

KNOX COUNTY RETIREMENT AND PENSION BOARD

JUNE 26, 2017

The Knox County Retirement and Pension Board met in regular session on Monday, June 26, 2017, at 1:30 P.M. in the County Commission Conference Room 640, City-County Building, Knoxville, Tennessee. Chairman Brantley presided and called the meeting to order.

The following members were present: Commissioner Ed Brantley, Chairman, Mr. Chris Caldwell, Proxy for Mayor Burchett, Vice Chairman, Commissioner Hugh Nystrom, Secretary, Commissioner John Schoonmaker, Ms. Tracy Foster, Mrs. Jennifer Hemmelgarn, Ms. Robin Moody and Mr. Zack Webb. Also present at the meeting were: Mr. Bob Cross, Mrs. Carissa Dunaway, USI Consulting Group, Mrs. Ashley Trotto, Mr. John Owings, Mrs. Stephanie Coleman, Legal Counsel, Mr. Bud Armstrong, Law Director, Mr. David Buuck, Chief Deputy Law Director, Mr. David Wigler, Sr. Deputy Law Director, Mr. Wayne Sellers, Nationwide, and Retirement staff, Mrs. Kim Bennett, Mrs. Terri Chase and Mrs. Janet Rowan. Mr. William Mason participated in the meeting via conference call.

IN RE: AMENDMENTS TO THE AGENDA

Mrs. Bennett stated the agenda was amended to add a request from Board Member, Zack Webb, to consider changes to the Medical Expense Retirement Plan. Chairman Brantley stated after discussion, this item is being withdrawn and will be sent to the Investment Committee for initial review.

A motion was made by Commissioner Nystrom to accept the amended agenda. The motion was seconded by Commissioner Schoonmaker and unanimously approved.

IN RE: APPROVAL OF MINUTES OF MAY 22, 2017

Secretary Nystrom presented the minutes of the prior meeting of May 22, 2017, stated he had personally reviewed them, and submitted them to the Board for approval. A motion was made by Mr. Caldwell that the minutes be approved as presented. The motion was seconded by Commissioner Schoonmaker and unanimously approved.

IN RE: APPLICATION FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN

The application for disability benefits for **JENNIFER F BEASLEY**, employee of the Library, and a participant in the Asset Accumulation Plan, was presented. Ms. Beasley has 6 years 8 months of credited service. Notification was received from UNUM dated June 15, 2017, recommending approval of a disability benefit for Ms. Beasley.

After discussion, a motion was made by Mr. Caldwell to accept the recommendation of UNUM to approve the request of Ms. Beasley for disability benefits. The motion was seconded by Ms. Hemmelgarn 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>
Matthew Baird	Sheriff	30 years	July 1, 2017
William C Bryant Jr	Sheriff	28 years 6 months	July 1, 2017

Kimberly D Clabough	Sheriff	26 years 1 month	July 1, 2017
Thomas E Cox	Sheriff	29 years 3 months	July 1, 2017
Robert M Craig	Sheriff	30 years	July 1, 2017
Rick Drysdale	Sheriff	30 years	July 1, 2017
Darrell S Evans	Sheriff	30 years	July 1, 2017
Mark Q Harvey	Sheriff	30 years	July 1, 2017
Timothy A Heck	Sheriff	30 years	July 1, 2017
Douglas K Hester	Sheriff	30 years	July 1, 2017
Toby J Keiser	Sheriff	27 years 9 months	July 1, 2017
Paul R Kidd	Sheriff	30 years	July 1, 2017
Benny L Morrison Jr	Sheriff	29 years 11 months	July 1, 2017
<i>Robert F Phillips</i>	<i>Sheriff</i>	<i>21 years 10 months</i>	<i>July 1, 2017</i>
Michael E Reyda	Sheriff	29 years 3 months	July 1, 2017
Roberta D Roberts	Sheriff	30 years	July 1, 2017
Howard L Starkey	Sheriff	30 years	July 1, 2017
Benita J Thompson	Sheriff	30 years	July 1, 2017
Colin A West	Sheriff	30 years	July 1, 2017
John W Wilson	Sheriff	29 years 2 months	July 1, 2017

