

KNOX COUNTY RETIREMENT AND PENSION BOARD

November 19, 2018

The Knox County Retirement and Pension Board met in regular session on Monday, November 19, 2018, at 1:30 P.M. in the Large Assembly Room, City-County Building, Knoxville, Tennessee.

The following members were present: Chairman Chris Caldwell, Proxy for Mayor Jacobs, Commissioner Hugh Nystrom, Vice Chairman, Ms. Tracy Foster, Secretary, Commissioner Randy Smith, Commissioner Brad Anders, Commissioner Larsen Jay, Ms. Jennifer Hemmelgarn and Mr. Zack Webb.

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross, Mr. Matthew Cross, and Ms. Brenda Fiddler

Legal Counsel: Mr. Bill Mason, Mr. Charles Burks, and Mr. John Owings

Attorneys: Ms. Melissa Carrasco

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

Others in attendance: Mr. Ed Shouse, Trustee's Office, Mr. Wayne Sellers, Nationwide, Mr. Mike Steely, Knoxville Focus, Mr. Justin Biggs, Knox County Commission, and members of the public

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Ms. Bennett stated there were no amendments to the agenda.

IN RE: SWEARING IN OF NEW BOARD MEMBER, COMMISSIONER RANDY SMITH

Legal counsel, Mr. John Owings, swore in new Board member, Commissioner Randy Smith.

IN RE: APPROVAL OF MINUTES OF OCTOBER 22, 2018

Chairman Caldwell presented the minutes for October 22, 2018. Commissioner Anders made a motion to approve the minutes for October 22, 2018. The motion was seconded by Commissioner Nystrom 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 Defined Contribution Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>		<u>EFFECTIVE DATE</u>
Terry Dunaway	Schools	11 years	4 months	December 1, 2018
Vicki Evans	ComSvcs	21 years	0 months	December 1, 2018
Douglas Hagaman	Sess Crt	5 years	5 months	December 1, 2018
Karen Koehn	ComSvcs	27 years	2 months	December 1, 2018
Debra McCann	EPW	19 years	11 months	December 1, 2018

Linda Mongeon	Schools	19 years	9 months	December 1, 2018
Sheila Muenzer	ComSvcs	32 years	5 months	December 1, 2018
John Overton	Schools	20 years	6 months	December 1, 2018
James Roberts	Schools	12 years	8 months	December 1, 2018
Robert Shields	EPW	11 years	9 months	December 1, 2018
David Wright	CoComm	10 years	10 months	December 1, 2018

A motion was made by Ms. Hemmelgarn 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 the Trustee, State Street Bank, to make payment of the credited service benefit. The motion was seconded by Commissioner Anders and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Ms. Bennett reported on the following items:

- **FY18 Audit Report for December Meeting** –The initial internal audit of UOPP and Disability Plan benefit calculations was completed by staff as required by last year’s audit, and the results reviewed by the auditors. The FY18 audit report will be presented in the December Board meeting.
- **Medical/Dental Insurance Open Enrollment for Retirees** – Open enrollment for 2019 has concluded. Medical and dental packets were sent out to retirees who have medical and dental insurance through the County to notify them to reenroll if they desire to continue.
- **First Tennessee Custody Agreements** – First Tennessee is the trustee for the Defined Contribution plan. The Bank agreed to be the custodian to one investment of the Defined Contribution plan to handle the unitization of the Transamerica account. There was a discussion of the term unitization relating to funds.
- **Teacher’s Plan COLA adjustment 2019** – COLA for the Teacher’s plan are based upon the Consumer’s Price Index. The amount for this year will be 2.3% for the Teacher’s plan off their original benefit. Defined Benefit will be 3% off their original benefit. Uniformed Officers Pension Plan will be 3% off their current benefit.

IN RE: REPORT OF REED GROUP TRANSITION

Ms. Schroeder reported on the Reed Group transition. Disability claims and process had been transitioned to Reed Group effective July 1, 2018. There are procedural questions needing to be addressed by the Disability Committee related to the transition. As a public notice, the meeting will take place December 10, 2018 at 3 p.m.

