

KNOX COUNTY RETIREMENT AND PENSION BOARD

February 26, 2018

The Knox County Retirement and Pension Board met in regular session on Monday, February 26, 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 Burchett, 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, Mr. Edward Bronkhorst, Ms. Carissa Dunaway

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

Attorney: Mr. Keith Burroughs

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

Others in attendance: Mr. Ted Holtz, Pugh & Company, Mr. Wayne Sellers, Nationwide, and members of the general public

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Ms. Bennett stated that each Board Member has a copy of the amended agenda for the meeting. (Attachment)

IN RE: APPROVAL OF MINUTES OF GASS APPEAL OF JANUARY 22, 2018

Chairman Caldwell presented the minutes for January 22, 2018. Ms. Foster made a motion to approve the minutes for January 22, 2018. The motion was seconded by Commissioner Nystrom and unanimously approved.

IN RE: FY17 AUDIT REPORT - PUGH & CO.

Commissioner Brantley made a motion to approve the FY17 audit report. The motion was seconded by Commissioner Schoonmaker and unanimously approved.

IN RE: REQUEST TO SPEAK TO THE BOARD BY BUZZ BUSWELL, DIRECTOR VETERANS & SENIOR SERVICES FOR KNOX COUNTY – REMOVED PER BUZZ BUSWELL REQUEST

The request to address the Board was removed per request of Mr. Buzz Buswell.

IN RE: REQUEST TO SPEAK TO THE BOARD BY STONEY GENTRY, PRE-TRAIL/PROBATION OFFICER FROM THE SHERIFF DEPT – DELAYED TO MARCH PER STONEY GENTRY REQUEST

The request to address the Board was delayed per request of Mr. Stoney Gentry. Ms. Kim Bennett recommended a workshop to revisit the history and facts of the request. The Board favored the workshop and the Executive Director will be coordinating a date before the next Board meeting.

IN RE: APPLICATION FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN

- **HOSEA DAVID SKINNER**, employee of Trustee. 16 years 1 months of credited service. Letter received from UNUM for Appeal dated January 11, 2018, recommending denial of disability.

Commissioner Nystrom made a motion to deny the disability appeal. The motion was seconded by Commissioner Schoonmaker and unanimously approved.

- **LISA SMITH**, employee of Sheriff, 23 years 10 months of credited service. Letter received from UNUM dated February 15, 2018, recommending approval of disability.

Commissioner Brantley made a motion to approve. The motion was seconded by Commissioner Thomas and unanimously approved.

IN RE: APPLICATIONS FOR RETIREMENT – DEFINED BENEFIT PLAN, LUMP SUM DISTRIBUTION 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>
Linda Hahn	Schools	9 years 9 months	March 1, 2018

A motion was made by Ms. Hemmelgarn to approve the application for retirement under the Asset Accumulation Plan as presented and to authorize the Trustee, State Street Bank, to make payment of the monthly benefits and credited service benefit. The motion was seconded by Commissioner Brantley and unanimously approved.

APPLICATIONS FOR RETIREMENT – UNIFORMED OFFICERS PENSION PLAN

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 Uniformed Officers Pension Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Gregory Craig	Sheriff	25 years 0 months	March 1, 2018

A motion to intervene (attached) was made by Mr. Keith Burroughs. He inquired if this person's calculation included leave cash out. Ms. Bennett stated she was uncertain of the amount of leave cash out, if any. Mr. Burks reminded the Board of the routine consistency of approvals of Uniform Officers Pension Plan benefits.

A motion was made by Mr. Webb to approve the application for retirement under the Uniform Officers Pension Plan as presented and to authorize Trustee, State Street Bank, to make payment of the monthly benefits and credited service benefit. The motion was seconded by Ms. Foster and unanimously approved.

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>
Tracy Bidinger	Schools	7 years 3 months	March 1, 2018
Vickie Carter	Property Assessors	29 years 4 months	March 1, 2018
Jeanni Griggs	Schools	6 years 4 months	March 1, 2018
Richard Holt	Community Services	16 years 8 months	March 1, 2018
Alfreda Smith	Schools	6 years 11 months	March 1, 2018
Patricia Stallard	Schools	10 years 5 months	March 1, 2018
Debbie Tauscher	Schools	24 years 7 months	March 1, 2018

A motion was made by Mr. Webb to approve the application for retirement under the Defined Contribution 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 Mr. Raiden and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Ms. Bennett reported on the following items:

