

KNOX COUNTY RETIREMENT AND PENSION BOARD

JUNE 23, 2014

The Knox County Retirement and Pension Board met in regular session on Monday, June 23, 2014, at 9:00 A.M. in the County Commission Conference Room 640, City County Building, Knoxville, Tennessee. Chairman Rick Trott, presided and called the meeting to order.

The following members were present: Mr. Rick Trott, Chairman, Commissioner Ed Shouse, Vice Chairman, Mr. Nick McBride, Secretary, Commissioner Richard Briggs, Commissioner Mike Hammond, Commissioner Tony Norman, Mr. Chris Caldwell, representing Mayor Tim Burchett, and Ms. Robin Moody. Also present at the meeting were: Mr. William Mason, Mr. Richard Beeler, Legal Counsel, Mr. Bob Cross, and Mrs. Carissa Dunaway, USICG, Mr. Gerald Witt, Knoxville News Sentinel and Retirement staff, Mrs. Kim Bennett, Mrs. Terri Chase, Mrs. Janet Rowan and Mrs. Jennifer Schroeder.

IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING

Consideration of approval of the minutes of the previous meeting of April 28, 2014 was presented. A motion was made by Mr. Caldwell that the minutes be approved as presented. The motion was seconded by Mr. McBride and unanimously carried.

**IN RE: REQUEST OF KNOX COUNTY SCHOOLS TO RE-EMPLOY THE FOLLOWING RETIREE:
SHARON P. GENTRY.**

On the request of Knox County Schools to re-employ Mr. Lawrence Cogdill, a motion was made by Mr. Mr. Bride that consideration of the request be deferred to the July Board Meeting. The motion was seconded by Mr. Caldwell and unanimously carried.

IN RE: BAMBI LOWE'S DISABILITY REPAYMENT TO THE RETIREMENT & PENSION BOARD

Mrs. Bennett advised the Retirement Office did receive authorization from Mrs. Lowe to transfer the funds from her Asset Accumulation Plan to repay in full her disability overpayment. The transfer has been processed and case is closed.

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE DEFINED BENEFIT PLAN

The following applications for retirement, as provided in the Defined Benefit Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Jewell Eubanks	Schools	27 years	June 1, 2014
Hiram Kimber	Schools	27 years	July 1, 2014

After review, a motion was made by Mr. McBride to approve the applications for retirement under the Defined Benefit Plan as presented and authorize the Master Trustee, State Street Bank, to make disposition of the benefits. The motion was seconded by Mr. Caldwell and unanimously approved.

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE DEFINED CONTRIBUTION PLAN

The following applications for 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>
James A Campbell	Sheriff	38 years 2 months	June 1, 2014
Dennis B Francis	Election Comm	8 years 9 months	June 1, 2014
Jennifer King	Schools	21 years 2 months	June 1, 2014
Linda S Tatum	Schools	27 years 10 months	June 1, 2014
Douglas Whitted	Schools	10 years 10 month	June 1, 2014
Jane L Bryson	Health	19 years	July 1, 2014
Sheila A Candler	Schools	5 years 9 months	July 1, 2014
Sandra J Chandler	Comm Svcs	26 years 9 months	July 1, 2014
Rita M Giles	Schools	27 years	July 1, 2014
William T Gist	Schools	7 years	July 1, 2014
Rebecca S Glosch	Schools	14 years 8 months	July 1, 2014
Frava M Limburg	Sheriff	20 years	July 1, 2014
Hazel L Mincey	Schools	37 years 8 months	July 1, 2014
Joe A Osborne	Schools	21 years 9 months	July 1, 2014
Joan S Patterson	Schools	33 years 4 months	July 1, 2014
Patricia A Phillips	MPC	36 years	July 1, 2014
Carol L Tiller	Schools	27 years	July 1, 2014

After review, a motion was made by Mr. Caldwell to approve the applications for retirement under the Defined Contribution Plan as presented and authorize the Directed Custodian, Wells Fargo Bank, to make disposition of the benefits upon certification from USI. The motion was seconded by Commissioner Norman and unanimously approved.

