

KNOX COUNTY RETIREMENT AND PENSION BOARD

OCTOBER 24, 2016

The Knox County Retirement and Pension Board met in regular session on Monday, October 24, 2016, at 1:00 P.M. in the County Commission Conference Room 640, City-County Building, Knoxville, Tennessee. Vice Chairman McBride presided and called the meeting to order.

The following members were present: Mr. Nick McBride, Vice Chairman, Ms. Robin Moody, Secretary, Commissioner Ed Brantley, Commissioner Hugh Nystrom, Commissioner John Schoonmaker, Commissioner Bob Thomas, Mr. Chris Caldwell, representing Mayor Tim Burchett, and Ms. Ashley Huffaker. Also present at the meeting were: Mr. Bob Cross, Mrs. Carissa Dunaway, USICG, Mr. William Mason, Mr. John Owings, Mrs. Stephanie Coleman, Legal Counsel, Mr. David Buuck, Chief Deputy Law Director, Mr. Greg Gass, Knox County Sheriff's Office and Retirement staff, Mrs. Kim Bennett, Mrs. Terri Chase, and Mrs. Janet Rowan.

IN RE: APPROVAL OF MINUTES OF SEPTEMBER 22, 2016

Consideration of approval of the minutes of the previous meeting of September 22, 2016, was presented. A motion was made by Commissioner Brantley that the minutes be approved as presented. The motion was seconded by Commissioner Thomas and unanimously approved.

IN RE: REQUEST FROM GREG GASS, PARTICIPANT IN THE UOPP PLAN TO SPEAK TO THE BOARD

Mr. Gass, Sergeant and the Senior Pilot for the Sheriff's Office Aviation Unit, requested a review of the determination regarding exclusion from UOPP retirement benefit calculation of cash out of excess accumulated vacation. He asked the Board to make an exception in his circumstance, finding that all of his accumulated vacation time was pensionable. He explained his situation was unique as he is employed in a specialized unit and that he had been legitimately precluded over the years from taking earned vacation time on his particular shift due to staffing, including shortages caused by other pilots' military service leave. He stated, in some years, additional vacation was granted by the Mayor as compensation in lieu of raises, and this added to his issue. Mr. Gass stated he has 102 more vacation days than the limit of 73 that is considered pensionable and, based on his circumstances, asked the Board to make an exception for him.

Mr. Brantley asked about Mr. Gass's excess days' vacation and the excess accumulation caused by other officers' military leave. Mr. Gass addressed Mr. Brantley's and Ms. Moody's questions about the Aviation Unit's leave approval process. In response to Mr. Schoonmaker, Mr. Gass explained that, in the Aviation Unit, if there was no one to cover his shift, pilots on the other shift would have to come in on their days off, which caused a problem that the pilots saw in and of themselves with the integrity of the unit and the integrity of law enforcement coverage, which the pilots considered paramount. Mr. Thomas recognized Mr. Gass's answering the call of duty and asked that his request be considered with counsel and the finance director and consistent with the application of the rules to other officers. Mr. Nystrom asked in the deliberations to hear from Chair Rick Trott.

After discussion, Mr. McBride appointed a Committee to work with legal counsel and make a recommendation to the Board by its December meeting. The committee is as follows: Commissioner Nystrom, Chair, Commissioner Thomas and Mr. Caldwell.

IN RE: APPLICATION FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN

The application for disability benefits for **SHELIA K WEAVER**, employee of the Schools, and a participant in the Asset Accumulation Plan, was presented. Ms. Weaver has 5 years of credited service. Notification was received from UNUM dated September 23, 2016, recommending approval of a disability benefit for Ms. Weaver.

After discussion, a motion was made by Mr. Caldwell to accept the recommendation of UNUM to approve the request of Ms. Weaver for disability benefits as presented and to 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 Thomas and unanimously approved.

The application for disability benefits for **ROBERT E TINDELL**, employee of the Schools, was not voted on as he passed away October 20, 2016 still on active payroll.

IN RE: APPLICATION FOR RETIREMENT – DEFINED BENEFIT PLAN, LUMP SUM DISTRIBUTION 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>
Edith L Weldon	Schools	32 years 3 months	November 1, 2016

After review, a motion was made by Commissioner Thomas to approve the application for retirement under the Defined Benefit Plan as presented and to authorize the Trustee, State Street Bank, to make disposition of the benefits. The motion was seconded by Commissioner Nystrom 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>
William P. Ballard	Prop Assessor	10 years 1 month	November 1, 2016
Devy L Bellnier	Schools	7 years 9 months	November 1, 2016
John M. Brown	Commission	8 years	November 1, 2016
Judy G Burnett	Schools	27 years 2 months	November 1, 2016
Timothy DeBord	Sheriff	25 years 4 months	November 1, 2016
Dolores A. Higgins	Schools	19 years 1 month	November 1, 2016

Jerry L Housewright	Schools	20 years	November 1, 2016
Susan S Klemmer	Schools	5 years 10 months	November 1, 2016
Ann M Marks	Health	20 years 4 months	November 1, 2016
William E Pierce	EPW	22 years 11 months	November 1, 2016
Thelma Smith	Schools	11 years 5 months	November 1, 2016
Danny R Stewart	Sheriff	9 years 11 months	November 1, 2016
Sharon W Styles	County Clerk	9 years 4 months	November 1, 2016
Jasminka Zulovic	Schools	8 years 1 month	November 1, 2016

After review, a motion was made by Mr. Caldwell to approve the applications for retirement under the Asset Accumulation 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 Commissioner Thomas 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 retirement, for the following participant was presented for consideration:

Edith L Weldon

Mrs. Bennett stated retiree, Ms. Weldon, had been on disability and had elected a death benefit at the time; therefore she was eligible for a revised death benefit at normal retirement.

