

**KNOX COUNTY RETIREMENT AND PENSION BOARD**

**AUGUST 24, 2015**

**REVISED**

The Knox County Retirement and Pension Board met in regular session on Monday, August 24, 2015, at 1:00 P.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 Bob Thomas, Ms. Crystal Fields and Mr. Chris Caldwell, representing Mayor Tim Burchett. Also present at the meeting were: Mr. Bob Cross and Mrs. Carissa Dunaway, USICG, Mr. William Mason, Mr. John Owings, and Mrs. Stephanie Coleman, Legal Counsel, Mr. Ed Shouse, Trustee, 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 July 27, 2015 was presented. A motion was made by Mr. McBride that the minutes be approved as presented. The motion was seconded by Mr. Caldwell and unanimously carried.

**IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE DEFINED BENEFIT PLAN AND AUTHORIZATION OF LUMP SUM BENEFIT AND CREDITED SERVICE BENEFIT BASED ON COMPLETED YEARS OF SERVICE**

The following applications for retirement along with the lump sum benefit and the credited service benefit based upon completed years of credited service at the date of 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>
Viola L McElhane	Schools	38 years 10 months	September 1, 2015
Mary L Reeves	Schools	28 years 1 month	September 1, 2015
Pincie A Shell	Schools	28 years 2 months	September 1, 2015

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

**IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE UNIFORMED OFFICERS PENSION PLAN**

The following application for retirement, as provided in the Uniformed Officers Pension Plan, was presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Michael E Freels	Sheriff	30 years	September 1, 2015

After review, a motion was made by Ms. Fields to approve the applications for retirement under the Uniformed Officers Pension Plan as presented and authorize the Trustee, State Street Bank, to make

disposition of the benefits. The motion was seconded by Commissioner McKenzie and unanimously approved.

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

The following applications for retirement, as provided in the Teacher's Plan and determined by the City Pension Board, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Bennie P Grimes	Schools	11 years 4 months	August 1, 2015
Carolyn Monday	Schools	14 years 1 month	August 1, 2015

After review, a motion was made by Ms. Fields to approve the applications for retirement under the Teacher's Plan as presented and authorize the Trustee, State Street Bank, to make disposition of the benefits. The motion was seconded by Mr. McBride and unanimously approved.

**IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE 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>
Gina D Armstrong	Schools	18 years	September 1, 2015
Barbara A Bell	Schools	9 years	September 1, 2015
Kathy B Bright	Schools	17 years	September 1, 2015
Glenda Britton	Schools	28 years 2 months	September 1, 2015
Joseph M Burchfield	PBA	14 years	September 1, 2015
Marie Cantrell	Library	8 years 7 months	September 1, 2015
Wilma J Capehart	Schools	8 years 10 months	September 1, 2015
Jeffrey P Chermely	Sheriff	23 years 6 months	September 1, 2015
Diana T Cornelius	Schools	12 years 7 months	September 1, 2015
Mary F DeBusk	Schools	30 years	September 1, 2015
Donna S Flynn	Sessions Ct	7 years 3 months	September 1, 2015
Beverly P Hall	Schools	15 years 8 months	September 1, 2015
Janet K Heck	Health	23 years	September 1, 2015
Spencer R Hudson	Schools	5 years 11 months	September 1, 2015
Kay D Level	Schools	18 years 11 months	September 1, 2015
Mirko Lukajic	Schools	18 years 10 months	September 1, 2015
Patricia S Martins	Health	13 years 8 months	September 1, 2015
Omar W McCarty	Schools	13 years	September 1, 2015
Judith J Miller	Schools	28 years 1 month	September 1, 2015
Gloria Moulden	Schools	28 years 1 month	September 1, 2015
Paulette T Milligan	Schools	16 years 4 months	September 1, 2015
Carol S Stout	Schools	19 years 8 months	September 1, 2015

<b>Charles E Thompson</b>	<b>Schools</b>	<b>13 years 6 months</b>	<b>September 1, 2015</b>
<b>Jacqueline D Watson</b>	<b>Schools</b>	<b>13 years 7 months</b>	<b>September 1, 2015</b>

After review, a motion was made by Commissioner Thomas 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 McKenzie and unanimously approved.

After review, a motion was made by Commissioner Thomas to approve the credited service benefits as presented and authorize the Directed Custodian, State Street Bank, to make disposition of the benefits as provided by the Plan. The motion was seconded by Commissioner McKenzie and unanimously approved.

