

## **KNOX COUNTY RETIREMENT AND PENSION BOARD**

**JANUARY 26, 2015**

The Knox County Retirement and Pension Board met in regular session on Monday, January 26, 2015, 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, Mr. Nick McBride, Vice Chairman, Ms. Robin Moody, Secretary, Commissioner Ed Brantley, Commissioner Sam McKenzie, Commissioner Jeff Ownby, Commissioner Bob Thomas, Mr. Chris Caldwell, representing Mayor Tim Burchett and Crystal Fields. Also present at the meeting were: Mr. William Mason, Mr. John Owings, Mrs. Stephanie Coleman, Legal Counsel, Mr. Bob Cross, USICG, Mr. David Buuck, Chief Deputy Law Dept, Mr. Ed Shouse, Trustee, Knox County, Mr. Scott Bolton, Ms. Diane Ball and Ms. Lori Hall, Knox County Schools, Mr. Ted Holtz and Mr. John Sutton, Pugh & Co, Mr. Gerald Witt, Knoxville News Sentinel and Retirement staff, Mrs. Kim Bennett, 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 December 15, 2014 was presented. A motion was made by Mr. Caldwell that the minutes be approved as presented. The motion was seconded by Commissioner McKenzie and unanimously carried.

### **IN RE: REQUEST OF KNOX COUNTY SCHOOLS TO RE-EMPLOY THE FOLLOWING RETIREE: DIANE BALL**

Mrs. Bennett presented the request of Knox County Schools for approval for the following retiree to return to employment on a part-time basis:

Ms. Diane Ball – retired December 1, 2014.

Mrs. Bennett explained that the employee would not be allowed to work over 720 hours in a calendar year without the loss of retirement benefits. She reviewed the Plan Document provisions that the employee must be paid on an hourly rate, with no benefits, and the hours worked must be certified to the Retirement Board as required annually.

Ms. Lori Hall explained the special skills that are not readily available in the job market, supported the request for the retiree to return to work, and agreed to the terms of employment as explained by Mrs. Bennett.

After discussion, a motion was made by Mr. McBride to defer 30 days and approve in February since the return to work cannot begin until March 1, 2015; however, Ms. Ball and Ms. Hall do not have to attend the board meeting. The motion was seconded by Commissioner Ownby and approved.

### **IN RE: APPLICATION FOR DISABILITY BENEFITS FOR DOROTHY M BARNES, A PARTICIPANT IN THE EMPLOYEE DISABILITY BENEFIT PLAN.**

The application for **DOROTHY M BARNES**, employee of Sheriff's Dept, and a participant in the Employee Disability Benefit Plan, for disability benefits was presented. Ms. Barnes has 20 years of credited service. Notification was received from UNUM dated December 17, 2014, recommending approval of a disability benefit for Ms. Barnes.

After discussion, a motion was made by Mr. McBride to accept the recommendation of UNUM and approve the request of Ms. Barnes for disability benefits as presented and authorize the Directed Custodian, Wells Fargo Bank, to make disposition of the benefits in accordance with the terms of the Plan upon certification from USI. The motion was seconded by Mr. Caldwell and 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>
Elizabeth T Armstrong	Library	37 years 3 months	February 1, 2015
Wreatha J Brock	Schools	6 years 5 months	February 1, 2015
Judy A Brown	Schools	15 years 1 month	February 1, 2015
Gordon T Browning	Sheriff	19 years 5 months	February 1, 2015
Sharon D Caldwell	Schools	15 years 9 months	February 1, 2015
Raymond Cambeses	Juv Svcs	13 years 3 months	February 1, 2015
Virginia Evans	Schools	6 years 10 months	February 1, 2015
Roy L Hampton	Schools	20 years	February 1, 2015
Carolyn S Hodges	Schools	18 years 1 month	February 1, 2015
Paul W Houser	Sheriff	20 years	February 1, 2015
Valinda M Hubbs	Schools	20 years	February 1, 2015
Richard B Jett	Schools	8 years 7 months	February 1, 2015
Pamela G Willis	Criminal Court	5 years	February 1, 2015

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 Mr. McBride 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:

**ACTUARIAL VALUE:**

Elizabeth T Armstrong	Wreatha J Brock
Judy A Brown	Gordon T Browning
Sharon D Caldwell	Raymond Cambeses
Virginia Evans	Roy L Hampton
Carolyn S Hodges	Paul W Houser
Valinda M Hubbs	Richard B Jeff
Pamela G Willis	

After review, a motion was made by Commissioner Ownby to approve the requests as presented as provided by the Plan. The motion was seconded by Ms. Fields and unanimously approved.

