

FINANCIAL MANAGEMENT COMMITTEE

February 4, 2019

8:30 am

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**PRESENT:** Mayor Rusty Barnett, Roger Colbaugh, Ginger Holdren, Sheriff Dexter Lunceford, and Rick Richardson

The meeting was called to order by Ginger Holdren.

Quorum present.

**Adopt Agenda:** Motion was made by Rick Richardson, second by Roger Colbaugh to approve the agenda with the amendment of moving New Business before Old Business to let the Financial Advisors do their presentations. Motion Carried.

**Approval of Minutes:** Motion was made by Rick Richardson, second by Mayor Rusty Barnett to approve the January 7, 2018 minutes. Motion Carried.

**Public Comments:** No Public Comments.

**New Business:**

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- **Presentations by Financial Advisors re: County Employees' 457 Plan:**
  - **State of Tennessee:** Mr. Justin Ball and Mr. Tim Crawford gave the presentation regarding the State of Tennessee's proposal for Carter County's 457 Plan.
  - **Nationwide:** Mr. Allen Sheets, Carter County's Current 457 advisor, gave the presentation regarding Nationwide's proposal for Carter County's 457 Plan.

The Financial Management Committee requested that both Financial Advising companies give a one page summary of the proposal given to the committee to add to the Financial Management minutes. The one page summaries are attached to the end of these minutes for review.

**Old Business:**

1. **Discussion regarding additional county revenue sources:** Financial Management Committee Vice-Chairman, Ginger Holdren, mentioned that Carter County should start promoting the Carter County Logo produced by the branding grant. Mrs. Holdren stated that she believes Carter County should take this logo and start selling them on tags purchased in the County Clerk's office. Mrs. Holdren stated that the State requires at least 1,000 tags to be presold before they will design the custom tags. According to the State of Tennessee, the new tag with the Carter County logo would cost \$65 to create and Carter County will make approximately \$35 on each tag sold. Mrs. Holdren stated that the County Clerk, Mary Gouge, will research the exact amount of the \$35 the County will be able to

keep on each tag. She also mentioned the idea of adding penny and quarter press machines to County parks and buildings that would promote the different Carter County Landmarks. Carter County Planning Director, Chris Scheuttler, mentioned his idea of Guide Fee's for rafting and adventure sports in the County. Mr. Scheuttler believes there is a potential for \$25,000 to \$30,000 a year in new revenue from this venture if the County wants to pursue the idea. Sheriff Dexter Lunceford stated that the County needs to look at current court cost and possibly raise the litigation fees that the County collects. Mrs. Ginger Holdren stated that she will take lead on researching the litigation fees.

2. **Update re: employee step raises/salary study:** Vice-Chairman, Ginger Holdren, stated that she is continuing the research on this topic. Mrs. Holdren mentioned that she has been in contact with local governments and companies to see their best practices in regards to raises for employees. Mrs. Holdren did mention that a common practice in employee raises with local companies is performance based raises.

- **Recent Bids:** Director of Finance, Brad Burke, reviewed a list of recent bids.
- **Updates from Finance Director:** Director of Finance, Brad Burke, informed the committee that the State Comptroller's office has concluded their analysis of the 2017-18 fiscal year thus the audit should be released soon. Mr. Burke also told the committee that the budget process for fiscal year 2019-20 is in full swing.
- **County General Update:** Mayor Rusty Barnett stated that the boiler in the Courthouse had been fixed. He also mentioned that the Carter County Security upgrade has begun in the Courthouse. Mr. Barnett believes that involvement from the community and Carter County offices will be great this year.

Mayor Rusty Barnett expressed his excitement with the progress the County has achieved and asked the Carter County Planning Director, Chris Scheuttler, to finish the analysis of the County General update. Planning Director Chris Scheuttler indicated that there are many great opportunities for Carter County coming soon. Mr. Scheuttler mentioned that a local business will be possibly expanding soon. According to Mr. Scheuttler, this expansion will be brought before the commission to review. Mr. Scheuttler stated that this expansion could bring up an investment of about \$80 million dollars and 500 jobs within 5 years to Carter County, Johnson County, and parts of North Carolina. Mr. Scheuttler also mentioned another company will be possibly adding a 3<sup>rd</sup> shift which could bring more employment opportunities for the area. Chris Scheuttler indicated that the Carter County Emergency substation in Elk Mills is still a work in process. He also updated the Committee regarding the completion of the Green Bridge landing park on May 1, 2019 and he also mentioned that the Gap Creek park project is starting soon.