IN RE: CONSIDERATION OF ISSUANCE OF DEATH BENEFIT CERTIFICATES ON COMPLETED YEARS OF SERVICE

The request for issuance of certificates of death benefits as provided for in the Plan, based upon completed years of credited service at the date of termination or retirement, for the following participants was presented for consideration:

CERTIFICATES:

James A Campbell	Jewell Eubanks
Dennis B Francis	Hiram Kimber
Jennifer King	Linda S Tatum
Jane L Bryson	Frava M Limburg
Hazel L Mincey	Joe A Osborne
Carol L Tiller	

ACTUARIAL VALUE:

Sheila A Candler	Sandra J Chandler
Rita M Giles	William T Gist
Rebecca S Glosch	Joan Patterson
Patricia A Phillips	Douglas Whitted

After review, a motion was made by Commissioner Norman to approve the requests as presented as provided by the Plan. The motion was seconded by Commissioner Shouse and unanimously carried.

IN RE: APPLICATION FOR LUMP SUM DISTRIBUTION – DEFINED BENEFIT PLAN – BASED ON COMPLETED YEARS OF SERVICE

The request for authorization for payment of lump sum benefits as provided in the Defined Benefit Plan, based upon completed years of credited service at the date of termination, for the following participants was presented for consideration:

Jewell Eubanks Hiram Kimber

After review, a motion was made by Mr. McBride that the Retirement Board approve the request for lump sum distributions as listed above and authorize the Master Trustee, State Street Bank, to make disposition of the benefits as provided by the Plan. The motion was seconded by Commissioner Norman and approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett reminded Board Members of the NAGDCA Conference in San Antonio, TX in September and to contact the Retirement Office if planning to attend.

Mrs. Bennett stated the Retirement Office audit through December 31, 2014 is substantially completed and the auditors work will now be suspended until August and October 2014. Plan year end June 30, 2014, financial changes will be audited after approval of Plan Amendments today.

IN RE: RFP COMMITTEE REPORT

Mrs. Bennett stated there will be a special called Board Meeting on July 14th to interview the two final candidates for the Defined Benefit RFP. State Street will be presented at 10:00 a.m. and KeyBank will be presented at 2:00 p.m. Each candidate will be allowed 1 hour for their presentation. This meeting will be publicized as usual. Mr. McBride requested the electronic copy of the RFP since all Board Members have not been involved. Mrs. Bennett advised she will email a copy of the RFP, the finalists' proposals and notice of meeting to the Board Members.

Mrs. Bennett stated several members of the RFP Committee will be traveling to KeyBank in Cleveland, OH on July 9th for a presentation and to see their operations.

IN RE: DISABILITY COMMITTEE REPORT

Mrs. Bennett stated she has completed assignments from the last Disability Committee Meeting and will be setting up a date with Commissioner Briggs and the Disability Committee to discuss information obtained from meeting with department Supervisors from County and Schools regarding return to work process along with feedback from Unum. She will have a report for the Board at the July meeting.

Commissioner Briggs said the Committee should have a report and recommendation to the Board at the July Board Meeting.

IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT NO. 4 TO THE 2014 RESTATEMENT OF THE KNOX COUNTY EMPLOYEE BENEFIT SYSTEM.

Mrs. Bennett presented Amendment No. 4 to the 2014 Restatement of the Knox County Employee Benefit System to the Board for consideration. Mrs. Bennett reviewed the amendment, stating this amendment will change the Plan Year to June 30.

After discussion by the Board Members, a motion was made by Mr. McBride to approve Amendment No. 4 to the 2014 Restatement of the Knox County Employee Benefit System on Second Reading. The motion was seconded by Mr. Caldwell and unanimously approved.

