

KNOX COUNTY RETIREMENT AND PENSION BOARD

MARCH 24, 2014

The Knox County Retirement and Pension Board met in regular session on Monday, March 24, 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 Tony Norman, Mr. Chris Caldwell, representing Mayor Tim Burchett, Ms. Crystal Hill and Ms. Robin Moody. Also present at the meeting were: Mr. William Mason, Mr. John Owings, and Mrs. Stephanie Coleman, Legal Counsel, Mr. Bob Cross, USICG, Mr. Scott Bolton, Knox County Schools, and Retirement staff, Mrs. Kim Bennett, Mrs. Janet Rowan, Mrs. Jennifer Schroeder, and Mrs. Terri Chase. Richard Beeler participated in the meeting by phone.

IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING

Consideration of approval of the minutes of the previous meeting of February 24, 2014 was presented. A motion was made by Commissioner Shouse that the minutes be approved as presented. The motion was seconded by Mr. Mc Bride and unanimously carried.

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>
Laretha Smith	Schools	25 years 6 months	April 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. Chris Caldwell and unanimously carried.

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>
Roberta P Swain	Public Defender	5 years 4 months	March 1, 2014
Geraldine Bell	Schools	16 years	April 1, 2014
Charlie D Burdette	Schools	7 years	April 1, 2014
Teresa J Franklin	Sheriff	19 years 5 months	April 1, 2014
Linda L Hill	Sheriff	22 years 9 months	April 1, 2014
Penny O'Dell	Comm Svcs	6 years 6 months	April 1, 2014
Elanor Petree	Health	15 years 10 months	April 1, 2014
Jan Rutherford	County Clerk	13 years 7 months	April 1, 2014
Sarah R Thomas	Schools	17 years 6 months	April 1, 2014

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

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE TEACHERS PLAN

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

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Betty G Harrell	Schools	20 years	March 1, 2014

After review, a motion was made by Mr. McBride to approve the applications for retirement under the Teachers 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 carried.

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:

Laretha Smith	Geraldine Bell
Linda L Hill	Elanor Petree
Jan Rutherford	

ACTUARIAL VALUE:

Roberta P Swain	Charlie D Burdette
Teresa J Franklin	Penny O'Dell
Sarah R Thomas	

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 Mr. McBride 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 participant was presented for consideration:

Laretha Smith

After review, a motion was made by Mr. Caldwell that the Retirement Board approves the request for lump sum distribution as listed above and authorize the Master Trustee, State Street Bank, to make disposition of the benefit as provided by the Plan. The motion was seconded by Ms. Hill and approved.

IN RE: CONSIDERATION OF INCOME REPORTS FOR 2013 FOR DISABILITY PARTICIPANTS AND SURVIVING BENEFICIARIES

The report on annual income for 2013 for disability participant, Jimmy Frye, was received and accepted by the Board.

IN RE: CONSIDERATION OF ANNUAL PHYSICIANS MEDICAL REPORTS FOR 2012 FOR DISABLED PARTICIPANTS.

The annual physicians' medical reports for 2013 disability participant, Jimmy Frye, was received and accepted by the Board.

IN RE: CONSIDERATION OF ANNUAL REPORT ON STATUS OF SURVIVING BENEFICIARIES AND DEPENDENT CHILDREN.

The annual report on the status of surviving beneficiaries and dependent children for disability participant, Jimmy Frye, was received and accepted by the Board.

IN RE: CONSIDERATION OF ANNUAL REPORT OF RETIREES APPROVED TO WORK UP TO 720 HOURS.

The annual report of retirees approved to work up to 720 hours was received and accepted by the Board.

IN RE: REPORT OF COMMITTEE FOR COMBINED REQUEST FOR PROPOSAL FOR DIRECTED TRUSTEESHIP AND CUSTODIAL SERVICES FOR THE ASSET ACCUMULATION PLAN, DEFINED BENEFIT PLANS, SHERIFF'S TOTAL ACCUMULATION RETIREMENT PLAN AND DISABILITY PLAN

Mrs. Kim Bennett, Executive Director, reported that the RFP deadline is March 25, 2014 and there are five (5) potential bidders. They are State Street Bank, SunTrust Bank, First Citizens National, Citizens National Bank and CountyBank.

IN RE: REPORT OF DOCUMENT COMMITTEE REGARDING MEDICAL EXPENSE RETIREMENT PLAN

Mr. McBride, Chairman of the Document Committee reported the Committee met on March 5, 2014, and recommends the following changes to the Medical Expense Retirement Plan:

No recommendation to continue the retiree Medical Expense Bonus. Ms. Bennett stated this would be a savings of \$245,000 to the Retirement & Pension Board budget.