- **Disability Verification** – In the annual report of Income, all 60 participants have responded and been verified. In the annual report of Medical information, all 10 participants have responded and been verified. In the annual report of dependency, all 8 participants have responded and been verified.
- **Status of Reed Group Transition** – Ms. Coleman revised the approved contract and has resubmitted it back to Reed Group. Ms. Bennett and Ms. Schroeder set two phone conferences a week to review the transitional changes. Ms. Bennett will be informing UNUM of service termination in the near future.
- **Status of Board Member Jennifer Hemmelgarn for next 3 months** – Ms. Hemmelgarn will be absent from the March and April Board Meetings, returning in May.
- **Conferences for Board Members** – Ms. Bennett informed the Board of upcoming conferences.
- **MERP investment changes after 1 month, 21 accounts had been changed, (Approximately 1.6% of accounts in MERP)** – After the MERP investment changes approximately 1.6% of accounts were changed.

- **Investment Committee meeting for discussion of Nationwide proposed change** – The Board will be setting a date to discuss the proposed changes by Nationwide.
- **Audit “Internal Process” with an end date of August 31, 2018** – The retirement office has put the internal process in place to provide appropriate checks and balances. Pugh & Co. have requested the staff do a sample audit of both the disability plans and the UOPP for pre-December 1, 2016 retirees which will be completed before August 31, 2018.
- **Retiree Luncheon** – The retiree luncheon will be held on April 10th at Rothchild's.

IN RE: DISCUSSION OF EXTENDING THE LOAN PROVISION IN THE ASSET & STAR PLANS. CURRENT SUNSET IS 06/30/2018. LOANS ARE ONLY AVAILABLE TO KNOX COUNTY GOV'T PARTICIPANTS CURRENTLY

Ms. Bennett explained the current status of the loan program and the reason why the schools employees were not included was due to their system transition at the time the program was established. Legal counsel was asked if there would be any issue if the program was to be extended indefinitely. Mr. Mason responded that the action needed an amendment to the sunset date and such wording as “pilot program”. He further explained more action would be needed if the school's employees were to be included. Commissioner Schoonmaker inquired about the interest rate. Mr. Mason responded that the interest rate can fluctuate according to the market.

Commissioner Thomas made a motion to extend the life of the loan program by one year. The motion was seconded by Commissioner Nystrom.

After discussion, Commissioner Brantley made a substitute motion to extend the life of the loan program indefinitely. The motion was seconded by Mr. Webb and unanimously approved.

IN RE: DISABILITY COMMITTEE REPORT

Commissioner Thomas deferred the report to Ms. Bennett. Ms. Bennett stated that Mr. Frank Brown filed an appeal for disability. The retirement office has received additional new medical records for Mr. Frank Brown. Ms. Bennett suggested sending a letter to Mr. Frank Brown requesting all medical documentation by a certain date and then submit to UNUM for a third and final review and recommendation which is an exception to the regular procedure.

Commissioner Thomas made a motion to send a letter to Mr. Frank Brown to present all medical documentation before a certain date and to send the claim to UNUM for a third and final review and recommendation. The motion was seconded by Mr. Webb and unanimously approved.

IN RE: REPORT OF INVESTMENT COMMITTEE

Commissioner Brantley presented the rates of return for the Defined Contribution Plans as of January 31, 2018. Commissioner Brantley gave a recap of the special investment meeting from February

13, 2018, and encouraged committee members to speak as well. Mr. Brantley stated that USI Consulting will be presenting the revised investment policy statements.

Mr. Cross presented the Investment Policy Statements (IPS) for the Asset Accumulation Plan, Voluntary 457(b) Plan, Medical Expense Retirement Plan, STAR, STAR Employer Supplemental Contribution and Employee Disability Plan. A motion was made by Commissioner Brantley to accept the IPS for the Asset Accumulation Plan as presented. The motion was seconded by Commissioner Schoonmaker and approved unanimously. A motion was made by Commissioner Brantley to accept the IPS for the Voluntary 457(b) Plan as presented. The motion was seconded by Commissioner Thomas and approved unanimously. A motion was made by Commissioner Brantley to accept the IPS for the Medical Expense Retirement Plan as presented. The motion was seconded by Commissioner Nystrom and approved unanimously. A motion was made by Commissioner Brantley to accept the IPS for the STAR Plan as presented. The motion was seconded by Commissioner Thomas and approved unanimously. A motion was made by Commissioner Brantley to accept the IPS for the STAR Employer Supplemental Contribution as presented. The motion was seconded by Commissioner Nystrom and approved unanimously. A motion was made by Commissioner Brantley to accept the IPS for the Employee Disability Plan as presented. The motion was seconded by Mr. Webb and approved unanimously.