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

The report on annual income for 2014 for disability participants was received and accepted by the Board, with the exception of those participants that have not submitted the requested information. The report on income for those who have not yet responded to the Executive Director's request was deferred to the February meeting. After review, a motion was made by Commissioner McKenzie to have the Retirement Office send a third and final notice for information or stop monthly benefit. The motion was seconded by Commissioner Brantley and unanimously approved.

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

The annual physicians' medical reports for 2014 were received and accepted by the Board, with the exception of those participants that have not submitted the requested information. The medical reports for those who have not yet responded to the Executive Director's request were deferred to the February meeting. After review, a motion was made by Commissioner Brantley to have the Retirement Office send a third and final notice for information or stop monthly benefit. The motion was seconded by Commissioner McKenzie and unanimously approved.

**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 was received and accepted by the Board, with the exception of those participants that have not submitted the requested information. The report for those who have not yet responded to the Executive Director's request was deferred to the February meeting. After review, a motion was made by Commissioner Brantley to have the Retirement Office send a third and final notice for information or stop monthly benefit. The motion was seconded by Commissioner McKenzie and unanimously approved.

**IN RE: REPORT OF EXECUTIVE DIRECTOR**

Mrs. Bennett reminded the Board Members of the Healthcare Conference in March and advised the Wilshire Conference is scheduled for April 19-21.

Mrs. Bennett stated the Protocol Related to Payment of Operating Expenses has been executed and the County is now processing the Retirement Board's operating expenses on the Board's behalf pursuant to that Protocol.

Mrs. Bennett stated questions regarding the Employee Disability Plan have been discussed and she would like to have the Disability Committee meet to discuss some of the questions and possible solutions. She requested Commissioner Thomas, Chairman of the Committee, set up a meeting of the Committee which consists of Commissioner McKenzie, Ms. Moody and Mr. Trott.

Mrs. Bennett announced the annual Retiree Luncheon is Tuesday, April 7, 2015 and invited all members of the Board to attend if possible.

Mrs. Bennett advised the Board of the request to defer vacation and sick leave to the 457 Deferred Compensation Plan upon retirement. She stated vacation can be deferred under the Plan as now written, as it is pensionable earnings. However, she stated deferring sick leave cannot be

accommodated at this time. Mrs. Bennett stated procedures for deferring of vacation pay could be implemented by the second quarter of 2015, along with appropriate employee education material.

**IN RE: AUDIT REPORT** Mrs. Bennett stated the final audit report for the December 31, 2013, and June 30, 2014 financial statements are complete and the auditors are here to present to the Board today.

Mr. Ted Holtz and Mr. John Sutton, Pugh & Co., discussed the audit for the 18 month period and advised that no issues were found within that period. The Pension Board will now be on the same schedule as the County for audits at the end of the fiscal year. The auditors reviewed required communications with the Board and presented the balance sheets and income statements for the periods ending December 31, 2013 and June 30, 2014. After answering the Board's questions about the audit and the financial reports, the auditors left the meeting.

**IN RE: REPORT OF ELECTION COMMITTEE**

Mrs. Bennett stated that all communications regarding the election have been mailed. She stated the election will be via paper ballots and there are 4 voting locations as follows:

- City-County Building 10:00 a.m. to 4:00 p.m.
- Knox County Sheriff's Detention Center 6:00 a.m. to 4:00 p.m.
- Knox County Schools Maintenance 7:00 a.m. to 3:30 p.m.
- Sears Building 7:00 a.m. to 3:30 p.m.

Mrs. Bennett stated the successful candidates will be sworn in at the March Board Meeting.