Amendment No. 4 is as follows:

**Notice of 4th Amendment to the 2014 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 January 1, 2014 (the “System”); and,

WHEREAS, pursuant to Section VIII-1.20 of the System, the Knox County Retirement and Pension Board (the “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, and the actuary has determined that this Amendment will not increase the funding or financial obligation of the County; and,

WHEREAS, the Board wishes to amend the definition of “Plan Year” for economy and efficiency to align the audit for the System with that of the County and to make certain conforming changes to the System document, attached hereto as Attachment A; and,

WHEREAS, the Board has complied with the provisions of Section VIII-1.20.

NOW THEREFORE BE IT RESOLVED that the System shall be and is hereby amended, effective June 30, 2014, as follows:

1. **Article I, Section 1.101** is amended to read as follows:

“Plan Year” shall mean the twelve (12) month period ending on each June 30. Provided, however, the period from January 1, 2014 to June 30, 2014 shall be a short Plan Year.

2. **Article IX, Section 1.08** is amended to read as follows:

The Plan Year for purposes of this Article IX shall be the twelve (12) month period ending on each June 30. Provided, however, the period from January 1, 2014 to June 30, 2014 shall be a short Plan Year.

3. The additional conforming changes set out in Attachment A shall be incorporated in the System.

ADOPTED by the Knox County Retirement and Pension Board on first reading on the 27th day of May, 2014.

ADOPTED by the Knox County Retirement and Pension Board on second reading on the 23rd day of June, 2014.

Following public notice as required by Subsection VIII-1.20 on May 4th, May 11th, and May 18, 2014.

We hereby certify that the above **4th Amendment** was duly adopted pursuant to the provisions of the System and shall be effective as stated above.

IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT NO. 2 TO THE 2014 RESTATEMENT OF THE KNOX COUNTY UNIFORMED OFFICERS PENSION PLAN.

Mrs. Bennett presented Amendment No. 2 to the 2014 Restatement of the Knox County Employee Benefit System to the Board for consideration. Mrs. Bennett reviewed the amendment, stating this amendment will change the Plan Year to June 30.

After discussion by the Board Members, a motion was made by Mr. Caldwell to approve Amendment No. 2 to the 2014 Restatement of the Knox County Uniformed Officers Pension Plan on Second Reading. The motion was seconded by Commissioner Hammond and unanimously approved.

Amendment No. 2 is as follows:

Notice of 2nd Amendment to the 2014 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 January 1, 2014 (“UOPP”); and,

WHEREAS, pursuant to Article VII, Section 7.05 of the Knox County Charter (the “Charter”) and Section 7.1 of UOPP, the Knox County Retirement and Pension Board (the “Board”) has the right at any time to modify, alter or amend UOPP, in whole or in part, by instrument in writing duly executed, so long as such amendment is consistent with the terms of Section 7.05 of the Charter; and the Actuary has determined that this Amendment will have no measurable net cost to the County; and,

WHEREAS, the Board wishes to amend the definition of “Plan Year” for economy and efficiency to align the audit for UOPP with that of the County and to make certain conforming changes to the UOPP document, attached hereto as Attachment A; and,

WHEREAS, the Board has complied with the provisions of Section 7.1.

NOW THEREFORE BE IT RESOLVED that UOPP shall be and is hereby amended, effective June 30, 2014, as follows:

1. **Article I, Section 1.74** is amended to read as follows:

“Plan Year” shall mean the twelve (12) month period ending on each June 30. Provided, however, the period from January 1, 2014 to June 30, 2014 shall be a short Plan Year.

2. The additional conforming changes set out in Attachment A shall be incorporated in UOPP.

ADOPTED by the Knox County Retirement and Pension Board on first reading on the 27th day of May, 2014.

ADOPTED by the Knox County Retirement and Pension Board on second reading on the 23rd day of June, 2014.

Following public notice as required by Subsection VIII-1.20 on May 4th, May 11th, and May 18, 2014.

We hereby certify that the above **2nd Amendment** was duly adopted pursuant to the provisions of the System and shall be effective as stated above.

IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT NO. 2 TO THE 2014 RESTATEMENT OF THE KNOX COUNTY SHERIFF’S TOTAL ACCUMULATION RETIREMENT PLAN.

Mrs. Bennett presented Amendment No. 2 to the 2014 Restatement of the Knox County Sheriff’s Total Accumulation Retirement Plan to the Board for consideration. Mrs. Bennett reviewed the amendment, stating this amendment will change the Plan Year to June 30.

After discussion by the Board Members, a motion was made by Commissioner Shouse to approve Amendment No. 2 to the 2014 Restatement of the Knox County Sheriff’s Total Accumulation Retirement Plan on Second Reading. The motion was seconded by Mr. McBride and unanimously approved.

Amendment No. 2 is as follows:

**Notice of 2nd Amendment to 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, effective January 1, 2014 (“STAR”); and,

WHEREAS, pursuant to Section 8.20 of STAR, the Knox County Retirement and Pension Board (the “Board”) has the right at any time to freeze, suspend or modify STAR, in whole or in part, by instrument in writing duly executed; and the Actuary has determined that this Amendment will have no measurable net cost to the County; and,

WHEREAS, the Board wishes to amend the definition of “Plan Year” for economy and efficiency to align the audit for STAR with that of the County and to make certain conforming changes to the STAR document, attached hereto as Attachment A; and,

WHEREAS, the Board has complied with the provisions of Section 8.20.

NOW THEREFORE BE IT RESOLVED that STAR shall be and is hereby amended, effective June 30, 2014, as follows:

1. **Article I, Section 1.73** is amended to read as follows:

“Plan Year” shall mean the twelve (12) month period ending on each June 30. Provided, however, the period from January 1, 2014 to June 30, 2014 shall be a short Plan Year.

2. The additional conforming changes set out in Attachment A shall be incorporated in STAR.

ADOPTED by the Knox County Retirement and Pension Board on first reading on the 27th day of May, 2014.

ADOPTED by the Knox County Retirement and Pension Board on second reading on the 23rd day of June, 2014.

Following public notice as required by Subsection VIII-1.20 on May 4th, May 11th, and May 18, 2014.

We hereby certify that the above **2nd Amendment** was duly adopted pursuant to the provisions of the STAR and shall be effective as stated above.

IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT NO. 2 TO THE 2014 RESTATEMENT OF THE KNOX COUNTY EMPLOYEE DISABILITY BENEFIT PLAN.

Mrs. Bennett presented Amendment No. 2 to the 2014 Restatement of the Knox County Employee Disability Benefit Plan to the Board for consideration. Mrs. Bennett reviewed the amendment, stating this amendment will change the Plan Year to June 30.

After discussion by the Board Members, a motion was made by Mr. Caldwell to approve Amendment No. 2 to the 2014 Restatement of the Knox County Employee Disability Benefit Plan on Second Reading. The motion was seconded by Commissioner Shouse and unanimously approved.

Amendment No. 2 is as follows:

**Notice of 2nd Amendment to the
Knox County Employee Disability Benefit Plan**

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

WHEREAS, Knox County Government has adopted the Knox County Employee Disability Benefit Plan, effective January 1, 2014 (the "Disability Plan"); and,

WHEREAS, pursuant to Section 7.20 of the Disability Plan, the Knox County Retirement and Pension Board (the "Board") has the right at any time to modify, alter or amend the Disability Plan, in whole or in part, by instrument in writing duly executed; and the Actuary has determined that this Amendment will have no measurable net cost to the County; and,

WHEREAS, the Board wishes to amend the definition of "Plan Year" for economy and efficiency to align the audit for the Disability Plan with that of the County and to make certain conforming changes to the Disability Plan document, attached hereto as Attachment A ; and,

WHEREAS, the Board has complied with the provisions of Section 7.20.

NOW THEREFORE BE IT RESOLVED that the Disability Plan shall be and is hereby amended, effective June 30, 2014, as follows:

1. **Article I, Section 1.61** is amended to read as follows:

"Plan Year" shall mean the twelve (12) month period ending on each June 20. Provided, however, the period from January 1, 2014 and June 30, 2014 shall be a short Plan Year.