Mr. Cross presented exhibits (attachment) to show proposed reallocation of operating expenses to the plans. Commissioner Nystrom made a motion to approve the reallocation. The motion was seconded by Commissioner Schoonmaker and approved unanimously. Mr. Mason questioned if this would increase cost to the county. Mr. Caldwell explained that it was just a reallocation of administrative costs. Mr. Raiden asked if this was due to a change in GASB. Mr. Cross replied that it was, in part.

IN RE: REPORT OF LEGAL COUNSEL

Ms. Coleman reported that she sent the revised contract to Reed Group for signature.

Mr. Burks reported on January 31st, Mr. Burroughs amended the lawsuit to add Mr. Gregory Gass as a defendant. Mr. Burks advised the Board that they will be getting a ruling from Chancery Court on that suit before hearing the Gass appeal.

Mr. Mason had no report.

IN RE: REPORT OF ACTUARY

Mr. Cross presented a timeline (attachment) of when funds held by current money managers will be liquidated and transferred into Board approved mutual fund options.]

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 and audited and recommended for payment by Ms. Bennett:

FEE SCHEDULE

Invoices for FEBRUARY 2018	Fiscal YTD Approved Invoices 01/31/2018	FEB Invoice For Approval	Fiscal YTD Approved Invoices 02/28/2018
BENXL Invoice #		\$0.00	
TOTAL BENXL	\$25,800.00	\$0.00	\$25,800.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #204654 - QDRO*		\$0.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #		\$0.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #		\$0.00	
***TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$1,000.00	\$0.00	\$1,000.00
Owings, Wilson & Coleman Invoice # 9912M - 01/31/2018 Invoice # 9909M - 01/31/2018		\$12,157.50 \$3,602.50	
*** TOTAL OWINGS, WILSON & COLEMAN	\$17,600.50	\$15,760.00	\$33,380.50
JUSTICE, NOEL & BURKS Invoice #		\$0.00	
TOTAL JUSTICE, NOEL & BURKS	\$17,310.00	\$0.00	\$17,310.00
USI CONSULTING GROUP Invoice # 90019239 Invoice # 90019656		\$43,145.85 \$68,717.75	
TOTAL USI CONSULTING GROUP	\$272,951.30	\$101,883.60	\$374,814.90
Invoices for FEBRUARY 2018	\$334,661.80	\$117,623.60	\$452,285.40

		Fiscal YTD
*** Retainer not included in approved billings for the Board		\$32,000
Owings, Wilson & Coleman Retainer	\$4,000 per month	\$96,000
Kennerly Montgomery Retainer	\$12,000 per month	\$3,977.35
Court Reporter		\$1,000
Fees Received from QDRO Participants	\$500 (DC Fee) \$2,000 (DB Fee)	\$0

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

After review of the statement of accounts and invoices and discussion on the court reporter fee, 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 Commissioner Brantley 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

Attachments:

- 1.) Amended Agenda
- 2.) Motion to Intervene
- 3.) Reallocation of Operating Expenses
- 4.) Timeline

KNOX COUNTY RETIREMENT AND PENSION BOARD

CHRIS CALDWELL, PROXY FOR TIM BURCHETT, Chairman
COMMISSIONER HUGH NYSTROM, Vice Chairman
MS. TRACY FOSTER, Secretary
COMMISSIONER ED BRANTLEY
COMMISSIONER JOHN SCHOONMAKER
COMMISSIONER BOB THOMAS
MR. GARRETT RAIDEN
MS. JENNIFER HEMMELGARN
MR. ZACK WEBB



CITY-COUNTY BUILDING
ROOM 371
400 MAIN STREET
KNOXVILLE, TENNESSEE 37902
865/215-2323
865/215-2421-FAX

AMENDED AGENDA

The KNOX COUNTY RETIREMENT AND PENSION BOARD will meet in regular session on Monday, February 26, 2018 at 1:30 P.M in the LARGE ASSEMBLY ROOM, City-County Building, Knoxville, Tennessee.

