

KNOX COUNTY RETIREMENT AND PENSION BOARD

NOVEMBER 20, 2017

The Knox County Retirement and Pension Board met in regular session on Monday, November 20, 2017, at 1:30 P.M. in the County Commission Conference Room 640, City-County Building, Knoxville, Tennessee.

The following members were present: Mr. Chris Caldwell, Proxy for Mayor Burchett, Chairman, Commissioner Hugh Nystrom, Vice Chairman, Ms. Tracy Foster, Secretary, Commissioner Ed Brantley, Commissioner John Schoonmaker, Commissioner Bob Thomas, Ms. Jennifer Hemmelgarn, Mr. Garrett Raiden and Mr. Zack Webb

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross, Ms. Carissa Dunaway

Legal Counsel: Mr. John Owings, Ms. Stephanie Coleman, Mr. Bill Mason, Ms. Ashley Trotto, Mr. Charles Burks

Law Director's Office: Mr. David Wigler

Nationwide: Mr. Wayne Sellers

Attorney: Mr. Keith Burroughs, Mr. Jon Reed

Retirement Staff: Ms. Kim Bennett, Ms. Jennifer Schroeder, Ms. Savannah Russell, Ms. Mitzi Stooksbury, Mr. Zack Cole

Court Reporter: Ms. Dana Holloway

Sheriff's Office: Ms. Lisa Jarrell

Knox County: Mr. Nick McBride

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Chairman Caldwell stated that an amended agenda has been distributed and the only change was to separate the disability approvals into two separate items, item 4 and item 5.

IN RE: APPROVAL OF MINUTES OF OCTOBER 23, 2017

Secretary Foster presented the minutes of the prior meeting of October 23, 2017. Commissioner Nystrom made a motion to approve the minutes as presented. The motion was seconded by Ms. Foster and unanimously approved.

IN RE: APPLICATION FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN

- **RODNEY L. ALLEN**, employee of Parks & Rec., 11 years 9 months of credited service. Letter received from UNUM dated November 7, 2017, recommending denial of disability.

A motion was made by Commissioner Nystrom to approve UNUM's recommendation of denial of disability. The motion was seconded by Commissioner Thomas and unanimously approved.

- **MACK L. COOK**, employee of Knox County Schools, 41 years 2 months of credited service.
Letter received from UNUM dated November 13, 2017, recommending approval for disability.
A motion was made by Commissioner Thomas to approve UNUM's recommendation of approval of disability. The motion was seconded by Commissioner Brantley and unanimously approved.
- **THERESA SIBLEY**, employee of Criminal Court, 22 years 10 months of credited service.
Letter received from UNUM dated November 2, 2017, recommending approval for disability.
A motion was made by Commissioner Thomas to approve UNUM's recommendation of approval of disability. The motion was seconded by Commissioner Brantley and unanimously approved.

IN RE: STATUS FOR FRANK BROWN, JR. APPEAL FOR DISABILITY

Ms. Bennett stated that upon UNUM's second independent review, UNUM is recommending denial of disability. Ms. Bennett reported that a letter would be sent, but that she did call Mr. Brown. Mr. Brown verbally requested a meeting with the Disability Committee to hear his appeal. Ms. Bennett will schedule a disability meeting after a written request is received from Mr. Brown and he has completed his currently scheduled doctor visit.

IN RE: APPLICATION FOR RETIREMENT - UNIFORMED OFFICERS PENSION PLAN

At the request of Mr. Burroughs, and because this is a continuing issue, Chairman Caldwell agreed to add Mr. Burroughs's email regarding Knox County's Motion to intervene into the record concerning item 6 on the amended agenda. Mr. Burroughs also requested status updates on information concerning the amount of leave cashout included in the benefits approved beginning in September and the written request for Mr. Cross. Mr. Cross stated that a meeting is scheduled with Mr. Owings next Tuesday to review responses to the questions in the request. Ms. Bennett stated that she was told by counsel that the work to calculate an individual's benefit should not be provided publicly. Mr. Burroughs said the amount is not, but the number of days is. Mr. Owings stated that a letter would be sent to Mr. Burroughs explaining the position of the Executive Director.

