

**SCOTT COUNTY SCHOOL BOARD MINUTES OF SPECIAL MEETING
THURSDAY, OCTOBER 22, 2015**

The Scott County School Board met in a Special Meeting on Thursday, October 22, 2015 at 6:30 p.m., in the Scott County School Board Office Conference Room in Gate City, Virginia.

PRESENT: William R. Quillen, Jr., Chairman
James Kay Jessee
Jeffrey A. Kegley
H. Kelley Spivey, Jr.

ABSENT: Gail L. McConnell
Lon Stephen "Steve" Sallee, Jr.

OTHERS PRESENT: John I. Ferguson, Superintendent; Will Sturgill, School Board Attorney; K.C. Linkous, Clerk Of The Board/Human Resource Manager; Beverly Stidham, Deputy Clerk Of The Board/Purchasing Agent; and Pat Whitley, Gate City Middle School Teacher/SCEA President.

CALL TO ORDER/MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE: Chairman Quillen called the meeting to order at 6:34 p.m. and presided. The audience observed a moment of silence and Mr. Jessee led in citing the *Pledge of Allegiance*.

APPROVAL OF AGENDA: On a motion by Mr. Jessee, seconded by Mr. Kegley, all members voting aye, the Board approved the agenda as presented.

DISCUSSION/APPROVAL OF THE VRS HYBRID 403(b) EMPLOYER SPONSORED PLAN: Ms. K.C. Linkous/Human Resource Manager/Clerk of the Board, presented information on the Virginia Retirement System's Resolution to allow eligible employees to use an employer-sponsored hybrid 403(b) plan for employee contributions to the Hybrid Retirement Plan. Ms. Linkous explained that she wanted clarification on the language in the resolution which pertained to employer cash matching and also the turnaround time that VRS stated to begin investing these funds. Ms. Linkous believed the board needs this information in order to act in the best interest of the eligible employees allowed to participate in this Hybrid Retirement Plan.

According to VRS, employers will not have to increase their percentage of the board's share of VRS contributions. Hybrid employees wishing to increase their voluntary contributions will have their contribution matched by decreasing the employer's share of the "Defined Benefit Plan" and allotting that percentage to the employee's "Defined Contribution Plan."

Ms. Linkous explained that AdminPartners, the county's 403(b) third party administrator, consulted with VRS and developed a resolution similar to the VRS resolution, except that the language concerning how the funds will be vested, has been changed to allow these funds to go to AdminPartners directly so they are invested in a timely manner according to IRS regulations.

On a motion by Mr. Jessee, seconded by Mr. Spivey, all members voting aye, the Board approved the Resolution to Allow Eligible Employees to Direct Hybrid Voluntary Contributions to an Employer-Sponsored Hybrid 403(b) Retirement Plan and that AdminPartners will administer this Employer Sponsored 403(b) Cash Match Plan.

**RESOLUTION TO ALLOW ELIGIBLE EMPLOYEES TO DIRECT HYBRID
VOLUNTARY CONTRIBUTIONS TO AN EMPLOYER-SPONSORED HYBRID
403(b) RETIREMENT PLAN**

(Pursuant to Chapters 538 and 539 of the 2015 Acts of Assembly)

The language in this resolution has been approved by the VRS Benefits Counsel and is not subject to modification.

*Please check this box to indicate that **Scott County Public Schools** (the “**School Division**”) intends to exercise its election, pursuant to the Code of Virginia § 51.1-169(G), to allow its eligible employees to use an employer-sponsored Hybrid 403(b) plan instead of the Hybrid 457 Deferred Compensation Plan for voluntary contributions and an employer-sponsored Hybrid 403(b) plan or an employer-sponsored 401(a) cash match plan for the associated employer matching contributions described in the Code of Virginia § 51.1-169 (the “Hybrid Retirement Plan”).*

WHEREAS, the School Division employs members who participate in the Virginia Retirement System’s (“VRS”) Hybrid Retirement Plan, which consists of a defined benefit component and a defined contribution component; and

WHEREAS, the defined contribution component of the Hybrid Retirement Plan requires a covered employee to make a mandatory contribution of 1% of creditable compensation to the defined contribution component, in addition to a 4% contribution to the defined benefit component; and

WHEREAS, employees of the School Division who participate in the Hybrid Retirement Plan may also make voluntary contributions of up to 4% of creditable compensation to the defined contribution component of the Hybrid Retirement Plan; and

WHEREAS, the Hybrid Retirement Plan requires the School Division to provide a matching contribution on behalf of an employee based on that employee’s Hybrid Retirement Plan voluntary contributions; and

WHEREAS, an employee’s voluntary contributions are deposited in that employee’s Hybrid 457 Deferred Compensation Plan account, and the associated employer match is deposited in that employee’s Hybrid 401(a) Cash Match Plan account; and

WHEREAS, the Hybrid 457 Deferred Compensation Plan and the Hybrid 401(a) Cash Match Plan are administered by VRS and its third-party administrator for members who make contributions under the original framework of the Hybrid Retirement Plan; and

WHEREAS, the Internal Revenue Code permits an eligible employer to establish a supplemental retirement plan pursuant to 26 U.S.C § 403(b); and

WHEREAS, Chapters 538 and 539 of the 2015 Acts of Assembly permit the School Division to elect on an annual basis whether to allow its eligible Hybrid Retirement Plan employees i) to make Hybrid voluntary contributions to an employer-sponsored Hybrid 403(b) plan established by the School Division, as an alternative to the Hybrid 457 Deferred Compensation Plan maintained by VRS and ii) to have the associated employer match deposited in the 403(b) plan or cash match plan established and maintained by the School Division; and

WHEREAS, upon such election of the School Division, each eligible employee will continue to make Hybrid voluntary contributions to the Hybrid 457 Deferred Compensation Plan unless the employee makes an affirmative election between November 1 and November 30 to instead contribute to an employer-sponsored Hybrid 403(b) plan established by the School Division; and

WHEREAS, prior to making the election, the School Division has read “Your Guide to the Employer Sponsored Hybrid 403(b) Plan Election” and understands and has processes and procedures in place to carry out:

- the fiduciary responsibilities and duties imposed by Code of Virginia § 51.1-803 as applicable through Code of Virginia § 51.1-169(G)(4);*
- the administrative duties and responsibilities associated with sponsoring a plan or plans for the Hybrid voluntary contributions and associated employer match under the Code of Virginia § 51.1-169; and*