

FINANCIAL MANAGEMENT COMMITTEE

January 7, 2019

8:30 am

PRESENT: Mayor Rusty Barnett, Roger Colbaugh, Dr. Kevin Ward, Ginger Holdren, Brad Johnson, Sheriff Dexter Lunceford, and Rick Richardson

The meeting was called to order by Brad Johnson.

Quorum present.

Adopt Agenda: Motion was made by Ginger Holdren, second by Sheriff Dexter Lunceford to approve the agenda. Motion Carried.

Approval of Minutes: Motion was made by Mayor Rusty Barnett, second by Dr. Kevin Ward to approve the December 3, 2018 minutes. Motion Carried.

Public Comments: None.

Old Business: The Old Business topics were covered under New Business this month to allow the Advisors adequate time to present.

New Business:

- **Presentations by Financial Advisors re: County Employees' 457 Plan:** The Financial Management committee requested that Edward Jones and Ameriprise Financial present their recommendations for Carter County's 457 plan. The presentation for Ameriprise Financial was given by Ameriprise Financial Advisors, Calvin Klem and Bryan Houston. Ameriprise Financial also brought their sales representative from John Hancock, Jason Yepko, to give insight on the 457 plan recommendation from Ameriprise Financial. Ameriprise Financial recommended that the County use John Hancock as the investment platform for the Carter County 457 Plan.

The presentation from Edward Jones was given by Edward Jones Financial Advisor, Thomas Davis. Edward Jones recommended that the County use One America as the investment platform for the Carter County 457 Plan. The Financial Management committee decided to request a one to two page summary from both Financial Advising companies of these presentations be added to the Financial Management meeting minutes. For more information about these presentations and recommendations please see attached sheets from both Financial Advising firms. The Financial Management Committee also requested that the Finance Department contact the current Nationwide Provider for the Carter County 457 Plan to have him present his recommendations on the plan.

- **Recent Bids:** Deputy Director of Finance, Michael Kennedy, reviewed a list of recent bids.

- **Updates from Finance Director:**

- **Request to close Courthouse and Jail Maintenance Fund #112 and Transfer balance to the General Fund. These Funds will be restricted in the General Fund.**

- Finance Director, Brad Burke, stated that the State Comptroller’s Auditors recommended that Carter County close the fund 112, Courthouse and Jail Maintenance, and transfer the balance to the General Fund under a reserve account to be use for only approved Courthouse and Jail Maintenance projects. Mr. Burke stated that the value of the Courthouse and Jail Maintenance fund as of November 30, 2018 was \$61,820.44.

Motion was made by Sheriff Dexter Lunceford, second by Mayor Rusty Barnett to close fund 112 Courthouse and Jail Maintenance and request Budget Committee to make a decision on the placement of these funds in their next committee meeting.

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

All Ayes, Motion Carried

- **Update Re: Employee Step Raises/ Salary Study:** Mr. Brad Johnson stated that the committee is still doing the research on the possibility of employee step raises. Mr. Johnson stated that if the County were to implement an employee step raise it would have to be on a department level basis. Mr. Johnson requested that the committee defer this topic to old business on next month’s agenda.
- **Chris Scheuttler, update on revenue brought to the County from Building Permits:** Planning Director, Chris Scheuttler, discussed the revenues that his office has obtained from building permits over the calendar year and fiscal year. Mr. Scheuttler stated that the current building permits revenue for the fiscal year 2018-2019 to date is \$101,712 with \$71,692 of that revenue staying in the County General Fund and the difference going to the State. Mr. Scheuttler stated that the total building permit revenues for the 2018 calendar year is \$188,480 with \$131,290 of that revenue staying in the County General Fund and the difference going to the State. Mr. Scheuttler stated that the breakdown of these numbers will be given to the Mayor’s office to be placed in the agenda packets of the County Commission.
- **County General Update:** Mayor Rusty Barnett, stated that the County Courthouse is having heating issues due to a leak in the boiler. Mr. Barnett stated that the estimated cost to fix the boiler leak is \$7,950. Mr. Barnett also announced that there will be a seminar on January 29, 2019 to cover the HomeGrant Application process for Carter County. County

Mayor Barnett mentioned that he has been in discussion with the Green County mayor regarding their implementation and success with self-insured medical insurance for their County employees.

Mayor Rusty Barnett discussed his plan to use the Title III money given to Carter County to put a substation for fire, police, and rescue at Mallard Cove. Mr. Barnett mentioned that this substation is very much needed to serve a portion of Carter County residents that are far from most fire, police, and rescue squads. Mr. Barnett also mentioned that he would like to use the \$119,000 dollars of Title III money to buy a rescue truck and tractor for use by these departments in case of emergencies. Mr. Barnett would like the remaining funds to be given to the fire departments. Mr. Barnett stated that he will be going before the School Board to ask for a modular unit that is not being currently used to be placed as the substation at Mallard Cove. Mayor Barnett also commended all county employees for response times in the recent flooding in Carter County.

