormier with Alirt Insurance Research – Shared his screen for the results of the analytical, and quantitative, methodology, for scoring the underlying financial performance of these six (6) insurance carriers.

American National Ins. Co,
American United Life
CMFG Life Ins. Co.
Midland National Life
Principal Life Ins. Co.
United of Omaha Life

Mr. Cormier explained pages 17, 19, 20, 21, 22, 23, and 24, of the Due Diligence report covering all the important information on the financial status of each of the six (6) companies.

[These seven (7) pages are attached and incorporated as part of the MED Pension Committee Minutes of March 6, 2023. You may review the full 241-page Due Diligence report online in the Murfreesboro Electric Pension agenda center.]

Mr. Devlin with BCG: Shared the preliminary SPGA Buyout contract bids. This is subject to change. On the day of the final bid (March 14, 2023) a decision will have to be made. They will call in for a meeting and a decision will be made before the market is closed that day. **Chair Tindall** asked if there were any questions, there were no questions from the Pension Committee.

Mrs. Tucker, the next step for the Committee will be to consider approving the MED Pension Resolution in your agenda packet. You can approve some or all six (6) insurance carriers listed in the Due Diligence report. Your recommendation will be taken to the City Council on Wednesday, March 8, 2023, for their approval, and will also be asked to authorize the City Manager to accept the best price from the list of insurance carriers that you recommend. That decision will happen on the final bid day of March 14, 2023.

Vice Chair Bradley made the **MOTION** to accept the resolution as it is, and **Mr. Riggs SECONDED.** All members present of the MED Pension Committee voted "Aye".

Other Business:

No other business was discussed.

Chair Tindall adjourned the meeting at 10:54 a.m.

Chair _____

Secretary _____

Approved Date: _____

BCG Pension Risk Consultants, Inc
100 Grandview Road
Suite 303
Braintree, MA 02184
7813562299

INVOICE



: AE-115
: 03/06/23
Amount Due: \$55,000.00

Bill To:
City of Murfreesboro, Tennessee 111 West Vine Street Murfreesboro, TN 37130 United States

Due Date
03/06/23

Item	Description	Quantity	Price	Amount
DOL 95-1 Due Diligence	Pension Termination	1	\$27,500.00	\$27,500.00
Final Insurance Carrier Selection	Pension Termination	1	\$27,500.00	\$27,500.00

Total: \$55,000.00
Payments: \$0.00
Amount Due: \$55,000.00

Thank you for using BCG!

To pay online, go to <https://app01.us.bill.com/p/bcgpensionriskconsultantsinc>

Two handwritten signatures in blue ink. The first signature is on the left and the second is on the right, both appearing to be initials or names written in a cursive style.



Cowden Associates, Inc.
 444 Liberty Avenue, Suite 605
 Pittsburgh, PA 15222-1222
 412-394-9330

INVOICE

Due Date: 4/3/23
 Total Amount: \$9,978.75
 Number: 23-Murf-04520
 Invoice Period: 02/01/23 - 02/28/23
 Terms: Net 30
 Project: City of Murfreesboro

City of Murfreesboro
 Erin Tucker
 111 West Vine Street
 Murfreesboro, TN 37130

INVOICE SUMMARY

Description	Amount
MED Lump Sum Window Program	\$8,630.00
MED Pension Plan Termination	\$1,348.75
TOTAL AMOUNT DUE	\$9,978.75

Invoice date: March 8, 2023

If you have any questions, Please call :
 Accounting Department
 (412) 394-9370 Direct Dial
 (412) 394-9324 Fax
 email: accounting@cowdenassociates.com
 FEIN 25-1750131

March 9, 2023

CONFIDENTIAL – SENT VIA EMAIL

Ms. Erin Tucker
Budget Director
City of Murfreesboro
111 West Vine Street
Murfreesboro, TN 37130

**Re: Actuarial Services for Murfreesboro Electric Department Pension Plan
Invoice #23-Murf-04520**

Dear Erin,

In accordance with our engagement letter dated August 2, 2022, enclosed is an invoice in the amount of \$9,978.75 for services provided to the City of Murfreesboro during February 2023 concerning the Murfreesboro Electric Department Pension Plan.

Services included collection and review of participant elections, answering participant questions with the City through phone calls and emails, preparing annuity calculation and processing forms for one participant who elected an immediate J&S annuity under the Program, submitting lump sum distribution information to Pinnacle for processing, reviewing distributions, and consulting on Plan Termination including preparing updated census data and reviewing bid solicitation information for quoting purposes. These services totaled 47.75 hours. The attached invoice includes a breakdown of charges per project. Additional detail with hours and time charges by team member role will be made available upon request.