IN RE: REPORT OF INVESTMENT COMMITTEE

Chairman Caldwell announced that Commissioner Smith will replace Commissioner Schoonmaker on the Investment Committee.

- **Monthly Rates of Return** – Mr. Webb presented the rates of return for the Defined Contribution Plans and stated the overall rates of return are in line with the respective markets.
- **Investment Fund Changes** – The Investment Committee recommends to follow the recommendations of USI for the two blend fund changes and adding the target date fund of 2060. A motion was made by Mr. Webb to accept the two fund changes and add an additional target date fund. The Motion was seconded by Commissioner Nystrom and unanimously approved.

IN RE: SECOND READING OF AMENDMENT TO THE UNIFORMED OFFICERS PENSION PLAN (UOPP)

Mr. Mason presented on second reading an amendment to the Uniformed Officers Pension Plan to limit the number of days of unused vacation cash out included in UOPP Compensation to 43 days, effective January 1, 2018. Mr. Cross stated the amendment to the UOPP plan does not have an actuarial impact. A motion was made by Commissioner Anders to approve the amendment to the Uniformed Officers Pension Plan on second reading. The motion was seconded by Commissioner Jay and unanimously approved.

IN RE: SECOND READING OF AMENDMENT TO THE SHERIFF TOTAL ACCUMULATION PLAN (STAR)

Mr. Mason presented on second reading an amendment to the Sheriff Total Accumulation Plan to similarly limit the number of days of unused vacation cash out. A motion was made by Commissioner Nystrom to approve the amendment to the Sheriff Total Accumulation Plan on second reading. The motion was seconded by Commissioner Anders and unanimously approved.

IN RE: SECOND READING OF AMENDMENT TO THE SYSTEM

Mr. Mason presented on second reading an amendment to the System to similarly limit the number of days of unused vacation cash out. A motion was made by Commissioner Anders to approve the amendment to the System on second reading. The motion was seconded by Commissioner Nystrom and unanimously approved.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings reported a summary of the filings in the current pending litigation matters. A court hearing is set November 28, 2018, to hear the motion for attorney fees.

Mr. Burks reported the Gass case and related litigation was settled and dismissed.

Mr. Mason reminded the Board that a year ago the Law Director had filed suit against Mr. Mason and his firm, Kennerly Montgomery, alleging damages in connection with representation of the Pension Board related to the drafting and administration of UOPP vacation cash out. The County then sued the Pension Board. When he was sued, Mr. Mason recused himself and his firm from advising the Board on UOPP leave cash out matters involved in that suit. With the litigation related to UOPP vacation cash out

essentially concluded, the reasons for the recusal for the last year have come to an end and, without objection from the Board, Mr. Mason and his firm will resume the former scope of their representation.

IN RE: REPORT OF ACTUARY

Mr. Cross reported that this year there are updated requirements for accounting purposes, which will create more detail to the annual actuarial valuation reports.

IN RE: APPROVAL OF PAYMENT – STATEMENT OF ACCOUNT

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

FEE SCHEDULE

Invoices for NOV 2018 (Legal Invoices are approved for the previous Months Expense)	Fiscal 19 YTD Approved Invoices 10/31/2018	NOV Invoice For Approval	Fiscal 19 YTD Approved Invoices 11/30/2018
BENXL Invoice # TOTAL BENXL	\$0.00		\$0.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # ***TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$0.00		\$0.00
Owings, Wilson & Coleman Invoice # 9017M - 10/31/2018 *** TOTAL OWINGS, WILSON & COLEMAN	\$164,465.20	\$56,867.85	\$221,323.05
JUSTICE, NOEL & BURKS Invoice # TOTAL JUSTICE, NOEL & BURKS	\$18,256.00	\$27,367.23	\$45,623.23
LEWIS THOMASON (Mary Ann Stackhouse) Invoice # 339920 TOTAL LEWIS THOMASON	\$24,875.00	\$12,512.50	\$37,387.50
USI CONSULTING GROUP Invoice # 90025449 Invoice # 90024894 TOTAL USI CONSULTING GROUP	\$188,869.97	\$24,896.50 \$45,439.20 \$70,335.70	\$259,205.67
Invoices for NOV 2018	\$396,456.17	\$154,570.78	\$663,639.46