- **County Highway Department Update:** Highway Superintendent, Roger Colbaugh, stated that the Highway department has been working on snow, ice and flood patrol. Mr. Colbaugh stated that his department has a good stock of salt in case of snow or ice issues going forward.
- **County School Department Update:** Dr. Kevin Ward had to leave the meeting before he could present for the Carter County School Department.
- **Ginger Holdren:** Mrs. Ginger Holdren had questions regarding Mayor Rusty Barnett's use of the Title III money. Mrs. Holdren requested clarification of the amounts going to Carter County fire departments and the amounts going to Butler fire department. Mrs. Holdren also asked if the County decided to go with Edward Jones would they have to use Mr. Thomas Davis as the advisor. Deputy Finance Director, Michael Kennedy, explained that Carter County would not be limited to use Mr. Davis as the advisor but did state that if we decided to use a different Edward Jones advisor they will need to present as well because they may have different recommendations for our plan.
- **Brad Johnson:** Financial Management Chairman, Brad Johnson, made the committee aware that he will be going into major medical treatments as of January 17, 2019 that will require him to miss meetings going forward. Mr. Johnson did state that he will do his best to attend as many meetings as he can. Mr. Johnson stated that Mrs. Holdren will take over in his absence to lead the Financial Management meetings.
- **Sheriff Dexter Lunceford:** Sheriff Dexter Lunceford informed the committee that he has called three different companies about getting the requested Air Quality Testing on the old jail but only received a call back from one company. Mr. Lunceford stated that this company did tour the old jail and they believe that the cost will be approximately \$4,000 but will get a firm number soon.

- **Rick Richardson:** Commissioner Rick Richardson stated there is a number of Johnson County residents sending their children to Carter County Schools.
- **Discussion Regarding Additional County Revenue Sources:** Mr. Brad Johnson requested that this discussion topic be placed into old business for next month's meeting.
- **Adjourn:** Motion made by Sheriff Dexter Lunceford, second by Mayor Rusty Barnett.
Motion Carried.

Respectfully submitted,

Michael Kennedy

Brad Johnson, Approved for File



Klem, Houston & Associates
A financial advisory practice of
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January 14, 2019

Retirement Plan Services Proposal for the Carter County 457 Plan

- 1) Enhanced employee support for retirement planning & communication services**
 - John Hancock & your local advisory team at Ameriprise Financial will provide employees with local support & personalized retirement goal illustrations to promote participation and increased deferral amounts to help employees achieve their retirement savings goals.
 - John Hancock provides a full suite of financial wellness tools and resources to help employees above and beyond addressing their savings goals.
 - My Money Connector- John Hancock's on-line tools allow participants to aggregate the data from their financial accounts to create a more detailed, customized picture of their overall financial health.

- 2) Local support to assist with employee education, enrollment, compliance and plan level trustee reviews**
 - Your advisory team at Ameriprise Financial will provide a local support presence as well as dedicated home office resources to support the plan's trustees and participants.
 - John Hancock would provide a dedicated team member to help with the intricate details of the plan. They would also provide onsite training alongside Ameriprise Financial.
 - Calvin Klem and Bryan Houston from Ameriprise Financial would be available to conduct onsite educational seminars.
 - Calvin and Bryan offer complimentary offsite consultations by appointment.

- 3) Seamless plan conversion support**
 - John Hancock provides a dedicated conversion manager to work directly with Nationwide to facilitate the conversion of the plan. All required conversion notices are sent directly to employee's home addresses by John Hancock on behalf of the plan sponsor.

- 4) Enhanced investment monitoring and plan expenses.**
 - John Hancock provides additional Cyber Security Guarantee to further protect the plan's participants in the event of a loss of assets due to a cyber security breach.
 - John Hancock provides 24-hour online access to participant's accounts.
 - The investment expenses to the plan's participants will average out at 1.16%.

An Ameriprise Financial franchise.

Products from RiverSource® and Columbia Threadneedle Investments are offered by affiliates of Ameriprise Financial Services, Inc.

Investment advisory products and services are made available through Ameriprise Financial Services, Inc., a registered investment adviser.