1. CALL TO ORDER
2. AMENDMENTS TO AGENDA
3. APPROVAL OF MINUTES OF JANUARY 22, 2018
4. FY17 AUDIT REPORT – PUGH & CO.
5. REQUEST TO SPEAK TO THE BOARD BY BUZZ BUSWELL, DIRECTOR VETERANS & SENIOR SERVICES FOR KNOX COUNTY – REMOVED PER BUZZ REQUEST
6. REQUEST TO SPEAK TO THE BOARD BY STONEY GENTRY, PRE-TRAIL/PROBATION OFFICER FROM THE SHERIFF DEPT – DELAYED TO MARCH PER STONEY GENTRY REQUEST
7. APPLICATION FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN
 - HOSEA DAVID SKINNER, employee of Trustee., 16 years 1 months of credited service. Letter received from UNUM for Appeal dated January 11, 2018, recommending denial of disability.
 - LISA SMITH, employee of Sheriff, 23 years 10 months of credited service. Letter received from UNUM dated February 15, 2018, recommending approval of disability.
8. APPLICATIONS FOR RETIREMENT – DEFINED BENEFIT PLAN, LUMP SUM DISTRIBUTION AND AUTHORIZATION OF CREDITED SERVICE BENEFIT BASED ON COMPLETED YEARS OF SERVICE

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Linda Hahn	Schools	9 years 9 months	March 1, 2018

9. APPLICATIONS FOR RETIREMENT – UNIFORMED OFFICERS PENSION PLAN

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Gregory Craig	Sheriff	25 years 0 months	March 1, 2018

10. APPLICATIONS FOR RETIREMENT – DEFINED CONTRIBUTION PLAN AND AUTHORIZATION OF CREDITED SERVICE BENEFIT BASED ON COMPLETED YEARS OF SERVICE

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Tracy Bidinger	Schools	7 years 3 months	March 1, 2018
Vickie Carter	Property Assessor	29 years 4 months	March 1, 2018
Jeanni Griggs	Schools	6 years 4 months	March 1, 2018

Richard Holt	Community Services	16 years 8 months	March 1, 2018
Alfreda Smith	Schools	6 years 11 months	March 1, 2018
Patricia Stallard	Schools	10 years 5 months	March 1, 2018
Debbie Tauscher	Schools	24 years 7 months	March 1, 2018

11. REPORT OF EXECUTIVE DIRECTOR

- Disability Verification
- Status of Reed Group Transition
- Status of Board Member Jennifer Hemmelgarn for the next 3 months
- Conferences for Board Members
- MERP investment changes after 1 month, 21 accounts had been changed. (Approximately 1.6% of accounts in MERP)
- Investment Committee meeting for discussion of Nationwide proposed change.
- Audit "Internal Process" with an end date of August 31, 2018.

12. DISCUSSION OF EXTENDING THE LOAN PROVISION IN THE ASSET & STAR PLANS. CURRENT SUNSET IS 6/30/2018. LOANS ARE ONLY AVAILABLE TO KNOX COUNTY GOV'T PARTICIPANTS CURRENTLY

13. DISABILITY COMMITTEE REPORT

- Frank Brown, Jr. Appeal

14. REPORT OF INVESTMENT COMMITTEE

- Monthly Rates of Return
- Report of the Investment Committee Meeting of February 13, 2018
- Approval of Investment Policies for:
 1. Asset Accumulation Plan
 2. Voluntary 457(b) Plan
 3. Medical Expense Retirement Plan (MERP)
 4. STAR
 5. STAR Employer Supplemental Contribution
 6. Employee Disability Plan
- Discussion of Assumed Rate of Return on UOPP
- Proposed update to Operating Expense Allocation to Plans

15. REPORT OF LEGAL COUNSEL

- Owings, Wilson & Coleman
- Chuck Burks
- Kennerly, Montgomery

16. REPORT OF ACTUARY BOB CROSS

Status of Fund Changes for Pension Plans

17. APPROVAL FOR PAYMENT – STATEMENT OF ACCOUNT

18. ADJOURNMENT

Spread of Record

For Information Only – No Action Required

- RETIREEES DECEASED:

Rowena Brown died December 19, 2017. Benefits ceased (DB)
Joyce Chambers died February 9, 2018. Retired & Withdrew (Asset)
William Crosland died February 14, 2018. Benefits to Beneficiary (Teachers)
Rachel Day died January 22, 2018. Retired & Withdrew (Asset)
Kenneth Fitts died January 4, 2018. Retired & Withdrew (DB)
Clyde Hall died January 12, 2018. Benefits ceased (DB)
Jim Harbin died January 17, 2018. Retired & Withdrew (Asset)
Florin Hawes, survivor of Bennie Hawes died February 8, 2018. Benefits cease (Teachers)
Nancy Henry died January 13, 2018. Benefit ceased (DB)
James Hicks died February 16, 2018. Retired & Withdrew (Asset)
Barbara Holbert died February 17, 2018. Retired & Withdrew (Asset)
Larry Holt died January 14, 2018. Benefits ceased (Teachers)
Pauline Lewis died January 13, 2018. Benefits ceased (DB)
Woodlyn Lockhart died February 1, 2018. Benefits ceased (DB)
Linda Maples died February 11, 2018. Retired & Withdrew (Asset)
Reva Moore died January 26, 2018. Benefits ceased (DB)
Carolyn Nelson died February 4, 2018. Retired & Withdrew (Asset)

