

KNOX COUNTY RETIREMENT AND PENSION BOARD

MARCH 28, 2016

The Knox County Retirement and Pension Board met in regular session on Monday, March 28, 2016, at 1:00 P.M. in the County Commission Conference Room 640, City-County Building, Knoxville, Tennessee. Chairman Trott, presided and called the meeting to order.

The following members were present: Mr. Rick Trott, Chairman, Mr. Nick McBride, Vice Chairman, Commissioner Ed Brantley, Commissioner Sam McKenzie, Commissioner Jeff Ownby, Commissioner Bob Thomas, Ms. Ashley Huffaker, and Mr. Chris Caldwell, representing Mayor Tim Burchett. Also present at the meeting were: Mr. Bob Cross, USICG, Mr. William Mason and Mr. John Owings, Mrs. Stephanie Coleman, Mr. Cade Morgan, Legal Counsel, Mr. David Buuck, Knox County Chief Deputy Law Director, 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 February 22, 2016, was presented. A motion was made by Commissioner Ownby that the minutes be approved as presented. The motion was seconded by Commissioner Brantley and unanimously carried.

IN RE: APPLICATION FOR DISABILITY BENEFITS FOR WILLIAM B WEBB, JR, A PARTICIPANT IN THE EMPLOYEE DISABILITY BENEFIT PLAN.

The application for disability benefits for **WILLIAM B WEBB, JR**, employee of the Sheriff's Dept, and a participant in the Uniformed Officers Pension Plan, was presented. Mr. Webb has 22 years of credited service. Notification was received from UNUM dated March 24, 2016, recommending approval of a disability benefit for Mr. Webb.

After discussion, a motion was made by Commissioner Thomas to accept the recommendation of UNUM and approve the request of Mr. Webb 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 Commissioner McKenzie and unanimously approved.

IN RE: APPLICATION FOR RETIREMENT - UNIFORMED OFFICERS PENSION PLAN

The following applications for 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>
Carl S King	Sheriff	30 years	April 1, 2016
Joseph C Preston	Sheriff	25 years	April 1, 2016
Howard R Smith	Sheriff	25 years 1 month	April 1, 2016

After review, a motion was made by Commissioner Brantley 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 Ownby and unanimously approved.

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE ASSET ACCUMULATION 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 Asset Accumulation Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Ernest R Austin	Health	9 years	April 1, 2016
Larry G Crisp	PBA	10 years 8 months	April 1, 2016
Sam C Erexson	County Clerk	20 years 4 months	April 1, 2016
Sarah J Hall	Schools	20 years 2 months	April 1, 2016
Elizabeth J Moore	Schools	13 years 8 months	April 1, 2016
Virgil W Pike	EPW	6 years 9 months	April 1, 2016
Carolyn Y Sharp	Sessions Ct	8 years	April 1, 2016

After review, a motion was made by Commissioner Brantley to approve the applications for retirement under the Asset Accumulation 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 Ownby and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett reported the Retiree Luncheon will be April 5th at Rothchild's Catering and there are currently 700+ rsvps from retirees including guests.

Mrs. Bennett stated there is a letter going to the three disability retirees that have not yet completed their applications for Social Security disability benefits, requesting that they each sign (1) a third party release for Unum/Genex to assist the disability retiree with this process and (2) a HIPAA release permitting the retirement office to transfer medical records to Unum/Genex to help initiate the process.

Mrs. Bennett stated the Disability Committee currently is the only committee with four members and it seemed desirable to add an additional member. Chairman Trott requested Ms. Huffaker to serve on this committee and she agreed.

Mrs. Bennett reported that the Uniformed Officers Pension Plan Phase I retirement education seminars are complete. She also stated there are a few Phase I make-up classes and Phase II classes for County Asset Accumulation Plan participants, making a total of 15-20 classes that will occur in April, on and off site.

Mrs. Bennett stated Phase 3, Retirement Readiness, is in the development stage and would be offered on a voluntary rather than mandatory basis.

Mrs. Bennett reported the UNUM renewal proposal effective July 1, 2016 includes a fee increase of 25% for the 2 year contract, totaling \$60-70,000 per year to review disability cases and make recommendations to the Board. She stated this increase is included in the proposed fiscal year budget. The Board discussed options and alternatives; Mr. Cross commented that there are not comparable

entities competing with UNUM. He said the additional annual cost of insuring the benefit would be substantial.

Mrs. Bennett reported she had a conversation with Board Member, Ms. Moody, regarding questions from the Document Committee which met on Tuesday, March 22, 2016. Following are the questions and answers provided by Ms. Moody pertaining to the proposed amendments to the Plans:

- Regarding the questions of waiting 4 full calendar months to be eligible to return to work after termination and withdrawal – Ms. Moody agrees with extending the time from 90 days to 4 months to prevent less abuse.
- Regarding the question of whether or not to limit the eligibility for participation in the Asset Plan to employees working at least 30 hours per week on average (those working between 18.5 and 30 hours would not be eligible) – Ms. Moody stated she was not in favor of the limitation for Schools employees.
- Regarding the question of hardship withdrawals being allowed from the Asset Plan – Ms. Moody stated she would need more information and discussion before she could vote either way. (This is where we left this task with the Document Committee).

Mrs. Bennett stated Ms. Moody also plans on being at the April Board Meeting per their conversation.