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Ameriprise Financial - Summary Breakdown

Plan Support Team		Ameriprise & John Hancock
Plan Advisor(s) (responsible for trustee and participant support)	Calvin Klem & Bryan Houston, Ameriprise	
Plan Recordkeeper (provides the record-keeping, reporting, and investment platform)	John Hancock Retirement Plan Services	
Plan Document Provider & Location	Qualified Plan Administrators, Johnson City, TN	
Proposed Plan Expenses		Ameriprise & John Hancock
John Hancock Retirement Plan Services	0.49%	
Ameriprise Advisory	0.50%	
Qualified Plan Administrators	0.05%	
Proposed Investment managers (please attach copy of proposed funds)	0.12%	
TOTAL	1.16%	
Conversion/installation charge	\$0	
Billable Fees	\$0 (expenses covered by the 0.05% TPA fee)	
Any proprietary fund requirements	No	
Enrollment/Communications		Ameriprise & John Hancock
Group meetings at employer location if desired	Yes	
Cost for paper enrollment materials	\$0	
Ability to enroll on-line	Yes	
Multilingual communication capabilities	Yes	
Participant website demo	http://pweb.jhrps.com/login_screen/do/home_page/homeRedirectionAction.html	
Recordkeeping		Ameriprise & John Hancock
Dedicated local account manager	Yes	
Same day contribution allocation	Yes	
Ability to integrate directly with payroll vendors	Yes	
Benefit payments within 10 Days	Yes	
1099 Reporting	Yes	
Tax Withholding	Yes	
Participant Statement mailing	Yes	
Cost for paper statements sent to participants homes	\$0	
Within 15 Calendar Days	Yes	
Onsite annual contract review meeting with plan trustees	Yes	
Formal ongoing review of plan expenses	Yes	
Formal cybersecurity guarantee	Yes	
Any forms of Fiduciary indemnification provided	Yes, lowest net share class expense	
Plan Compliance		Ameriprise & John Hancock
Plan Design Consultation	Yes	
Plan Document	Yes	
Non-Discrimination Testing	Yes	

Ameriprise Financial - Summary Breakdown

Other Required Testing (415, etc.)	Yes
Option to self trustee	Yes
Trustee services offered	Yes
404(c) Compliance Materials	Yes
Eligibility tracking	Yes
Automatic enrollment employee mailings	Yes
Loan Amortization Schedules/Promissory	Yes
Vesting Calculations	Yes

Brad, Michael, and the Finance Committee,

I first want to thank you for taking the time to consider further options for your 457(b) Plan. Knowing what to look for, who to talk to, and even where to begin can quickly become overwhelming, and I appreciate the Committee allowing me to contribute to the conversation. Hopefully, I can answer some, if not all, of those questions today.

When looking at something as important as the financial future and retirement goals of your employees, colleagues, and friends, I believe that the most fundamental questions you could ask are "Where are we? Where do we want to be? And, how do we get there?"

Where we are today is simple, the current Plan:

- Has few fund options, which may not cover the complete diversification spectrum,
- Is expensive, up to 1.25% of assets annually (relative to the other options presented) especially with a majority of the assets being held in a Fixed Cash Asset fund with a declining return,
- May not be providing the participants with the level of education and planning information that your employees need to make long term financial decisions, and engage with the plan and participate (which is a fiduciary duty),
- Has not provided a level of education for this Committee to make informed plan level decisions, (which is a fiduciary duty),
- Has not provided access to a local Advisor for individual, one-on-one financial planning conversations,
- Has not provided the online and in-person tools needed to engage and encourage the participants to make financial goals, plan to reach them, or participate in the Plan's benefits,
- Has not been significantly changed during the most significantly changing decade of financial markets and financial regulation in history (which is a fiduciary duty).

Where I believe we want to be, where we need to be, is in a Plan that:

- Has far more options so employees at every stage of their lives and careers can use funds that reflect their personal goals and investment/retirement needs,
- Costs less, and significantly less if employees continue to choose Fixed Cash Asset funds,
- Provides far more face-to-face education (and far more frequently) about the Plan, the external factors that affect the Plan, the participant's investment choices, and their financial future,
- Provides education to this Committee to inform them of their obligations as Administrators, and assist in understanding and exceeding those obligations,
- Provides a local Advisor to the Plan AND the participants, to help them understand and navigate their retirement goals, investment options, and market conditions,
- Provides an easy online and on-device experience with calculators, planning tools, and illustrations designed to help Plan participants make and meet financial goals and maximize the benefits of participation,
- Provides market and regulatory change information face-to-face, and is prepared to make changes to the Plan or investment options any time the need arises.