**IN RE: AUDIT – PUGH & CO**

Mrs. Bennett advised the letter from Pugh & Co containing required communications from the System auditors is intended to notify the Board of audit status. If there are any disclosures, Pugh & Co will meet with the Board Members.

**IN RE: REPORT OF EXECUTIVE DIRECTOR**

Mrs. Bennett stated the fiduciary insurance renewal is September 1 of each year. She presented the renewal quote with the proposed premium of \$58,899. Mrs. Bennett stated assets have increased 3.7% in the last year and premium has increased 0.05%

After discussion, a motion was made by Mr. McBride to authorize Mrs. Bennett to renew the fiduciary insurance with Chubb. The motion was seconded by Commissioner Thomas and unanimously approved.

Mrs. Bennett stated the new server for the imaging process has been received. Benxl will complete the conversion via web-x and upon completion the Retirement Office will be ready to start imaging files.

**IN RE: DOCUMENT COMMITTEE**

Mr. Caldwell stated the Document Committee met two weeks ago and again today and is recommending to the Board a Resolution and Plan Amendments to be prepared for the QDRO Administration Process for the Defined Contribution and Defined Benefit Plans.

After discussion, a motion was made by Mr. Caldwell to approve the QDRO Administration Process for the Defined Contribution Plan. The motion was seconded by Mr. McBride and unanimously approved.

After discussion, a motion was made by Mr. Caldwell to approve the QDRO Administration Process for the Defined Benefit Plans. The motion was seconded by Commissioner McKenzie and unanimously approved.

Mr. Caldwell made a motion adopting the following Resolution and necessary Plan Amendments to encompass the QDRO Administration Process for the Defined Contribution and Defined Benefit Plans. The motion was seconded by Ms. Fields and unanimously approved.

**A RESOLUTION OF THE KNOX COUNTY RETIREMENT AND PENSION BOARD TO ESTABLISH QUALIFIED DOMESTIC RELATIONS ORDER ("QDRO") PROCEDURES FOR THE KNOX COUNTY RETIREMENT PLANS**

**WHEREAS**, Knox County Government (the "Employer") has adopted the Knox County Employee Benefit System ("System"), the Uniformed Officers Pension Plan ("UOPP"), and the Sheriff's Total Accumulation Plan ("STAR") (collectively the "Plans"), as each has been subsequently amended; and

**WHEREAS**, pursuant to Tennessee Public Chapter 440, effective July 1, 2015, Knox County is required to honor QDROs directed at the Plans if the QDRO relates to the provision of marital property rights for the benefit of the former spouse of a Participant; and

**WHEREAS**, the Board and Document Committee have considered the recommendation of the Executive Director, with advice of actuarial consultant and counsel, to establish QDRO procedures, forms and templates for the Plans in accordance with applicable state and federal law and the outline of the recommended administrative process presented to the Board; and

**WHEREAS**, the Board and Document Committee have discussed concepts including, QDRO processing fees, timing and form of distributions to Alternate Payees under each of the Plans, adjustment of UOPP default death benefit and suspension of Participant benefits pending QDRO determination and approval; and

**WHEREAS**, certain conforming amendments to the Plans are required to implement such concepts and QDRO procedures; and

**WHEREAS**, the Executive Director is delegated authority and directed to administer the Plans in accordance with the QDRO procedures and to amend such procedures, forms and templates at any time, copies of such procedures, forms and templates to be provided to the Board when adopted and as thereafter amended; and

**NOW THEREFORE BE IT RESOLVED** that the Board hereby authorizes and directs the Executive Director to prepare suitable QDRO procedures, proposed conforming amendments to accomplish the foregoing purpose and other proposed housekeeping amendments, such proposed amendments to be reviewed with the Document Committee for recommendation to the Board, after public notice, for further consideration for adoption on two readings at regularly scheduled Board meetings.

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

Mrs. Bennett stated the Investment and Retirement Education seminars are continuing for Phase II of the Asset Accumulation Plan and Phase I of STAR. She stated there were 30-35 scheduled meetings for the month of August. STAR Educational meetings will be completed this month. Mrs. Bennett stated there will be one additional session for Phase I of the Asset Accumulation Plan this month for those who have not attended. Mrs. Bennett stated with Retiree Medical Open Enrollment in October and November, there will fewer Education meetings scheduled.

Mrs. Bennett stated that Knox County Schools has retiree meetings for employees twice per year and has now requested the Retirement Office be present and give retirement education at these meetings.

**IN RE: REPORT OF LEGAL COUNSEL**

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

Mrs. Coleman stated the draft agreement with Emerald Foundation Charter School was submitted to Knox County Schools three weeks ago for review and to work out any issues with the three parties and the Law Director's Office. She stated the agreement will be sent to Emerald Foundation Charter School for approval by the end of the month.

