

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

**January 27, 2022**

**10:00 A.M.**

**City Council Chambers**

The Pension Committee for the Murfreesboro Electric Department Pension Plan met on Thursday, January 27, 2022, in the City Council Chambers at 111 West Vine Street, Murfreesboro, Tennessee, at 10:00 a.m.

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

Members Absent: Ross Bradley, Vice Chair

The following representatives of the City were also present:

Ronnie Martin, City Council Member  
Jennifer Brown, Finance Director / City Recorder  
Adam Tucker, City Attorney  
Erin Tucker, Budget Director  
Randolph Wilkerson, Employee Services Director  
Chris McFarlane, ES Benefits Administrator /  
MED Pension Committee Secretary  
Melissa Pettis, Employee Services Assistant  
Rhonda Darnell, ES Assistant Director  
Fredia Coldwell, ES Generalist

Other attendees present:

Kim Boone, Pinnacle Bank  
Tammy Holland, Pinnacle Bank  
Matthew Gilliland, Findley - USI

Chair Tindall called the meeting to order. Prayer by Chair Craig Tindall followed by the Pledge of Allegiance. A quorum was present for this meeting.

**Consider Minutes of July 21, 2021:**

Chair Tindall announced the Committee would consider the minutes of July 21, 2021. Ms. Wright made a MOTION to approve the minutes of the meeting held on July 21, 2021, as submitted. Mr. Riggs SECONDED the motion. A roll call vote was conducted, and all members of the MED Pension Committee voted "Aye".

**Matthew Gilliland of Findley/USI to present the Annual Review of the Murfreesboro Electric Pension Plan:**

Chair Tindall turned the meeting over to Mr. Matthew Gilliland, Senior Consultant of Findley/USI, for a review of the report entitled *Murfreesboro Electric Department Pension Plan July 1, 2021, Annual Review*, which document is attached and incorporated as part of the MED Pension Committee minutes of January 27, 2022.

Mr. Gilliland announced he will be taking over administration of the plan upon the retirement of Michael Guyton in December 2021. Mr. Gilliland has worked under Mr. Guyton for thirteen years.

The funding method utilized by the Plan is the Entry Age Normal Funding Method with the Unfunded Accrued Liability recognized immediately.

Mr. Gilliland reviewed the Plan Provisions noted on Slide 5. The Plan was closed to employees hired on or after April 1, 2012. The Plan was frozen on June 30, 2020.

Investment Return assumption utilized by the Plan was identified as 7.00%. The Plan currently uses the RP2014 Combined Mortality Table with Mortality Improvement Scale – MP-2020, this changes annually to keep up with assumptions that the SOA sets.

The retirement age is 60 with some room if someone retires early for gains and losses.

Historical Summary as of July 1, 2021: 64 Retirees, 45 Deferred Vested (DV), Retiree Average Age 70.37, DV Average Age 47.35, Retiree Average Benefit \$2,178, DV Average Benefit \$1,940.

Unfunded Accrued Liability as of July 1, 2021, Accrued Liability \$23,452,009, Actuarial Asset Value (\$31,639,268), Unfunded Accrued Liability \$0, Actuarially Determined Contribution \$0. Since this Plan is over-funded, there is no contribution required.

Chair Tindall asked the Committee if there were any questions. No questions were presented.

Pension Risks: Interest Rate Risk is based on expected long-term rate of return of 7%. The current rate will not be the rate for purchasing annuities if the plan is terminated.

Contribution Risk: Currently there are no contributions expected; however, if the plan is terminated, there may be a contribution depending on cost to purchase annuities.

Longevity Risk: Plan is now fully inactive. If people live longer than expected, it may increase liabilities. Consideration should be given to longevity risk.

Demographic Risk is very low given there are no active participants.

GASB 68 Report. As of 6/30/2021 Plan Fiduciary Net Position = Market Value of Assets at \$31,639,268.

Total Pension Liability = Actuarial Accrued Liability as of 6/30/2021 is \$23,452,009.

Net Pension Liability = Total Pension Liability less Plan Fiduciary Net Position, which is (\$8,187,259) overfunded. Funded Percentage = 134.91%.

Pension Expense for Fiscal Year Ending June 30, 2021 = a surplus of \$221,959.00.

Slide 13 entitled Potential Lump Sum Payment will be discussed at the end of meeting under Other Business.

Chair Tindall asked the Committee if there were any questions. No questions were presented.

**Tammy Holland of Pinnacle Bank to review the Murfreesboro Electric Department Pension Trust Plan asset allocation review and account investment performance for Period Ending December 31, 2021, which document is attached and incorporated as part of the MED Pension Committee Minutes of January 27, 2022:**

Chair Tindall welcomed Tammy Holland of Pinnacle Bank and turned the meeting over to her.

Ms. Holland of presented the Murfreesboro Electric Department Pension Plan review as of December 31, 2021. This report represents a Cost-to-Market statement. The plan's total market value as of December 31, 2021 was \$32,026,629.50, with investment allocation of Cash and Equivalents of 5.1%, Equities of 61.7%, and Fixed Income of 33.2%. Ms. Holland also reported that Equity Diversification was Domestic Stocks at 82.51% and International Stocks at 17.49%. Benefits paid to retirees as of December 31, 2021, one year was \$1,710,824.99.

Chair Tindall asked the Committee if there were any questions. No questions were presented.

**For Information only:**

A. Murfreesboro Electric Department Pension Trust Plan asset allocation review and account investment performance for reporting Period Ending September 30, 2021 by Pinnacle Bank.

**Any other business to come before the Committee:**

**Matthew Gilliland with USI to present from Slide 13 of his earlier presentation entitled Potential Lump Sum Payment:**

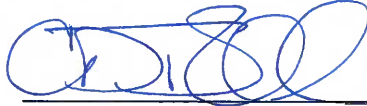
Chair Tindall stated the City of Murfreesboro would like to survey the Plan participants to gauge an interest on how many participants would be interested in lump sum payouts. Mr. Gilliland directed Committee Members to Slide 13 of the presentation. Mr. Gilliland stated USI and the City have had some discussion about potentially adding a full lump sum payment, separate from the small \$10,000 lump sum payout that is currently in the Plan. There are currently no participants eligible for the small lump sum payment. This would allow paying the pension benefit completely to the participant in one payment. This would reduce the longevity risk and market risks to the Plan. If a participant takes a lump sum payout, they will then manage and take the risks of investment of their account. Participant could transfer the lump sum payout over to another 401(k) or their own IRA as a tax-sheltered plan for retirement. The participant could also choose to have it paid directly to them and would be subject to taxes. Mr. Gilliland opened the floor for questions.

Chair Tindall stated at this point the City would like to conduct a survey and see how much interest there is for the participants to explore the lump sum payout option and then report what the effect would be on the Plan. Over the next few months, the City will look at putting together a form of communication to the participants and have them respond and say whether or not they are interested in exploring the concept further.

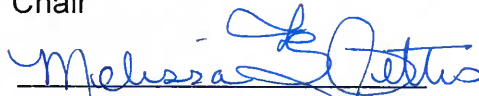
After a brief discussion of a potential lump sum payout, Chair Tindall stated he did not want anyone to interpret that the City is going in this direction. This concept is just an evaluation to see what it would potentially look like and how it would affect the Plan. Chair Tindall said he was asked a couple of times before the Plan was closed out, if the City would do a lump sum, so this is a follow-up

on questions that have been asked.

Chair Tindall adjourned the meeting at 10:35 a.m.



Chair



Secretary

Approved: 04/28/2022