Please review and submit payment at your earliest convenience. Please contact me if you have any questions.

Sincerely,



Amy M. CROUSE EA, ASA, MAAA
Consultant and Actuary
412.394.9355
amyc@cowdenassociates.com

Enclosure

cc: Randolph Wilkerson – City of Murfreesboro



Cowden Associates, Inc.
 AN ACRISURE AGENCY PARTNER
 444 Liberty Avenue, Suite 605
 Pittsburgh, PA 15222-1222
 412-394-9330

INVOICE

Due Date: 4/14/23
 Total Amount: \$8,303.75
 Number: 23-Murf-04694
 Invoice Period: 03/01/23 - 03/31/23
 Terms: Net 30
 Project: City of Murfreesboro

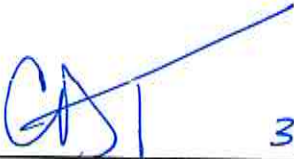
City of Murfreesboro
 Erin Tucker
 111 West Vine Street
 Murfreesboro, TN 37130

INVOICE SUMMARY

Description	Amount
MED Lump Sum Window Program	\$1,900.00
MED Lump Sum Window Program - FedEx Shipment of Elections	\$60.00
MED Pension Plan Termination	\$6,343.75
TOTAL AMOUNT DUE	\$8,303.75

Invoice Date: March 15, 2023

If you have any questions, Please call :
 Accounting Department
 (412) 394-9370 Direct Dial
 (412) 394-9324 Fax
 email: accounting@cowdenassociates.com
 FEIN 25-1750131



 Craig Tindall 3-20-23
 City Manager Date

March 15, 2023

CONFIDENTIAL – SENT VIA EMAIL

Ms. Erin Tucker
Budget Director
City of Murfreesboro
111 West Vine Street
Murfreesboro, TN 37130

**Re: Actuarial Services for Murfreesboro Electric Department Pension Plan
Invoice #23-Murf-04694**

Dear Erin,

In accordance with our engagement letter dated August 2, 2022, enclosed is an invoice in the amount of \$8,303.75 for services provided to the City of Murfreesboro and expenses incurred to date during March 2023 and anticipated for the remainder of the plan termination process concerning the Murfreesboro Electric Department Pension Plan.

Services include wrap up of the lump sum window program, completing final installation census data for annuity placement, review of annuity insurer contracts, and other consulting on plan termination. These services total 34.25 hours. The attached invoice includes a breakdown of charges per project. Additional details with hours and time charges by team member role will be made available upon request.

Please review and submit payment at your earliest convenience. Please contact me if you have any questions.

Sincerely,



Amy M. Crouse EA, ASA, MAAA
Consultant and Actuary
412.394.9355
amyc@cowdenassociates.com

Enclosure

cc: Randolph Wilkerson – City of Murfreesboro

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT

615.741.2956
David.Lillard@tn.gov

STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

Sender's telephone: 615.770.1749
Sender's email: Whitney.Perkins@tn.gov

March 10, 2023

Jennifer Brown
Assistant Finance Director
Murfreesboro Electric Department
P.O. Box 1139
Murfreesboro, TN 37133-1139

Re: Murfreesboro Electric Department Pension Plan

Dear Jennifer Brown:

A review has been performed for the fiscal year ended June 30, 2022 of the Murfreesboro Electric Department's (the "Political Subdivision") compliance with the Public Employee Defined Benefit Financial Security Act of 2014 (the "Act"), which is codified in Tennessee Code Annotated, Title 9, Chapter 3, Part 5. As part of the review, we evaluated the Murfreesboro Electric Department Pension Plan (the "Plan") for compliance with the annual Actuarially Determined Contribution (the "ADC") funding requirements established in T.C.A. §9-3-505 and the overall pension plan funding level requirement as established in T.C.A. §9-3-506(a)(2).

Based on our review, the Political Subdivision is compliant with the statute and contributions in relation to the annual ADC for the Plan resulted in an ADC funding level of at least 100% for the fiscal year ended June 30, 2022. The Political Subdivision shall continue funding 100% of the ADC annually in order to remain in compliance with this provision of the statute.

In addition, the Political Subdivision's overall funding status of the Plan was determined to be 112.05%. As stated in law, any pension plan that is funded below 60% shall not establish benefit enhancements unless approved by the state treasurer.

If you have any questions, please feel free to contact me at 615.770.1749 or Whitney.Perkins@tn.gov.

Sincerely,

A handwritten signature in cursive script that reads "Whitney Perkins".