2. The additional conforming changes set out in Attachment A shall be incorporated in the Disability Plan.

ADOPTED by the Knox County Retirement and Pension Board on first reading on the 27th day of May, 2014.

ADOPTED by the Knox County Retirement and Pension Board on second reading on the 23rd day of June, 2014.

Following public notice as required by Subsection VIII-1.20 on May 4th, May 11th, and May 18, 2014.

We hereby certify that the above **2nd Amendment** was duly adopted pursuant to the provisions of the Disability Plan and shall be effective as stated above.

IN RE: REPORT OF LEGAL COUNSEL, RICHARD BEELER AND BILL MASON

Mr. Beeler presented the resolution for the Funding Policies. A motion was made by Mr. McBride to accept the resolution as presented. The motion was seconded by Commissioner Hammond and unanimously carried.

Mr. Mason stated no legal issues to report.

IN RE: REPORT OF ACTUARY BOB CROSS

Mr. Cross reported he had a conversation with GASB experts regarding setting investment assumptions. There are no more specific applicable guidelines as long as the investment assumption is within 25% of expected long term rate of return based on the plan's investment policy. Reports have been requested from Wilshire that will be used with the valuation reports for the DB Plans for the County's June 30, 2014, CAFR. Mr. Cross stated USI will have the full reports ready relatively soon after fiscal year end.

Mr. Cross also reported the post retirement medical plans are going to be subject to new GASB standards over the next 3 to 5 years. Mr. Cross stated he would appreciate input as he is now one of the ten actuaries reviewing these policies. Mr. McBride stated this would only impact retirees under age 65 and paying full premiums. Mrs. Bennett stated yes but the claims experience for the retirees is higher than active employees. Mr. Cross stated the recognitions of the GASB exposure drafts are different from current practice. Mr. McBride stated we should look better than most entities. Mrs. Bennett stated experience includes active employees along with the retirees. If the retirees were experience rated without active employees, retiree premiums would be higher. Commissioner Shouse asked for the qualifications of a retiree to receive medical insurance. Mrs. Bennett stated retirees must have 5 years in the plan to qualify for medical insurance and they pay the full premium until age 65. Mrs. Bennett stated the Retirement Office encourages retirees to also review Obamacare before making decisions on medical insurance.

IN RE: REPORT OF INVESTMENT COMMITTEE

Commissioner Shouse reported that he and Mrs. Bennett had a phone conversation with David Lindberg at Wilshire on June 13th. They discussed the red flags and lagging benchmarks of fixed income and international equity funds. Mr. Lindberg stated he got the message and did not want the Board to be unhappy with performance. Mr. Lindberg will analyze the funds and attend the Investment Committee in August with recommendations.

Mrs. Bennett stated the request to fund Prudential is still not in the que. She has asked State Street what it would take to get in the que as Mr. Lindberg had not responded yet.

Commissioner Shouse reviewed the rates of return as of May 31, 2014, that were previously distributed to the Board Members.

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 of approval of payment, as in accordance with agreements and audited and recommended for payment by Mrs. Bennett:

Fee Schedule:

Kennerly, Montgomery & Finley, P.C. Invoice #188198	\$10,132.10
Kennerly, Montgomery & Finley, P.C. Invoice #188200	\$2,860.00

Kennerly, Montgomery & Finley, P.C. Invoice #188201	\$480.00
Pugh & Co Invoice #56963	\$33,000.00
USI Consulting Group Invoice #90001620	\$38,231.25
TOTAL FOR JUNE 2014	\$84,703.35

After review of the statement of accounts and invoices, motion was made by Commissioner Norman that the Board authorize the payment indicated above to be paid from the designated State Street funds. The motion was seconded by Mr. McBride and unanimously approved.

IN RE: ADJOURNMENT

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



RICK TROTT, CHAIRMAN



NICK McBRIDE, SECRETARY