Mr. Owings stated that in one of the cases of Ms. Bee DeSelm and others versus the Retirement Board through attorney Mr. Moncier, the 30 days to show cause has expired. He stated nothing was filed with the court so he is waiting for the Court to dismiss the case.

**IN RE: REPORT OF ACTUARY**

Mr. Cross stated there was no business to report at this time other than working on GASB 68.

**IN RE: REPORT OF INVESTMENT COMMITTEE**

Mr. McBride stated the Investment Committee met on August 18<sup>th</sup>.

After discussion, Mr. McBride made a motion to sever ties with Security Benefit as a 457 vendor due to lack of minimum enrollment and lack of customer service due to there being no local representative. The motion was seconded by Commissioner Brantley and unanimously approved. Mrs. Bennett stated that a letter will be sent to Security Benefit giving them 30 days' notice of termination and advising them that the Retirement Office will not accept any new enrollees. A letter will be mailed to the participants of Security Benefit stating that effective October 31, 2015, if no action is taken by the employee to choose a different vendor or to stop/change current contributions, future contributions will be defaulted to the Knox County 457 Plan and will be initially invested in the same manner as their Asset Accumulation Plan Account. If an employee does not have an Asset Accumulation Plan Account, contributions will be initially invested in the Balanced Portfolio. She also stated that the employees have the ability to transfer their Security Benefit account balance to the Knox County 457 Plan, Nationwide or Teachers Federal Credit Union.

Mr. McBride advised that there has been correspondence to and from Wilshire Associates. Mr. David Lindberg, Mr. Mark Brubaker and two other representatives were in attendance at the Investment Committee meeting and reiterated the importance to, and interest of, Wilshire in Knox County Retirement's business. He advised it was a good productive meeting and Wilshire Associates is adding an additional representative to assist David Lindbergh with the Retirement Board's account. Mr. McBride advised there will be monthly conference calls between Knox County Retirement and Wilshire Associates. He stated there will also be an Investment Workshop in October presented by Wilshire to discuss asset allocation.

Mrs. Bennett advised the Teachers Credit Union 457 Plan that enrollment is below the minimum requirement of 50; however, there are numerous certified teachers that are also enrolled in the Plan. She stated the Investment Committee made a recommendation to continue to have the Teachers Credit Union as a 457 Plan vendor and to consider enrollment of both classified and certified employees when determining whether the minimum participant threshold has been met.

Mrs. Bennett stated notification would be sent to Teachers Credit Union advising of this conclusion.

Mr. Trott presented the rates of return as of July 30, 2015, that were previously distributed to the Board Members.

**IN RE: APPOINTMENT OF NOMINATING COMMITTEE FOR ELECTION OF OFFICERS**

Chairman Trott appointed the following members to the Nominating Committee for recommendation of officers: Mr. Chris Caldwell, Chairman, Ms. Crystal Fields and Commissioner Jeff Ownby

**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:

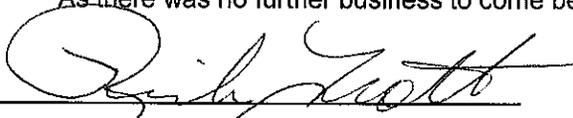
INVOICES FOR AUGUST 2015

KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #193923	\$15,849.50
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #193925	\$403.50
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #193926	\$1,756.50
ROBERTSON OVERBEY Account #2117M	\$1,046.25
ROBERTSON OVERBEY Account #2122M	\$976.25
ROBERTSON OVERBEY Account #2123M	\$400.00
ROBERTSON OVERBEY Account #2126M	\$1,071.25
ROBERTSON OVERBEY Account #9861M	\$4,741.99
USI CONSULTING GROUP Invoice #90007212	\$18,047.00
TOTAL FOR AUGUST 2015	\$44,292.24

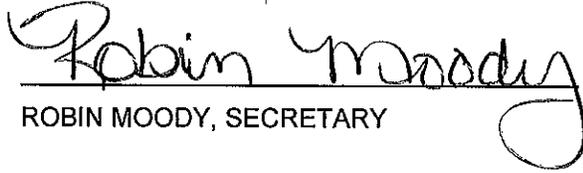
After review of the statement of accounts and invoices, a motion was made by Commissioner Brantley that the Board authorize the payment indicated above to be paid from the designated State Street funds. The motion was seconded by Mr. Caldwell and unanimously approved.

**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