Whitney Perkins
Accounting Business Analyst

CC:

Jean Suh, CPA, CGFM, CFE
Contract Audit Review Manager
Comptroller of the Treasury
Division of Local Government Audit
Cordell Hull Building
425 Rep. John Lewis Way North
Nashville, TN 37243-3400
615.401.7841

Sheila Reed
Director of Local Government Finance
Comptroller of the Treasury
Office of State and Local Finance
Cordell Hull Building
425 Rep. John Lewis Way North
Nashville, TN 37243-3400
615.401.7906

Sandi Thompson
Director of State Government Finance
Comptroller of the Treasury
Office of State and Local Finance
Cordell Hull Building
425 Rep. John Lewis Way North
Nashville, TN 37243-3400
615.747.5369

Steve Osborne
Assistant Director of Local Government Finance
Comptroller of the Treasury
Office of State and Local Finance
Cordell Hull Building
425 Rep. John Lewis Way North
Nashville, TN 37243-3400
615.747.5343

MURFREESBORO ELECTRIC DEPARTMENT PENSION PLAN

**FINAL SPGA BUYOUT CONTRACT BIDS
Tuesday, March 14, 2023**

CARRIER	PRELIMINARY BID DATE	FINAL BID DATE	FINAL BID DATE	STRUCTURE OF ANNUITY	ALIRT CREDIT	AM BEST	S&P	MOODY'S
	PRELIMINARY QUOTE	INITIAL QUOTE	FINAL BUYABLE QUOTE	(General Account or Separate Account)	RATING	RATING	RATING	RATING
AMERICAN NATIONAL ⁽¹⁾	\$20,278,788	\$20,596,374	\$19,390,981	Commingled Separate Account	AA-(4)	A(3)	A(6)	NR
AMERICAN UNITED ⁽²⁾	\$20,584,430	\$21,301,230	\$20,345,930	General Account	A+(5)	A+(2)	AA-(4)	NR
CMFG LIFE ⁽³⁾	\$21,058,697	\$20,806,964	\$20,065,310	General Account	AA-(4)	A(3)	A+(5)	A2(6)
MIDLAND NATIONAL ⁽⁴⁾	\$21,191,000	\$20,304,000	\$20,195,000	General Account	AA-(4)	A+(2)	A+(5)	NR
PRINCIPAL ⁽⁵⁾	\$21,350,074	\$20,828,205	\$20,309,124	General Account	AA(3)	A+(2)	A+(5)	A1(5)
UNITED OF OMAHA ⁽⁶⁾	\$20,492,838	\$20,209,734	\$19,927,708	General Account	A+(5)	A+(2)	A+(5)	A1(5)

- 1) Bulk payment reimbursement required for May 1, 2023. First payment directly to annuitants will be June 1, 2023.
- 2) First payment directly to annuitants will be May 1, 2023.
- 3) First payment directly to annuitants will be May 1, 2023.
- 4) First payment directly to annuitants will be May 1, 2023.
- 5) First payment directly to annuitants will be May 1, 2023 provided installation data is received on or before March 23, 2023. Otherwise, bulk payment reimbursement(s) may be required.
- 6) First payment directly to annuitants will be May 1, 2023 provided installation data is received 30 days in advance. Otherwise, bulk payment reimbursement(s) may be required.

The bids presented above cover annuities on or after May 1, 2023, for the following:

<u>Number of Annuitants</u>	<u>3/3/2023</u>	<u>3/14/2023</u>	<u>3/14/2023</u>
Active	0	0	0
Terminated Vested	6	6	6
In-Pays	<u>63</u>	<u>63</u>	<u>63</u>
Total	69	69	69
<u>Aggregate Accrued/Current Monthly Benefits</u>	<u>3/3/2023</u>	<u>3/14/2023</u>	<u>3/14/2023</u>
Active	\$0.00	\$0.00	\$0.00
Terminated Vested	\$8,698.56	\$8,698.56	\$8,698.56
In-Pays	<u>\$136,423.01</u>	<u>\$135,618.33</u>	<u>\$135,618.33</u>
Total	\$145,121.57	\$144,316.89	\$144,316.89

The quotes above also include the March and April 2023 payment for the one (1) newly electing immediate annuitants totaling \$1,230.38.
The Premium Receipt Date is March 22, 2023.
The Installation Data Receipt Date is March 22, 2023.