- ACTIVE PARTICIPANT DECEASED:

Douglas Dozier died January 13, 2018. Benefits to Beneficiary (Asset)
Claudean Harris died January 8, 2018. Benefits to Beneficiary (Asset)
Randall Lett died February 15, 2018. Benefits to Beneficiary (Asset)

- DEATH BENEFITS PAID:

Jerry Branche beneficiary of Madalon Sexton
Steve Coward, beneficiary of Hazel Coward
Ted Coward, beneficiary of Hazel Coward
Faye Cox, beneficiary of Doris Large
Jimmy Day, beneficiary of Rachael Day
Mildred Edmonds, beneficiary of Hazel Coward
Kenny Hall, beneficiary of Clyde Hall
Edna Faye Harbin, beneficiary of Jim Harbin
Robert Henry, beneficiary of Nancy Henry
Pam Leavy, beneficiary of Kevin Leavy
Karen Liles, beneficiary of Nancy Henry
Ralph McCarter, beneficiary of Doris McCarter
Beth Anne McConnell, beneficiary of Frances McConnell
Frank Sexton, beneficiary of Madalon Sexton
Marvin Sexton Jr., beneficiary of Madalon Sexton
Michael Staley, beneficiary of Frances Staley
Melanie Stipes, beneficiary of Wanda Cameron

- **CREDITED SERVICE BENEFITS PAID:**

Sandra Blair	Randal Drew
Sandra Dunsmore	Robert Fletcher
Robert Kerley	Cecelia McDowell
Betty Noel	Deborah Waller
Kathryn White	Beverly Williams

- **UOPP CONTRIBUTIONS PLUS 4% INTEREST PAID:**

Bobby Knight
Dennis Bowman

- **DISTRIBUTIONS PROCESSED January 2018:** 92

- **LOAN STATUS AS OF January 31, 2018:**

	<u># of Loans</u>	<u>\$ Amount</u>
Loans added December	5	\$74,737.00
Ending December 31, 2017	226	\$2,945,776.66

- **MINIMUM REQUIRED DISTRIBUTION:**

Lynne Bowlby	Barbara Brown
James French	Thomas Harless
Robert Henry (Beneficiary of Nancy Henry)	Karen Liles (Beneficiary of Nancy Henry)
Robert Kerley	Pam Leavy (Beneficiary of Kevin Leavy)
Betty Noel	Kathryn White
Beverly Williams	Kaye Winston

**KNOX COUNTY'S MOTION TO INTERVENE AND
OBJECTIONS TO ITEM 9 OF THE AGENDA
FOR THE BOARD'S FEBRUARY 26, 2018 MEETING**

Comes now Knox County, Tennessee, by and through the undersigned counsel, and moves to intervene and objects to the approval by the Knox County Retirement and Pension Board ("Board") of the application of Gregory Craig for the Uniformed Officers Pension Plan ("UOPP") retirement benefits on Item 9 of the Agenda for the Board's February 26, 2018 meeting and any other applications to the UOPP that may be added to an amended agenda prior to or at the meeting. Knox County objects to this item only to the extent that any accrued leave cashout was or will be used in calculating the pension benefits to be awarded to this Participant in the UOPP.

Knox County moves to include by reference as part of the record on this matter: this Motion and all prior Motions filed by Knox County regarding UOPP retirement applications with attachments; the Board's minutes from 2007 through the present; any and all amendments to the UOPP; records identifying leave cashout included or to be included in pension calculations for all retirees including the retiree on the agenda for the February 26, 2018 meeting; and any additional items that may be deemed relevant by the Board's General Counsel.

MEMORANDUM IN SUPPORT OF MOTION

The staff of the Pension Board has been violating Section 1.10 of the UOPP, Knox County Ordinance No. O-06-4-101 and the November 7, 2006 Charter Amendment by including leave cashout in calculating pension benefits.

In a July 29, 2016 Memo to Sheriff Jones, Board Director Kim Bennett states that she reviewed the Sheriff's General Order with counsel for the Board "to determine the treatment of vacation pay cash-out..." (hereinafter "UVCO"). She then announced a policy change for retirees on or before January 1, 2017, who would receive more UVCO than the General Order permitted, and another for persons retiring after January 1, 2017, who would not. These policy changes created a terrible precedent and exposed the Board to arguments that its interpretation of the Plan was arbitrary and capricious. These policy changes further exposed Knox County to additional financial obligations without consideration and approval by Knox County.