Mayor Rusty Barnett requested that the committee consider taking action in getting a vehicle for the Mayor's office to keep him from driving his personal vehicle on County related business. Mr. Barnett told the committee that he had found a 2012 Ford Explorer that cost \$10,300. Mr. Barnett stated that he is currently driving his personal vehicle to handle County related business thus he is receiving travel claims for this work. Sheriff Dexter Lunceford expressed his opinion that the County Mayor should get a new vehicle because he represents Carter County at these meetings and should be driving a vehicle that gives a good presentation for the County. Sheriff Lunceford requested that the committee give him the ability to pull prices on State Contracted vehicles to possibly purchase a new vehicle for the Mayor's office. Mr. Lunceford mentioned that the committee needs to request up to \$40,000 for this new vehicle purchase. Mr. Barnett mentioned that he has the used vehicle still on hold and would be willing to drive any vehicle used or new that the County will allow.

**Motion** was made by Sheriff Dexter Lunceford, second by Rick Richardson to send a request to the Carter County budget committee to look at allocating money for the purchase of a new vehicle for the Carter County Mayor's office not to exceed \$40,000.

Rusty Barnett	Aye	Brad Johnson	Not Present
Roger Colbaugh	Not Present	Dexter Lunceford	Aye
Dr. Kevin Ward	Not Present	Rick Richardson	Aye
Ginger Holdren	Aye		

**All Ayes, Motion Carried**

Mrs. Ginger Holdren stated that she would like to go on record in saying that she does not personally want to spend up to \$40,000 on a new vehicle. Mrs. Holdren stated that she understands the need for a lower mileage, nicer vehicle for the purpose of the Mayor's office but believes given the current financial woes of Carter County spending that much on a vehicle is not the best use of County funds. Mr. Richardson got clarification that this motion does not obligate the Committee to buy the vehicle but just charges the budget committee with looking at possibly allocating money for the purchase of a vehicle.

Mayor Rusty Barnett updated the committee on his proposition for the use of the Carter County Title III funds. Mr. Barnett stated that this money will be used to purchase emergency equipment for the County. Mr. Barnett also mentioned that he will be proposing giving some of this Title III money to all the local fire departments and Butler fire department.

- **County Highway Department Update:** Not present at this time of the meeting.
- **County School Department Update:** Not present.
- **Ginger Holdren:** Mrs. Ginger Holdren updated the committee on Brad Johnson and requested a moment of silence for him.

- **Brad Johnson:** Not present.
- **Sheriff Dexter Lunceford:** Sheriff Lunceford stated that the Financial Management Committee will have a contract to sign between the County and Hepco regarding the air quality testing in the old jail building.
- **Rick Richardson:** Mr. Rick Richardson wanted to know the effect of the government shut down on payments to the County regarding federal inmates. Sheriff Lunceford stated that government shutdowns only postpone the payment on the federal inmates slightly and there is no true negative effects to our contract to hold federal inmates. Mr. Lunceford mentioned that we are currently holding approximately 45 federal inmates at the moment.
- **Adjourn:** Motion made by Mayor Rusty Barnett, second by Sheriff Dexter Lunceford.  
**Motion Carried.**

Respectfully submitted,

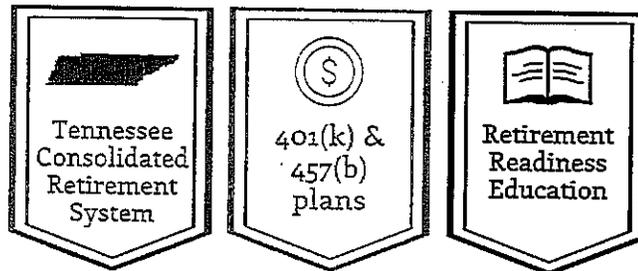
Michael Kennedy

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Ginger Holdren, Approved for File

# RETIRE READY

TENNESSEE'S RETIREMENT PROGRAM



The State of Tennessee 401k and 457 plans are voluntary retirement savings programs that are available to employees of any local government entity in Tennessee that has adopted the plan. The program is administered by the Tennessee Treasury Department and offers the experience and expertise of a dedicated staff, an independent investment consultant, an oversight committee, and an industry respected recordkeeper – Empower Retirement.