IN RE: FISCAL YEAR BUDGET PRESENTATION

Mrs. Bennett presented the fiscal year 2017 budget for review by the Board Members. She stated the major decrease is salary and benefits for the full-time employee that was budgeted for but not hired last fiscal year. The Board members asked questions about various items in the proposal, including document scanning project, staffing, and space.

A motion was made by Mr. McBride to defer budget approval to the April board meeting so questions and items of discussion can be addressed with Mrs. Bennett. The motion was seconded by Commissioner Ownby and unanimously approved.

IN RE: CONSIDERATION OF INCOME AND MEDICAL REPORTS FOR 2015 FOR DISABILITY PARTICIPANTS AND DEPENDENT CHILDREN.

Mrs. Bennett reported the outstanding medical and dependent reports for Mr. Jimmy Frye and Ms. Patricia Williams were received in the Retirement office prior to the benefit cutoff date so no benefits were suspended.

IN RE: REPORT OF DOCUMENT COMMITTEE

Mr. Caldwell stated the Document Committee met on March 22, 2016 to discuss separation of the Asset Accumulation Plan and the 457 Deferred Compensation Plan, simplification of the distribution options under the Asset Accumulation Plan, STAR and the 457 Deferred Compensation Plan, and the requirement that participants who terminate employment and withdraw any part of their Asset Accumulation Plan, STAR, 457, or MERP account balances wait 4 full calendar months from date of distribution before being eligible for reemployment.

Following is the detailed Steering Document for System Distribution Amendments:

**Steering Document for
System Distribution Amendments**

The following bullet points summarize the proposed amendments to the System that the Document Committee recommends:

- Separate the Asset Plan from the 457 Plan
 - Applies to both active Participants and Retirees
 - Consistent with amendment to permit UOPP and STAR Officers, Knox County Public Officials and reemployed UOPP Retirees to participate in the 457 Plan
 - Permits Participants more flexibility in retirement by allowing them to defer distribution of one plan while taking a distribution from another
 - Distribution options, timing and election procedures under the 457 Plan would be the same as, but separate from, the Asset Plan or STAR
- Simplify distribution options under the Asset Plan, STAR and 457 Plan
 - Remove the following options: earnings only and adjusted life expectancy (3% interest assumed)
 - Remaining options: lump-sum (including modified lump-sum), rollover, fixed period installments (includes standard life expectancy) and fixed dollar installments
- Require participants who terminate employment and withdraw any part of their Asset Plan, STAR, 457, or MERP Account balances to wait 4 calendar months from date of distribution before being eligible for reemployment
 - Consistent with retirement rules on reemployment
 - Consistent with IRS guidance on bona fide termination
 - Exceptions:
 - Elected or appointed public officials (consistent with Retirement rules)
 - In unusual circumstances, upon petition of the Former Participant, the Board may grant exceptions where that is found to be in the best interest of the Employer based on circumstances beyond the control of the Former Participant
- Clarify that a vested terminnee may withdraw employee contributions to Asset Plan or STAR and leave employer money on deposit
 - This allows terminnees reemployed after 4 month break to continue Credited Service
 - MERP and 457 may be withdrawn with no effect on Credited Service
- Clean-up MERP provisions on time of distributions to reflect current practice
- Restate plans being amended to incorporate all previous amendments

Other items:

- Authorize Executive Director to execute frozen amended and restated Security Benefit 457 Plan

Mrs. Bennett stated there First Reading would be at the April Board Meeting and Second Reading at the May Board Meeting with an effective date of June 1, 2016.

After discussion Mr. Caldwell made a motion to accept the recommendations of the Document Committee and have legal counsel to prepare Amendments to encompass the discussed changes. The motion was seconded by Commissioner Ownby and unanimously approved.

IN RE: REPORT OF LEGAL COUNSEL

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

Mr. Owings introduced Mr. Cade Morgan, a new attorney with Robertson Overbey, who has a degree of Masters of Laws (LL.M.) in Taxation.

Mrs. Coleman reported that there had been discussions, review, and research regarding the participants of any Board Member that was on leave for an extended time. This discussion was prompted by Ms. Moody's situation.

IN RE: REPORT OF ACTUARY

Mr. Cross presented the preliminary Valuation projections of the County's contributions for fiscal year 2017 as follows:

- Defined Benefit Plan \$3,119,000
- Teachers Plan \$727,000
- Uniformed Officers Pension Plan \$4,100,000
- Employee Disability Plan \$462,000

IN RE: REPORT OF INVESTMENT COMMITTEE

Mr. McBride presented the rates of return as of February 28, 2016, from USI Consulting Group and Wilshire & Associates that were 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:

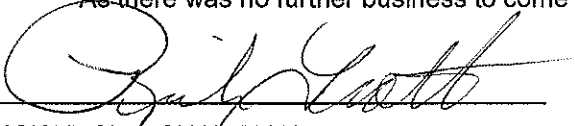
Invoices for March 2016

KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #196627	\$9,388.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #196629	\$172.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #196630	\$500.00
Robertson Overbey Account #9861M	\$428.30
USI CONSULTING GROUP Invoice #90009953	\$20,537.75
Invoices for March 2016	\$31,026.05

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 Commissioner Ownby and unanimously approved.

ADJOURNMENT

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



RICK TROTT, CHAIRMAN



NICK MCBRIDE, VICE CHAIRMAN