The following applications for retirement as provided in the Uniformed Officers Pension Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Stella L. Catlett	Sheriff	32 years 4 months	December 1, 2017
J. David Yokley	Sheriff	27 years 10 months	December 1, 2017

A motion was made by Commissioner Brantley to approve the application for retirement under the Uniformed Officers Pension Plan as presented and authorize the Trustee, State Street Bank, to make disposition of the benefits. The motion was seconded by Ms. Hemmelgarn and unanimously approved.

IN RE: APPLICATIONS FOR RETIREMENT – DEFINED CONTRIBUTION PLAN AND AUTHORIZATION OF CREDITED SERVICE BENEFIT BASED ON COMPLETED YEARS OF SERVICE

The following applications for retirement and the credited service benefit based upon completed years of credited service at the date of retirement, as provided in the Asset Accumulation Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Nora D. Beeler	Schools	29 years 9 months	December 1, 2017
Roger L. Biggs	EPW	32 years 11 months	December 1, 2017
John Byrd	EPW	26 years 11 months	December 1, 2017
Susan Emert	Health Dept.	12 years 8 months	December 1, 2017
Terry M. Essex	Juvenile	26 years 1 month	December 1, 2017
Rebecca Q. Ishibashi	PBA	7 years	December 1, 2017
Harold R. Stewart	Magistrate	22 years 11 months	December 1, 2017

A motion was made by Commissioner Thomas to approve the applications for retirement under the Asset Accumulation Plan as presented and to authorize the Directed Custodian, Wells Fargo Bank, to make disposition of the benefits upon certification from USI and to authorize Trustee, State Street Bank, to make payment of the credited service benefit. The motion was seconded by Ms. Hemmelgarn and unanimously approved.

APPROVAL OF THE BOARD MEETING SCHEDULE FOR 2018

Ms. Bennett presented the Board meeting schedule for 2018 and stated that it coincided with the County Commission meeting schedule. Commissioner Schoonmaker inquired about changing the meeting time to 2pm. Commissioner Brantley said that a compromise had been made this year to move the time from 1pm to 1:30pm. The Board agreed to keep the Board meeting time at 1:30pm for 2018. Ms. Hemmelgarn requested that the May meeting date be updated to the Tuesday, May 29th because of the Memorial Day Holiday. Ms. Bennett will update and send out the schedule to all Board Members.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Ms. Bennett reported on the following items:

- **Reed Group cost analysis, work in progress** – The Disability Committee would set another meeting.
- **Correction for Teacher's Plan** – City Pension office reported to Ms. Bennett that an error was found in City's Pension audit resulting in an overpayment. Under the agreement with the City, the City calculates a teacher's benefit and the City Pension Plan pays part of the benefit and Knox County Teacher's Plan pays part of the benefit, by the allocation agreed upon in 1987. The benefit was reduced to be correct going forward and a payment plan is under review.
- **Open Enrollment for Medical/Dental – Retirees** – Open enrollment is closed and adjustments will be made as requested for January 1, 2018.

- **Audit FY17** – Still in process and waiting for first draft. The auditors found 3 possible issues out of a testing sample of 43.
- **COLAs for Teachers Plan for 2018 – 2.2%** - COLA is based upon CPI and will go into effect January 1, 2018.
- **COLAs for DB Plan, Old Disability Plan, and UOPP – 3%** - Effective January 1, 2018.
- **Disability Verification letters have been mailed** - This is the annual recertification process to verify if still disabled, dependent children eligibility, and earned income received in 2017.
- **Minimum Required Distributions** – Any participant over age 70 ½ age requirement have been sent letters to process their required distribution.
- **MERP Communications on Self-Directed Investment** – In December an email will be sent to all active County and School employees along with a postcard mailing to every participant with a MERP account.
- **Employee Education – one Phase II and five Phase III Classes** – There has been a large request for Phase III (Retirement Readiness) classes. All sessions were booked within a day of scheduling the class. More classes will be scheduled in early 2018.

IN RE: RFQ REPORT

Ms. Bennett stated the RFQ committee met last Tuesday and the top two candidates were interviewed. The interviews went well and both firms were impressive. A letter of intent was sent to the top candidate and it was accepted. After the fees and contract are negotiated, the contract will come to the Board for approval in December.