According to Section 2.04 of the UOPP, the Board is the Administrator of the UOPP with the discretion to construe the terms of the Plan and determine all questions arising in connection with the administration, interpretation, and application of the Plan, including all questions relating to the amount of any benefit to which any participant may become entitled. Upon information and belief, the Board has never exercised its exclusive authority to interpret the relevant provisions of the UOPP. The July 29, 2016 Memo to Sheriff Jones announcing a change in construction of the UOPP was completely beyond Director Bennett's authority.

In addition, Director Bennett's July 29, 2016 Memo also announced a policy change and interpretation of the UOPP that directly increased the funding or financial obligations of the County. However, that action was never submitted to the Commission for its express consent and funding by resolution as required by Section 7.04E of the Charter. The Pension Board has a duty to obtain Knox County's consent and funding by resolution before taking any action that would increase the funding or

financial obligations of the County. Section 7.04E of the Knox County Charter specifically provides:

The Knox County Retirement and Pension Board shall not have the power or authority to adopt or approve any plan or plan amendment, or take any other action, which thereby would increase the funding or financial obligations of the County either at the time of the action or in the future without notification to and express consent and funding by resolution from the commission.

The Pension Board's actions have increased and will increase the funding or financial obligations of the County and have violated and will continue to violate Section 7.04E of the Knox County Charter unless they are taken with the express consent and funding by resolution of the Knox County Commission. No such resolution has ever been considered by the Knox County Commission.

Analysis

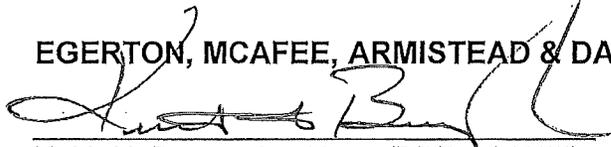
On October 18, 2017, Director Bennett produced to Knox County a copy of the original 2007 UOPP. Leave cashout is not included and Compensation is defined as "salary." Thus, leave cashout has never been permitted for inclusion in the calculation of pension benefits by the Knox County Charter. The phrase "leave cashout" was not in the Plan that was adopted by the voters at the inception of the UOPP and as of the last amendment of the Charter in 2012.

Section 1.10 of the 2016 Restated UOPP provides that post-severance compensation shall not be "recognized" in determining a participant's "Average Monthly Compensation." This provision is consistent with the Charter and must be given effect. Leave cashout cannot be included in the calculation of these retirees' pension benefits.

If the calculations for the retirement benefits on the February 26, 2018 Board Agenda, Item 9, include any accrued leave cashout in the pension calculations, they are *ultra vires* and unlawful, and Knox County objects.

Respectfully submitted this 26th day of February, 2018.

EGERTON, MCAFEE, ARMISTEAD & DAVIS, P. C.



Keith H. Burroughs, Esq. (BPR 014255)

Jonathan D. Reed (BPR 012769)

Melissa B. Carrasco (BPR 029094)

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Knox County Retirement & Pension Board

Indirect Expense Allocations

February 26, 2018

Exhibit A

Knox County Retirement & Pension Board

Current Indirect Expense Allocation to Defined Benefit and Disability Plans

Year	County Plan Allocation Percentage	Board of Education Plan Allocation Percentage	UOPP Allocation Percentage	Disability Plan Allocation Percentage
2018	9.5%	7.5%	19.5%	63.5%
2019	9.0%	7.0%	20.0%	64.0%
2020	8.5%	7.0%	20.0%	64.5%
2021	8.0%	6.5%	20.5%	65.0%
2022	7.5%	6.0%	20.5%	66.0%
2023	7.0%	5.5%	20.5%	67.0%
2024*	6.5%	5.0%	20.5%	68.0%

*No allocation beyond 2024 currently.

Allocation percentages are based upon the total lives covered in each Plan and the projected value of assets.