- **No Cost to Employers to Join** – There are no up-front costs for employers to join and no minimum number of employees is needed.
- **Fiduciary Oversight** – Administered by the Tennessee Treasury Department, which assumes legal responsibility for the Program, taking the burden off your finance department.
- **Access to Governmental 457(b) and 401(k) Plans** – The Program offers the flexibility to choose a 457 or 401(k) plan, or both. The 401(k) Plan allows pre-tax or Roth (after tax) contributions.
- **Comprehensive Retirement Planning** – One-on-one counseling from a dedicated plan counselor, a useful, interactive website and a suite of educational materials are available to all participants in the Program.
- **Available Service** – The Program has a fully staffed Participant Call Center open weekdays from 9:00 AM until 8:00 PM Eastern time. Also, 15 Tennessee-based, salaried Educational Representatives are available to meet with employers and participants throughout the state.
- **Reasonable Expenses** – Because the Program is large and well-established, it is able to successfully negotiate for competitive administrative fees (.23% or 23 bps), which may be considerably lower than the fees of other plans.

Plan Support Team	Provider
Plan Advisor(s) (responsible for trustee and participant support)	The State of TN's plan contracts with Empower as Retirement Plan Advisors. There are 15 RPA's around the State that only work on the State's plan. All have series 65 licenses. There are CFP's. They are self-aid employees and were hired to educate on both TCRS and the State's 401k/457 plans. We have an integrated TCRS/DC education, as well as a Call Center and website integrated with TCRS.
Plan Recordkeeper (provides the record-keeping, reporting, and investment platform)	Empower. Retirement under the State of TN Contract
Plan Document Provider & Location	TN Treasury Department, Andrew Jackson Building 502 Deaderick Street Nashville, TN 37243
Proposed Plan Expenses	Provider
John Hancock Retirement Plan Services	N/A
Nationwide Advisory	N/A
Qualified Plan Administrators	The State has a committee that includes the State Treasurer, the TCRS Chief Investment Officer, and contracted Independent Investment advisors that select and approve the funds in the lineup.
Proposed investment managers (please attach copy of proposed funds)	
TOTAL	
Conversion/Installation Charge	No
Eligible Fees	No
Any proprietary fund requirements	No proprietary requirement. No Empower funds in the lineup currently
Enrollment/Communications	Provider
Group meetings at employer location (if desired)	Yes. These meetings are integrated with TCRS
Cost for paper enrollment materials	None
Ability to enroll on-line	Yes.
Multilingual communication capabilities	Yes. More than 6 language options.
Participant website demo	Yes.
Recordkeeping	Provider
Dedicated local account manager	Yes.
Same day contribution allocation	Yes.
Ability to integrate directly with payroll vendors	2-3 days to receive benefits
Benefit payments within 10 Days	Yes.
1099 Reporting	Yes.
Tax Withholding	Yes.
Participant Statement mailing	Electronic delivery of mailings is the default unless a participant selects otherwise. If so, then regular mail is how they'll be contacted.
Cost for paper statements sent to participants homes	None
Within 15 Calendar Days	Yes.
Onsite annual contract review meeting with plan trustees	Yes. If the employer selects auto-enrollment for its plan structure. This information can be provided to local governments that join the plan meeting, investments are reviewed, compared to benchmarks, and recommendations are made. We also review participant education statistics during the quarter. This information can be provided to local governments that join the plan meeting.
Formal ongoing review of plan expenses	Yes. At the Quarterly meeting
Formal cybersecurity guarantee	Yes.
Any forms of Fiduciary indemnification provided	Both the Treasury and Empower carry coverage.
Plan Compliance	Provider
Plan Design Consultation	Loan option and Roth contributions are required by the State's contract. There is flexibility from the local government on vesting schedules, employer contribution amounts, and auto-enrollment.
Plan Document	Yes.
Non-Discrimination Testing	Not required. The State's plan is a governmental plan and while we follow ERISA closely for best practice, the State's plan is not an ERISA plan.
Other Required Testing (415, etc.)	N/A
Option to self trustee	The State Trustees are the Trustees of the plan.
Trustee services offered	Included in the plan. No additional cost.
404(c) Compliance Materials	Yes.
Eligibility tracking	Yes. All employees are eligible to participate. Eligibility can be tracked via the record keeping system.
Automatic enrollment employee mailings	Yes. We provide all data pertaining to loans to employees and the employer.
Loan Amortization Schedules/Promissory	Yes. We track vesting based upon what is supplied by the employer.
Vesting Calculations	

## Carter County Summary

Below is the summary of my oral presentation and handouts to the Committee on February 4<sup>th</sup>, 2019

NW 37-year relationship with Carter County as plan administrator of 457b plan. Nationwide is a Fortune 100 American company headquartered in Columbus OH, currently number 66 (as of 2018). Nationwide's financial stability is very strong as evidenced by the A+, A1, and A+ ratings from A.M. Best, Moody's, and Standard & Poor's respectively. In addition to my working with Carter County's employees one on one, our customer service team is available M-F 8:00 AM – 11:00 PM and Saturdays 9:00 AM – 6:00 PM ET.