After review, a motion was made by Commissioner Brantley to approve the request as presented and provided by the Plan. The motion was seconded by Mr. Caldwell and unanimously carried.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Ms. Bennett reported active open enrollment meetings are beginning and the Retirement Office will attend as the life insurance is administered by the department.

She also stated the retiree mailing for open enrollment were mailed the week of October 17th. Ms. Bennett stated there is no offering of Medicare Advantage Plans to retirees over age 65; however there are currently 35 retirees on the active medical insurance. She stated the letters regarding dental insurance were mailed to all retirees.

Mrs. Bennett stated she had received an email from Knox County Schools regarding two meetings per year for certified employees and expanding these meetings to the classified employees. She is awaiting a call back from Scott Bolton, Knox County Schools Employee Benefits Director for more detailed information and how to proceed.

Ms. Bennett reported the following statistics for the **Loan Program**:

Asset Accumulation Plan

Total number of loans September 1-October 21, 2016	131 (which is 10.8% of eligible participants)
Total number of participants eligible for loans	1,216

Percentage of loans processed	6.7%
Number of Loans at Maximum Amount	71 or 54%
Number of Loans for Maximum Time	117 or 89%
Average Loan Balance	\$18,343

STAR – No participants eligible for loans.

Ms. Bennett reported the statistics for the Defined Contribution Plans as follows:

Distributions processed in September	91
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IN RE: REPORT OF INVESTMENT COMMITTEE

Mr. McBride presented the rates of return for the Defined Contribution Plans as of August 31, 2016, from USI that were distributed to the Board Members.

Mr. McBride stated the Investment Committee meets on Tuesday, November 15th at 1:00 p.m. He stated the Committee would be interviewing replacement for Adelante (REIT manager) as they are not performing and need to be replaced. Mr. McBride along with Kim Bennett and David Lindberg at Wilshire Associates have discussed possibilities of active or passive managers. He stated CenterSquare will be interviewed at the meeting as an active manager and David Lindberg will present the passive managers, Duff & Phelps and SSGA. Mr. McBride stated Wilshire did get rates reduced from 20 to 10 basis points.

Mr. McBride reported Nationwide will be at the November Investment Committee meeting to discuss Fixed Account per the request of Mr. Mason, Legal Counsel.

IN RE: REPORT OF LEGAL COUNSEL

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

Mr. Owings stated Robertson Overbey would recuse itself from the matter concerning review of Mr. Gass' request concerning pensionability of his vacation because Robertson Overbey had served as prior legal counsel to Mr. Gass. Mr. Mason stated his firm would provide an attorney for litigation if necessary.

Mrs. Coleman stated their office received an improperly addressed and marked subpoena for information for an employee of the Sheriff's Department in the context of a divorce action, but the claim was settled out of court negating the subpoena. Mrs. Coleman also stated she spoke with the attorney regarding the improperly directed subpoena.

IN RE: REPORT OF ACTUARY

Mr. Cross stated the Trustee for the Defined Contribution Plans will be changing effective January 1, 2017. He stated detailed information will be presented to the Board at the November meeting.

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 October 2016	Fiscal YTD Approved Invoices 9/30/2016	October Invoice For Approval	Fiscal YTD Approved Invoices 10/31/2016
BENXL Invoice #	\$30,400.00	\$0.00	\$30,400.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # 199232		\$500.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # 199231		\$88.50	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # 199229		\$8,544.00	
***Total Kennerly Montgomery	\$29,099.00	\$9,132.50	\$38,231.50
ROBERTSON, OVERBEY ***	\$0.00		\$0.00
USI CONSULTING GROUP Invoice # 90012766		\$6,036.25	
USI CONSULTING GROUP Invoice # 90012988		\$37,215.64	
Total USI Consulting	\$121,398.25	\$43,251.89	\$164,650.14
Invoices through October 2016	\$180,897.25	\$52,384.39	\$233,281.64

***** Retainer not included in approved billings
for the Board**

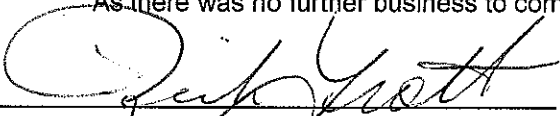
			Fiscal YTD
Robertson, Overbey Retainer	\$4,000 per month	\$	16,000.00
Kennerly Montgomery Retainer	\$5,000 per month	\$	20,000.00

After review of the statement of accounts and invoices, 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 Schoonmaker and unanimously approved.


Mr. McBride appointed a Committee to review the legal fees which consisted of the following: Commissioner Schoonmaker, Chairman, Commissioner Brantley and Ms. Moody.

ADJOURNMENT

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



RICK TROTT, CHAIRMAN



ROBIN MOODY, SECRETARY