IN RE: REPORT OF INVESTMENT COMMITTEE

Commissioner Brantley presented the rates of return for the Defined Contribution Plans as of October 31, 2017, from USI that were distributed to the Board Members. Commissioner Brantley stated that returns for the last quarter have been excellent and that, in 2018, a transition would take place for a new investment manager for the Defined Benefit Plans.

Chairman Caldwell stated that the Board has been given the new MERP Investment Policy Statement for consideration. Ms. Bennett stated that the MERP IPS was updated to reflect the new investment options and a few minor housekeeping items. A motion was made by Commissioner Nystrom to accept the MERP IPS. The motion was seconded by Commissioner Brantley and unanimously approved.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings reported that he met with a Board Member regarding concern of the size of the Commissioner's Conference Room for future meetings especially because of the increased attendance at the previous Board Meeting. Mr. Owings suggested that due to seating limitations and for recording purposes a larger room would be beneficial temporarily. Mr. Owings suggested the Small Assembly Room

or the Large Assembly Room. Commissioner Brantley stated that when meetings have been held in the Small Assembly Room, it's hard for all committee members to hear. Chairman Caldwell suggested that Ms. Jane from PBA might have information regarding the Small Assembly Room's capabilities. Commissioner Brantley requested that Chairman Caldwell and Ms. Bennett meet with PBA to gain information and the Board hearing scheduled on December 5, could be used as a test to see if future Board meetings could adequately be held there.

Mr. Mason had no report.

Mr. Burks stated that the location for the Gass Hearing is scheduled in the Small Assembly Room on Tuesday, December 5th, 2017 at 10am.

IN RE: REPORT OF ACTUARY

Mr. Cross had no report. Ms. Bennett inquired about potential legislative changes to the 457 plan. Mr. Cross reported that no changes would be made to the 457 plans except for some minor hardship withdraw restrictions changes.

IN RE: STATEMENT OF ACCOUNTS AS AUDITED AND RECOMMENDED FOR PAYMENT BY KIM BENNETT, EXECUTIVE DIRECTOR

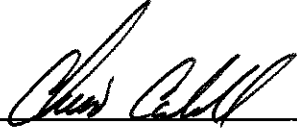
The following statement of accounts for professional services was presented for consideration and approval of payment, in accordance with agreements and audited and recommended for payment by Ms. Bennett:

Invoices for November 2017	Fiscal YTD Approved Invoices 10/31/2017	Sept Invoice For Approval	Fiscal YTD Approved Invoices 11/30/2017
BENXL			
Invoice #		\$0.00	
TOTAL BENXL	\$25,800.00	\$0.00	\$25,800.00
KENNERLY, MONTGOMERY & FINLEY, P.C.		\$0.00	
Invoice #			
KENNERLY, MONTGOMERY & FINLEY, P.C.		\$0.00	
Invoice #			
KENNERLY, MONTGOMERY & FINLEY, P.C.		\$0.00	
Invoice #			
***TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$500.00	\$0.00	\$500.00
ROBERTSON, OVERBEY			
Invoice # 061417-9897M		\$0.00	
*** TOTAL ROBERTSON, OVERBEY	\$0.00	\$0.00	\$0.00
USI CONSULTING GROUP		\$14,322.25	
Invoice # 90018210			
USI CONSULTING GROUP		\$41,408.37	
Invoice # 90017808			
TOTAL USI CONSULTING GROUP	\$145,335.18	\$55,730.62	\$201,065.80
Invoices for November 2017	\$171,835.18	\$55,730.62	\$227,365.80
*** Retainer not included in approved billings for the Board			Fiscal YTD
Robertson, Overbey Retainer	\$4,000 per month		\$20,000
Kennerly Montgomery Retainer	\$12,000 per month		\$60,000
Court Reporter			\$1,699
Fees Received from QDRO Participants	\$500 (DC Fee)		\$500
	\$2,000 (DB Fee)		\$0

After review of the statement of accounts and invoices, a motion was made by Commissioner Thomas that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Mr. Webb and unanimously approved.

ADJOURNMENT

As there was no further business to come before the Board, the meeting was adjourned in order.



MAYOR TIM BURCHETT, CHAIRMAN
BY PROXY, CHRIS CALDWELL



MS. TRACY FOSTER, SECRETARY