With that in mind, I have proposed to you a Plan that:

- Contains hundreds of potential investment options, that can be added to or removed from the Plan as needed,
- Has a maximum cost of 1.10%, that declines as the Plan grows, and offers a no cost Stable Value Fund instead of the current Fixed Cash Asset investment choice, further lowering the cost for the majority of participants who hold their assets in the current Fixed Cash Asset fund,
- Provides an Advisor to the Committee AND to the participants who is known in the community for financial education at all levels from boardrooms to classrooms (including a weekly financial education column in the Elizabethton Star, numerous educational broadcasts on WBEJ, a member and advisor of several Boards of Directors of local charities, and several past educational and charitable contributions to both local school systems and Bartleby),
- Provides an Advisor who is 1.7 miles from the Courthouse, and who provides complementary face-to-face planning sessions to all individuals, families, businesses, and organizations,
- Provides a familiar online and technology experience, by using a current County benefit provider (OneAmerica) so that participants do not have to learn a new app or website and the Administrators have a single point of contact, instead of a new 1-800-number,
- Can provide as much investment oversight and reporting to the Committee as needed to meet participant, Committee, and Regulatory requirements, along with a T.P.A. for administration and recordkeeping requirements.

While some of these numbers and concepts may seem overwhelming or complicated at first glance, they tell a very simple story. For decades, the Carter County Government has offered a retirement benefit that could be extremely impactful to the financial future of its employees. But until now, few employees have used it, because few of your colleagues have received enough education about the Plan and its potential to understand it and begin participating. In the meantime, the Plan has cost more than most of the alternatives available today. It's a very simple problem of not enough options, not enough performance, not enough service, at too high a cost.

I believe that I have proposed a simple solution that addresses the specific needs of the County and its employees. My proposed solution includes far more available investment options, a familiar participant online experience, a familiar administrative experience, a local T.P.A. to assist the administrators, and a local Financial Advisor to assist and educate the participants and the Committee. This new Plan would also incorporate a benefit provider that the participants and the County are already familiar with, an Advisor the community and most of the Committee is already familiar with, along with a no-cost Fund specifically chosen for the Cash Asset portion of the Plan, all for a lower cost than the current Plan. I believe that this is the simple and easy solution that provides the options, the service, and the price to fit your specific needs and the specific needs of your colleagues now, and in the future. It would be my pleasure to help more of the community and more of the County employees plan, work toward, and reach their financial goals. So, if clarifications or further information is needed, or if any questions arise, please do not hesitate to call. Thank you again for the opportunity to assist you in helping your teams reach their retirement goals, and I look forward to hearing from you soon.

Thomas A. Davis, AAMS®
Financial Advisor, Edward Jones
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423-543-2018

Edward Jones - Summary Breakdown

Plan Support Team		Edward Jones / OneAmerica
Plan Advisor(s) (responsible for trustee and participant support)	Thomas Davis, 1.7miles away	
Plan Recordkeeper (provides the record-keeping, reporting, and investment platform)	Yes	
Plan Document Provider & Location	Johnson City or your choice	
Proposed Plan Expenses		Edward Jones / OneAmerica
John Hancock Retirement Plan Services		
Edward Jones Advisory	1.10%	
Qualified Plan Administrators	Included	
Proposed Investment managers (please attach copy of proposed funds)	Comparative analysis attached	
TOTAL	1.1% plus fund fees	
Conversion/installation charge	\$0	
Billable Fees	\$0	
Any proprietary fund requirements	No	
Enrollment/Communications		Edward Jones / OneAmerica
Group meetings at employer location if desired	Yes	
Cost for paper enrollment materials	\$0	
Ability to enroll on-line	Yes	
Multilingual communication capabilities	Yes	
Participant website demo	Yes	
Recordkeeping		Edward Jones / OneAmerica
Dedicated local account manager	Yes	
Same day contribution allocation	Yes	
Ability to integrate directly with payroll vendors	Yes	
Benefit payments within 10 Days	Yes	
1099 Reporting	Yes	
Tax Withholding	Yes	
Participant Statement mailing	Yes	
Cost for paper statements sent to participants homes	\$0	
Within 15 Calendar Days	Yes	
Onsite annual contract review meeting with plan trustees	Yes	
Formal ongoing review of plan expenses	Yes	
Formal cybersecurity guarantee	Yes	
Any forms of Fiduciary indemnification provided	Optional	
Plan Compliance		Edward Jones / OneAmerica
Plan Design Consultation	Yes	
Plan Document	Yes	
Non-Discrimination Testing	Yes	

Edward Jones - Summary Breakdown

Other Required Testing (415, etc.)	Yes but not required
Option to self trustee	Yes
Trustee services offered	Yes but not required
404(c) Compliance Materials	Yes
Eligibility tracking	Yes
Automatic enrollment employee mailings	Yes
Loan Amortization Schedules/Promissory	Yes
Vesting Calculations	Yes