		Fiscal 19 YTD	
*** Retainer not included in approved billings for the Board			
Owings, Wilson & Coleman Retainer	\$4,000 per month		\$20,000
Kennerly Montgomery Retainer	\$12,000 per month		\$60,000
Court Reporter for Hearings	\$541.20	\$896.00	\$1,437.20
Fees Received from QDRO Participants	\$500 (DC Fee) \$2,000 (DB Fee)	\$500	\$500 \$0

*QDRO fee is Paid to Retirement Office which off sets the legal fee

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

ADJOURNMENT

Chairman Caldwell asked if there was a motion to adjourn. Commissioner Nystrom made a motion to adjourn, which was seconded by Mr. Webb, and the meeting was adjourned.



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



MS. TRACY FOSTER, SECRETARY

Attachments:

1. Oath of Randall Smith
2. Amendments

OATH

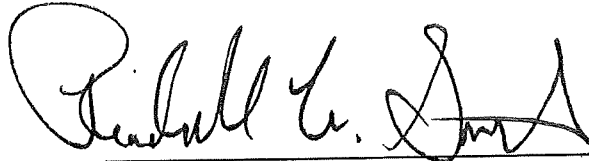
Knox County Retirement and Pension Board

STATE OF TENNESSEE

COUNTY OF KNOX

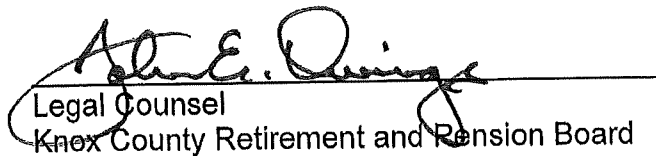
I, Randall W. Smith, having been elected to the Knox County Retirement and Pension Board, do solemnly swear that I will perform with fidelity the duties of a Board Member without prejudice, partiality or favor to the best of my skill and ability, so help me God.

Witness my hand this 19th day of November 2018



Randall W. Smith

Subscribed and sworn to before me
This 19th day of November 2018



Adam E. Quince
Legal Counsel
Knox County Retirement and Pension Board

Notice of 1st Amendment to the 2017 Restatement of the
Knox County Uniformed Officers Pension Plan

**A RESOLUTION OF
THE KNOX COUNTY RETIREMENT AND PENSION BOARD**

WHEREAS, Knox County Government has adopted the Knox County Uniformed Officers Pension Plan, as amended and restated in its entirety effective November 1, 2017 ("UOPP"); and,

WHEREAS, the Knox County Retirement and Pension Board ("Board") has the right at any time to modify, alter or amend UOPP, in whole or in part, by instrument in writing duly executed, in accordance with the provisions of the Knox County Charter and UOPP; and

WHEREAS, as required by UOPP, the Actuary has advised that this Amendment will have no adverse actuarial impact on the County, the System or UOPP, and based on that advice the Board has concluded that this action will not increase the funding or financial obligations of the County within the meaning of Charter Section 7.04E;

WHEREAS, in connection with the settlement agreement between Knox County and the Board, the Board wishes to further amend UOPP to limit the amount of any payment for unused accrued bona fide vacation leave that may be included in UOPP benefit calculations; and

NOW THEREFORE BE IT RESOLVED that UOPP shall be and is hereby amended, effective January 1, 2018, as follows:

1. Article I, Section 1.10 is amended by replacing the reference to "Section 3.04" in the last sentence thereof with "Section 3.04(b)."

2. Article I, Section 1.19(d) is amended to read as follows:

(d) Post-Severance Compensation shall be treated as Compensation; provided, however, neither Compensation nor Post-Severance Compensation shall include payment for more than 43 days of unused accrued bona fide vacation leave cashout.

ADOPTED by the Knox County Retirement and Pension Board on first reading on the 22 day of October, 2018.

ADOPTED by the Knox County Retirement and Pension Board on second reading on the 19 day of November, 2018.

Following public notice on October 7, 2018, October 14, 2018, and October 21, 2018.

We hereby certify that the above 1st Amendment was duly adopted pursuant to the provisions of UOPP and shall be effective as stated above.