Exhibit B

Knox County Retirement & Pension Board

Recommended Indirect Expense Allocation to Defined Benefit and Disability Plans

Year	County Plan Allocation Percentage	Board of Education Plan Allocation Percentage	UOPP Allocation Percentage	Disability Plan Allocation Percentage
2018	7.0%	7.0%	43.0%	43.0%
2019	7.0%	6.0%	44.0%	43.0%
2020	6.0%	6.0%	44.0%	44.0%
2021	6.0%	6.0%	44.0%	44.0%
2022	6.0%	5.0%	45.0%	44.0%
2023	5.0%	5.0%	46.0%	44.0%
2024	5.0%	5.0%	46.0%	44.0%
2025	5.0%	4.0%	47.0%	44.0%
2026	5.0%	4.0%	47.0%	44.0%
2027	5.0%	4.0%	47.0%	44.0%
2028	4.0%	3.0%	48.0%	45.0%

Allocation percentages were determined by allocation one half of the total indirect expense equally to UOPP and the Disability Plan with the remainder allocated based upon the total lives covered in each Plan and the projected value of assets.

Exhibit C
Closed County Plan

Comparison of Estimated Actuarially Determined Contribution (ADC) and Funding Ratios
Under Alternative Expense Allocations

Year	Old Expense Allocation/7.0% Assumed Rate of Return ADC (in thousands)	New Expense Allocation /7.0% Assumed Rate of Return ADC (in thousands)	Old Expense Allocation/7.0% Assumed Rate of Return Funding Ratio	New Expense Allocation /7.0% Assumed Rate of Return Funding Ratio
2019	\$3,086	\$3,073	61%	61%
2020	\$3,193	\$3,176	61%	61%
2021	\$3,210	\$3,187	61%	61%
2022	\$3,226	\$3,197	62%	62%
2023	\$3,241	\$3,207	63%	63%
2024	\$3,191	\$3,152	64%	64%
2025	\$3,159	\$3,123	65%	66%
2026	\$3,164	\$3,131	67%	67%
2027	\$3,141	\$3,118	69%	69%
2028	\$3,125	\$3,103	72%	72%
2029	\$3,076	\$3,049	75%	76%
2030	\$3,015	\$2,986	79%	80%
2031	\$3,011	\$2,983	84%	85%
2032	\$3,008	\$2,970	91%	91%
2033	\$162	\$116	98%	99%
2034	\$161	\$115	98%	99%
2035	\$159	\$113	98%	98%
2036	\$156	\$111	98%	98%
2037	\$153	\$109	97%	98%

Exhibit D

UOPP

Comparison of Estimated Actuarially Determined Contribution (ADC) and Funding Ratios Under Alternative Expense Allocations

Year	Old Expense Allocation/7.0% Assumed Rate of Return ADC (in thousands)	New Expense Allocation /7.0% Assumed Rate of Return ADC (in thousands)	Old Expense Allocation/7.0% Assumed Rate of Return Funding Ratio	New Expense Allocation /7.0% Assumed Rate of Return Funding Ratio
2019	\$5,899	\$5,946	92%	92%
2020	\$6,190	\$6,261	93%	93%
2021	\$6,259	\$6,357	94%	93%
2022	\$6,305	\$6,487	94%	94%
2023	\$6,389	\$6,505	95%	95%
2024	\$6,598	\$6,785	96%	95%
2025	\$6,384	\$6,603	97%	96%
2026	\$5,881	\$6,134	97%	97%
2027	\$4,212	\$4,500	98%	97%
2028	\$4,038	\$4,340	98%	97%
2029	\$3,647	\$3,961	98%	98%
2030	\$3,323	\$3,690	98%	98%
2031	\$3,315	\$3,653	98%	97%
2032	\$3,279	\$3,628	98%	97%
2033	\$3,215	\$3,574	98%	97%
2034	\$3,185	\$3,552	98%	97%
2035	\$3,163	\$3,538	98%	97%
2036	\$3,147	\$3,527	98%	97%
2037	\$3,119	\$3,503	98%	97%

Exhibit E

Closed County Plan

Comparison of Estimated GASB Expense and Net Plan Liability Under Alternative Expense Allocations

Year	Old Expense Allocation/7.0% Assumed Rate of Return GASB Expense (in thousands)	New Expense Allocation /7.0% Assumed Rate of Return GASB Expense (in thousands)	Old Expense Allocation/7.0% Assumed Rate of Return Net Plan Liability (in thousands)	New Expense Allocation /7.0% Assumed Rate of Return Net Plan Liability (in thousands)
2019	\$2,461	\$2,426	\$27,036	\$26,998
2020	\$2,020	\$1,985	\$25,898	\$25,825
2021	\$1,975	\$1,339	\$24,585	\$24,480
2022	\$1,713	\$1,676	\$23,203	\$23,070
2023	\$1,629	\$1,583	\$21,719	\$21,562
2024	\$1,522	\$1,476	\$20,113	\$19,937
2025	\$1,412	\$1,365	\$18,351	\$18,161
2026	\$1,294	\$1,248	\$16,672	\$16,474
2027	\$1,182	\$1,137	\$14,890	\$14,689
2028	\$1,033	\$989	\$12,792	\$12,594
2029	\$914	\$870	\$10,575	\$10,381
2030	\$706	\$662	\$8,239	\$8,249
2031	\$626	\$583	\$5,892	\$5,706
2032	\$450	\$408	\$3,351	\$3,170
2033	\$285	\$227	\$1,110	\$1,435
2034	\$275	\$233	\$1,021	\$1,351
2035	\$271	\$232	\$983	\$1,167
2036	\$269	\$231	\$879	\$1,085
2037	\$252	\$218	\$859	\$891