NACo's 38-year relationship with Nationwide – Nationwide has administered the NACo (National Association of Counties) 457b plan for Counties and their jurisdictions – currently over 3100 Counties in addition to over 4500 Cities, States, and political subdivisions from the State of California to the City of Blaine, TN in size.

My personal background/relationship with Nationwide and Carter County: I have been licensed in financial services industry since 1985, began working as registered representative/retirement specialist with Nationwide in 1992, was assigned Carter County as part of overall territory in 2007. I am securities series 6, 63, and 65 licensed as well as insurance licensed for life, health, and variable products. Also, I as well as all retirement specialists with Nationwide have the CRC (Certified Retirement Counselor) designation and are paid

On – line tools available on NW website:

Pamphlet provided covering Retirement Readiness Report, My Interactive Retirement planner, My Health Care Estimator, Paycheck Impact Calculator, Asset Allocation Tool, and more

Letter (included in handout) outlining plan enhancements available for Carter County plan:

- (a) Reduced asset management charge to 23 basis points (.23%) on variable funds
- (b) Investment Fiduciary Services provided by Morningstar including:
  - (1) Monitoring and due diligence of investment options
  - (2) Diversified investment menu from an objective third party
  - (3) Quarterly and Annual performance and summary reports
  - (4) 1, 2, and 3 shift the responsibility of oversight to Morningstar

Pamphlet covering 19 workshops Nationwide associates make available to all entities and their employees – these are presented to groups as requested and are separate from one-on-one discussions and account reviews we as retirement specialists do with participants

Quick overview of features of Nationwide's plan: No sales charges on funds; no exchange charges on funds; no charges on distribution of funds at termination or retirement; quarterly statements; current updated information on accounts daily via website, telephone, or customer service; ability to change investment options and deferral amounts year-round. No cost retirement/investment guidance and complementary financial analysis by licensed Nationwide employees and the Nationwide Institute.

Plan Support Team	Provider	Proposed Investment Platform
Plan Advisor(s) (responsible for trustee and participant support)	Yes	Yes
Plan Recordkeeper (provides the record-keeping, reporting, and investment platform)	Yes	Yes
Plan Document Provider & Location	Yes	Yes
Proposed Plan Expenses	Provider	
Plan Hancock Retirement Plan Services		
Nationwide Retirement Solutions	70/80/95	23
Qualified Plan Administrators		
Proposed Investment managers (please attach copy of proposed bids)		
INITIAL		
Conversion/installation charge	n/a	n/a
Monthly Fees	\$0	\$0
Any proprietary fund requirements	n/a	n/a
Enrollment/Communications	Provider	Provider
Group meetings at employer location if desired		
Cost for paper enrollment materials	\$0	\$0
Ability to enroll on-line	yes	yes
Multilingual communication capabilities	yes	yes
Participant website demo	yes	yes
Recordkeeping	Provider	Provider
Dedicated local account manager	Yes	Yes
Same day contribution allocation	Yes	Yes
Ability to integrate directly with payroll vendors	No	No
Benefit payments within 10 Days	Yes	Yes
99 Reporting	Yes	Yes
401(k) Withholding	Yes	Yes
Participant Statement mailing	Yes	Yes
Cost for paper statements sent to participants homes	\$0	\$0
Within 15 Calendar Days	Yes	Yes
Website annual contract review meeting with plan trustees	Yes	Yes
Normal ongoing review of plan expenses	Yes	Yes
Normal cybersecurity guarantee	Yes	Yes
Any forms of Fiduciary indemnification provided	No	No
Plan Compliance	Provider	Provider
Plan Design Consultation	Yes	Yes
Plan Document	Yes	Yes
Non-Discrimination Testing	N/A	N/A
Other Required Testing (415, etc.)	N/A	N/A
Ability to self trustee	Yes	Yes
Trustee services offered	Yes	Yes
4(c) Compliance Materials	N/A	N/A
Participant tracking	Yes	Yes
Automatic enrollment employee mailings	Yes	Yes
Plan Amortization Schedules/Promissory	N/A	N/A
Acting Calculations	N/A	N/A