**IN RE: INVESTMENT AND RETIREMENT EDUCATION COMMITTEE**

Mrs. Bennett stated the Investment and Retirement Education Committee has finalized the presentation for the initial seminars. Mrs. Bennett has discussed the seminars with the Health Department and the Sheriff's Department requesting dates and times that are available for those departments to sign up for the presentation. The Committee will report on the seminars at the February Board Meeting.

**IN RE: REPORT OF LEGAL COUNSEL**

Mr. Owings reported the Knox County Retirement & Pension Board has sent a letter denying the claim of Dustin Mills, son of deceased employee, Tammy Mills, requesting payment of Asset Accumulation Plan death benefit.

Mr. Owings stated per request of Mr. Mill's attorney, Joseph H White, Jr., that they will be present at the February Board Meeting to appeal the denial. Mr. Owings stated to date, there has been no claim from the State of Florida.

Mr. Owings stated that the County Law Director's office has a couple of former employees with theft issues within the County and has requested the Retirement & Pension Board hold their retirement funds until disposition is determined in accordance with the forfeiture and offset provisions of the Plans.

Mr. Mason stated there was no business to report at this time.

**IN RE: REPORT OF ACTUARY**

Ms. Bennett said that staff was completing the census and financial data for the actuarial valuations of the defined benefit plans. Mr. Cross stated USI would prepare the valuations to be presented to the Board. In response to a request from the Board for an estimate, Mr. Cross said, in the

past, USI has prepared a fairly specific estimate in January to be used for the County's budget estimates, but that extra step has been eliminated this year and going forward to keep fees down. He agreed to give the Board in February a preliminary estimated broader range of projected defined benefit valuations and contributions, based on current asset values and last year's valuation results.

**IN RE: REPORT OF INVESTMENT COMMITTEE**

Mr. McBride presented the rates of return as of December 31, 2014, that were previously distributed to the Board Members.

Mr. McBride stated there was an Investment Committee Workshop on January 7<sup>th</sup>. It was decided at the workshop that the Knox County Federal Teachers Credit Union be placed on probation as they do not have the required number of active participants per the 457 participation agreement.

Mr. McBride stated the next Investment Committee is Wednesday, February 18, 2015 at 1:00 p.m. and invited all Board Members to attend if possible.

**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, in accordance with agreements and audited and recommended for payment by Mrs. Bennett:

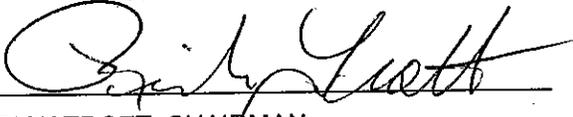
**INVOICES FOR JANUARY 2015**

BENXL	
Invoice #102824	\$18,000.00
KENNERLY, MONTGOMERY & FINLEY, P.C.	
Invoice #191057	\$5,682.50
KENNERLY, MONTGOMERY & FINLEY, P.C.	
Invoice #191059	\$1,625.50
PUGH & CO	
Invoice #59436	\$29,940.00
USI CONSULTING GROUP	
Invoice #9004591	\$2,937.50
USI CONSULTING GROUP	
Invoice #9004604	\$54,000.00
TOTAL FOR JANUARY 2015	\$112,185.50

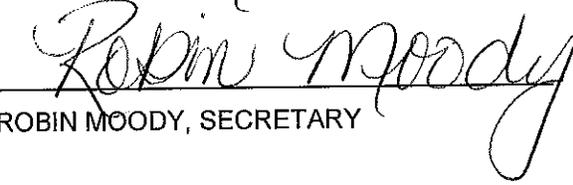
After review of the statement of accounts and invoices, motion was made by Commissioner McKenzie that the Board authorize the payment indicated above to be paid from the designated State Street funds. The motion was seconded by Commissioner Ownby and unanimously approved.

**ADJOURNMENT**

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

A handwritten signature in cursive script, appearing to read "Rick Trott", written over a horizontal line.

RICK TROTT, CHAIRMAN

A handwritten signature in cursive script, appearing to read "Robin Moody", written over a horizontal line.

ROBIN MOODY, SECRETARY