A recommendation to increase the Medical Expense Retirement Plan match for active employees from 25% (maximum annual match \$104) to 50% (maximum annual match of \$208) beginning in calendar year 2015.

Ms. Bennett advised she and Mr. Caldwell have already discussed the change in payment. Currently the Retirement & Pension Board budgeted \$53,000 and that will increase to \$100,000 for the County budget.

Mr. Mason advised this will require an amendment to the 2014 Restatement of the Knox County Employee Benefit System at the April and May board meetings so that we can give required Public Notice. Mr. Mason also stated that since it has budget impact, it will have to go to County Commission for approval.

After discussion, a motion was made by Mr. McBride that the Retirement Board approves the recommendation. The motion was seconded by Commissioner Shouse and approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett reminded all Board members of the Annual Retiree Luncheon on Tuesday April 8th at Rothchild's and welcomed each of them to come be present. Doors open at 10:30 a.m.

Mrs. Bennett stated that UNUM has rescinded their notification to us and are willing to continue the administration of the Disability Plans. At this time we do not have a contract but will be meeting with them to discuss details of the new Disability Plan and any rate changes. Mrs. Bennett stated she does have a July 1 increase in the budget with a surplus for the return to work program.

Mrs. Bennett reported that the Retirement Office is in the process of converting all payments to retirees to direct deposit per direction from the Board. We have send notification to retirees through the Newsletter. Also the office is in the process of changing all forms to state direct deposit is required. The request for debit cards was also included in the RFP for Trustee for the Defined Benefit Plans but would not be available for July 1.

Mrs. Bennett made the Board aware of a correction of disability repayment that was an error within the Pension Board Staff and advised we are not going to pursue collection in the circumstances involving the small monthly benefit currently paid and the fact that the retiree did provide notice to the System of social security benefits received.

Mrs. Bennett presented the budget for fiscal year 2015. She advised the decrease of 7 1/2% is distorted due to Medical Expense Retirement Plan being paid by County. The actual increase is 1.5%. Mrs. Bennett advised Trustee fees are based on State Street and are subject to change depending on the outcome of the RFP.

After discussion, a motion was made by Mr. Caldwell to approve the budget as presented by Mrs. Bennett. The motion was seconded by Commissioner Norman and approved.

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

Mr. Beeler stated he has no new information on litigation. He stated he has been asked by other attorneys about the background of the Knox County Asset Accumulation Plan and Sheriff's Total Accumulation Retirement Plan.

Mr. Mason gave an overview of Pension Obligation Bonds per the request of Commissioner Shouse.

IN RE: REPORT OF ACTUARY BOB CROSS

Mr. Cross advised the State of TN Legislation has passed the House subcommittee and is now being sent to the full committee. The Legislation has passed the Senate with a couple of amendments.

Mr. Cross stated the Funding Policies have been drafted and presented to the Executive Director, Mrs. Bennett.

IN RE: REPORT OF INVESTMENT COMMITTEE

Commissioner Shouse reviewed the rates of return as of February 28, 2014, that were previously distributed to the Board Members.

Mrs. Bennett stated the Board needs to review the Investment Policy for the Medical Expense Retirement Plan based on the above recommendations to the Plan. Mr. Cross stated to achieve a rate of return of 7%, USI is recommending that the funds in the Medical Expense Retirement Plan be invested the same as Disability Plan and the 2% supplemental contribution account for STAR, using the existing portfolios, as follows:

- 10% Conservative
- 45% Moderate
- 45% Ultra Aggressive

After discussion, a motion was made by Commissioner Shouse to accept the recommendation of USI, and invest the Medical Expense Retirement Plan funds as stated above, and authorize the Executive Director to execute the investment policy. The motion was seconded by Mr. McBride and approved.

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:

Benxl	Invoice #102774	\$9,063.55
	Invoice #102787	\$8,400.00
Kennerly, Montgomery & Finley, P.C.	Invoice #186935	\$8,741.00
	Invoice #186937	\$1,151.50
	Invoice #186938	\$ 59.00
USI Consulting Group	Invoice #90000754	\$7,449.00
Total for March 2014		\$34,864.05

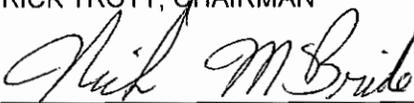
After review of the statement of accounts and invoices, motion was made by Mr. McBride that the Board authorize the payment indicated above to be paid from the designated State Street funds. The motion was seconded by Commissioner Norman and approved.

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