Exhibit F

UOPP

Comparison of Estimated GASB Expense and Net Plan Liability Under Alternative Expense Allocations

Year	Old Expense Allocation/7.0% Assumed Rate of Return GASB Expense (in thousands)	New Expense Allocation /7.0% Assumed Rate of Return GASB Expense (in thousands)	Old Expense Allocation/7.0% Assumed Rate of Return Net Plan Liability (in thousands)	New Expense Allocation /7.0% Assumed Rate of Return Net Plan Liability (in thousands)
2019	\$5,738	\$5,933	\$36,001	\$36,172
2020	\$5,183	\$5,335	\$34,118	\$34,463
2021	\$4,841	\$5,182	\$31,988	\$32,507
2022	\$4,440	\$4,691	\$30,106	\$30,798
2023	\$4,562	\$4,703	\$28,292	\$29,153
2024	\$4,317	\$4,535	\$26,145	\$27,165
2025	\$3,786	\$3,984	\$23,368	\$24,532
2026	\$2,441	\$2,589	\$20,653	\$21,947
2027	\$1,968	\$2,170	\$18,107	\$19,511
2028	\$1,743	\$2,052	\$16,982	\$18,474
2029	\$1,616	\$1,953	\$16,034	\$17,605
2030	\$1,518	\$1,977	\$15,023	\$16,664
2031	\$1,540	\$1,961	\$14,003	\$15,705
2032	\$1,523	\$1,742	\$12,542	\$14,295
2033	\$1,299	\$1,580	\$10,487	\$12,283
2034	\$1,153	\$1,476	\$8,488	\$10,322
2035	\$1,040	\$1,371	\$6,317	\$8,187
2036	\$923	\$1,144	\$4,064	\$5,965
2037	\$713	\$713	\$1,613	\$3,543

Week Day	DATE	Brown Brokers	Row Price	Comcast	SSP-SP-500 Index	Comcast	Flah	Prudential	Schleifers	PRISA
Wednesday	2/7/2018									
Thursday	2/8/2018									
Friday	2/9/2018									
Monday	2/12/2018									
Tuesday	2/13/2018									
Wednesday	2/14/2018									
Thursday	2/15/2018									
Friday	2/16/2018									
Monday	2/19/2018									
Tuesday	2/20/2018									
Wednesday	2/21/2018									
Thursday	2/22/2018									
Friday	2/23/2018									
Monday	2/26/2018									
Tuesday	2/27/2018									
Wednesday	2/28/2018									
Thursday	3/1/2018									
Friday	3/2/2018									
Monday	3/5/2018									
Tuesday	3/6/2018									
Wednesday	3/7/2018									
Thursday	3/8/2018									
Friday	3/9/2018									
Monday	3/12/2018									
Tuesday	3/13/2018									
Wednesday	3/14/2018									
Thursday	3/15/2018									
Friday	3/16/2018									
Monday	3/19/2018									
Tuesday	3/20/2018									
Wednesday	3/21/2018									
Thursday	3/22/2018									
Friday	3/23/2018									
Monday	3/26/2018									
Tuesday	3/27/2018									
Wednesday	3/28/2018									
Thursday	3/29/2018									
Friday	3/30/2018									
Monday	4/2/2018									
Tuesday	4/3/2018									
Wednesday	4/4/2018									
Thursday	4/5/2018									
Liquidation Notice		No notice required, but asks for notice for Business Day 3/1/18	No notice required, but asks for notice for Business Day 3/1/18	2 days notice (before monthly - see below calendar)	2 days notice	3 days	5 days notice	No notice required, but 5 days preferred	5 days notice	Must give one (1) quarter's notice of intended liquidation
Settlement Period		T+1	T+1	T+3	T+3	T+3	T+1	T+1	T+5	NA

Notify my firm before 3:01