Acceptance of Offer

The undersigned sponsor (the "Plan Sponsor") of the Murfreesboro Electric Department Pension Plan (the "Plan") hereby accepts the terms, conditions and obligations set forth in the letter from American National Insurance Company (the "Company") to City of Murfreesboro, Tennessee, dated March 14, 2023 (the "Proposal"), to issue a single-premium non-participating group annuity contract supported by the Company's Commingled Separate Account and the Company's General Account (the "Contract"). Capitalized terms used and not otherwise defined in this Acceptance of Offer shall have the meanings given to them in the Contract.

Acceptance of the Proposal by the Plan Sponsor and execution of this Acceptance of Offer shall constitute an irrevocable and binding agreement between the parties to enter into the Contract. The Contract may be executed and issued for delivery only after it is approved by the Tennessee Department of Insurance. In the event approval is not granted, or if the Contract is disapproved, the Company and the Plan Sponsor will cooperate in good faith to modify the Contract retroactively to meet all of the requirements of the Tennessee Department of Insurance.

The Plan Sponsor acknowledges and agrees that the Company will issue the Contract in accordance with the terms and conditions of the Proposal (including, without limitation, Exhibits A - B thereto) delivered by the Company to BCG on March 14, 2023 at approximately 12:00 PM Eastern Time.

The Plan Sponsor agrees to transfer, or cause to be transferred, to the Company, on or prior to March 22, 2023, \$19,390,981 in immediately available funds to the applicable accounts specified by the Company, which amount (the "Preliminary Premium Amount") is equal to the quote made by the Company, and hereby accepted by the Plan Sponsor. The transfer of cash comprising such Preliminary Premium Amount on or prior to such date fails to occur, the Company will have the right to rescind this agreement immediately. In the event of such rescission, the Plan Sponsor agrees to reimburse the Company for any investment losses and any investment, hedging, administrative and other transaction-related expenses (including the expenses of agents, advisors and employees) directly and proximately incurred by the Company as a result of the Company's reasonable, good faith reliance on the Plan Sponsor's acceptance of the Proposal.

The Plan Sponsor understands and acknowledges that (1) the Preliminary Premium Amount is based on the terms, conditions and assumptions set out in the Proposal, (2)



the Company will make annuity payments only as set out in the Contract (as though the Contract had been issued on March 22, 2023) and (3) the Plan Sponsor shall be liable for its errors and omissions in furnishing or causing to be furnished to the Company information included in the Final Data File (as defined in the Proposal). In the event of a conflict between the terms of the Proposal and those of the Requests for Proposal dated February 24, 2023, the terms of the Proposal shall prevail.

The Plan Sponsor confirms that (1) purchasing the Contract does not violate or conflict with any provisions of the Plan's governing documents or any law or order of any governmental authority applicable to the Plan Sponsor or the Plan, (2) the Plan and Plan Trust are not subject to ERISA, (3) to Plan Sponsor's knowledge, the Plan and Plan Trust are in compliance with applicable law in all material respects, (4) to the Plan Sponsor's knowledge, no event has occurred that is reasonably likely to result in the Plan losing its status as qualified by the Code for preferential tax treatment under Code §§ 401(a) and 501(a), (5) all amendments to the Plan necessary to effect the transactions contemplated by the Proposal and the Group Annuity Contract have been duly executed and, to the extent that they require authorization by the Plan Sponsor, have been or will be by the execution of the Acceptance of Offer, duly authorized and made by the Plan Sponsor and (6) neither the Plan Sponsor nor any of the Plan Sponsor's affiliates is a fiduciary of the Plan who either (a) has or exercises any discretionary authority or control with respect to the investment of assets of the Plan that are or will be involved in the Transactions or (b) renders investment advice with respect to such assets.

The Plan Sponsor acknowledges that it is not receiving for its own account any compensation or other consideration, directly or indirectly, from anyone in connection with this purchase of the Contract.

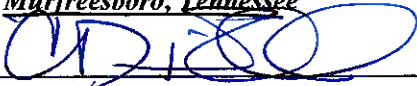
The Plan Sponsor understands and acknowledges that the issuance of the Contract does not transfer to the Company any legal or other responsibilities of the administrator of the Plan. The Company is issuing a single premium group annuity contract and is not a successor to the rights and responsibilities of the administrator of the Plan.



The Plan Sponsor acknowledges that it has received a copy of the Proposal and the Contract.

Accepted and agreed to:

City of Murfreesboro, Tennessee


By: 

Print Name: Craig Tindall

Title: City Manager

Date: March 14, 2023

American National Insurance Company

By: 

Print Name: Kevin Cassidy

Title: SVP, Pension Risk Transfer Pricing

Date: March 14, 2023

Approved as to form:


Adam F. Tucker, City Attorney