Kim Bame
Executive Director, Knox County Retirement and Pension Board

Notice of 1st Amendment to the July 2018 Restatement of the
Knox County Sheriff's Total Accumulation Retirement Plan

**A RESOLUTION OF
THE KNOX COUNTY RETIREMENT AND PENSION BOARD**

WHEREAS, Knox County Government has adopted the Knox County Sheriff's Total Accumulation Retirement Plan, as amended and restated in its entirety effective July 1, 2018 ("STAR"); and,

WHEREAS, the Knox County Retirement and Pension Board ("Board") has the right at any time to modify, alter or amend STAR, in whole or in part, by instrument in writing duly executed, in accordance with the provisions of the Knox County Charter and STAR; and

WHEREAS, as required by STAR, the Actuary has advised that this Amendment will have no adverse actuarial impact on the County or STAR, and based on that advice the Board has concluded that this action will not increase the funding or financial obligations of the County within the meaning of Charter Section 7.04E;

WHEREAS, in connection with the settlement agreement between Knox County and the Board and to promote equity and consistency in administration of all Knox County retirement plans, the Board wishes to further amend STAR to limit the amount of any payment for unused accrued bona fide vacation leave that may be included in STAR benefit calculations; and

NOW THEREFORE BE IT RESOLVED that the System shall be and is hereby amended, effective January 1, 2018, as follows:

1. **Article I, Section 1.15(d)** is amended to read as follows:

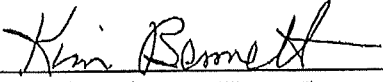
(d) Post-Severance Compensation shall be treated as Compensation; provided, however, neither Compensation nor Post-Severance Compensation shall include payment for more than 43 days of unused accrued bona fide vacation leave cashout.

ADOPTED by the Knox County Retirement and Pension Board on first reading on the 22 day of October, 2018.

ADOPTED by the Knox County Retirement and Pension Board on second reading on the 19 day of November, 2018.

Following public notice on October 7, 2018, October 14, 2018, and October 21, 2018.

We hereby certify that the above 1st Amendment was duly adopted pursuant to the provisions of STAR and shall be effective as stated above.



Kim Bennett
Executive Director, Knox County Retirement and Pension Board

Notice of 1st Amendment to the July 2018 Restatement of the
Knox County Employee Benefit System

**A RESOLUTION OF
THE KNOX COUNTY RETIREMENT AND PENSION BOARD**

WHEREAS, Knox County Government has adopted the Knox County Employee Benefit System, as amended and restated in its entirety effective July 1, 2018 (the "System"); and,

WHEREAS, the Knox County Retirement and Pension Board ("Board") has the right at any time to modify, alter or amend the System, in whole or in part, by instrument in writing duly executed, in accordance with the provisions of the Knox County Charter and the System; and

WHEREAS, as required by the System, the Actuary has advised that this Amendment will have no adverse actuarial impact on the County or the System, and based on that advice the Board has concluded that this action will not increase the funding or financial obligations of the County within the meaning of Charter Section 7.04E;

WHEREAS, in connection with the settlement agreement between Knox County and the Board and to promote equity and consistency in administration of all Knox County retirement plans, the Board wishes to further amend the System to limit the amount of any payment for unused accrued bona fide vacation leave that may be included in System benefit calculations; and

NOW THEREFORE BE IT RESOLVED that the System shall be and is hereby amended, effective January 1, 2018, as follows:

1. Article I, Section I-1.23(d) is amended to read as follows:


(d) Post-Severance Compensation shall be treated as Compensation; provided, however, neither Compensation nor Post-Severance Compensation shall include payment for more than 43 days of unused accrued bona fide vacation leave cashout.

ADOPTED by the Knox County Retirement and Pension Board on first reading on the 22 day of October, 2018.

ADOPTED by the Knox County Retirement and Pension Board on second reading on the 19 day of November, 2018.

Following public notice on October 7, 2018, October 14, 2018, and October 21, 2018.

We hereby certify that the above 1st Amendment was duly adopted pursuant to the provisions of the System and shall be effective as stated above.



Executive Director, Knox County Retirement and Pension Board