****Retiree names listed in italics – no bold - are NOT a part of the
Voluntary Work Reduction Plan****

After review, a motion was made by Mr. Caldwell 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 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>
Wanda S Abbott	IT	16 years 3 months	July 1, 2017
Dempsey Andes	Health	22 years 10 months	July 1, 2017
Steven W Armstrong	EPW	31 years 10 months	July 1, 2017
Mary S Baker	Juvenile Services	23 years 8 months	July 1, 2017
Linda Barber	Register of Deeds	41 years 11 months	July 1, 2017
Richard J Beeler	Register of Deeds	30 years 9 months	July 1, 2017
<i>Dona B Bean</i>	<i>Schools</i>	<i>18 years 5 months</i>	<i>July 1, 2017</i>
Richard A Bennett	Community Svcs	27 years 10 months	July 1, 2017
Tamela L Bieber	County Clerk	26 years 6 months	July 1, 2017
Deborah D Bishop	County Clerk	15 years 6 months	July 1, 2017

William G Blackman	EPW	18 years	2 months	July 1, 2017
Jolie Bonavita	County Commission	18 years	2 months	July 1, 2017
Roy C Braden, Jr	EPW	29 years	11 months	July 1, 2017
Rebecca P Browning	Trustee	20 years	10 months	July 1, 2017
Robert A Cadorette	Health	18 years	1 month	July 1, 2017
Rebecca D Carpenter	Community Svcs	43 years	9 months	July 1, 2017
Patricia A Carson	Human Resources	25 years	5 months	July 1, 2017
Johnny M Chamberlain	Trustee	25 years	3 months	July 1, 2017
David A Chandler	Trustee	30 years	5 months	July 1, 2017
Larry G Clark	Sheriff	19 years	5 months	July 1, 2017
Bernice C Cox	Health	20 years		July 1, 2017
Rebecca M Cox	Criminal Court	42 years	11 months	July 1, 2017
Susan E Crabtree	Law	21 years	6 months	July 1, 2017
Sharon K Cramer	County Clerk	18 years	4 months	July 1, 2017
Katherine J Damell	Animal Welfare	8 years	2 months	July 1, 2017
Marsha Davis	Schools	37 years	5 months	July 1, 2017
Donna C Day	Health	18 years		July 1, 2017
Frank H Disney Jr	Sheriff	20 years	9 months	July 1, 2017
Patrick H Findley	Health	38 years	11 months	July 1, 2017
Edna Fraker	Register of Deeds	21 years	3 months	July 1, 2017
Barbara G Grass	Health	29 years		July 1, 2017
Kaye E Heatherly	EPW	36 years	2 months	July 1, 2017
Lillian L Henderson	Sessions Court	33 years	6 months	July 1, 2017
Jerry A Hopson	EPW	29 years	3 months	July 1, 2017
Cynthia S Hudson	Health	30 years		July 1, 2017
Albert A Iannacone	Health	13 years	4 months	July 1, 2017
Deborah E Lawson	Health	20 years	1 month	July 1, 2017
Pamela R Leach	Schools	8 years	10 months	July 1, 2017
Christy J Liebold	Health	29 years	6 months	July 1, 2017
Jack D Moyers	Sheriff	21 years	9 months	July 1, 2017
James L Owen	Trustee	27 years	1 month	July 1, 2017
Patricia A Reynolds	Criminal Court	20 years	2 months	July 1, 2017
Loretta E Roach	Chancery Court	21 years	10 months	July 1, 2017
Fayette L Schofield	Health	25 years	8 months	July 1, 2017
Deborah L See	EPW	43 years	6 months	July 1, 2017
Linda L Siddell	Community Svcs	24 years	9 months	July 1, 2017
Johnnie E Simpson	Criminal Court	22 years	3 months	July 1, 2017
Terry L Smith	Parks & Rec	15 years	11 months	July 1, 2017
Linda C Wallace	Criminal Court	26 years	1 month	July 1, 2017
Patricia Watts	Chancery Court	42 years	2 months	July 1, 2017
Rose M Webber	Health	20 years	7 months	July 1, 2017
Freda K Wiggs-Kirby	Judges	17 years		July 1, 2017
Thomas E Witt	IT	42 years		July 1, 2017
Deborah J Worley	Schools	24 years	9 months	July 1, 2017

*****Retiree names listed in italics – no bold - are NOT a part of the
Voluntary Work Reduction Plan*****

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 Nystrom and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

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

Asset Accumulation Plan

Total number of loans – as of June 20, 2017	208
Approximate number of participants eligible for loans	1,126
Percentage of Participants with loans processed	18.47%
Total value of all loans as of June 20, 2017	\$3,134,766.54
Average Loan Balance	\$15,071

STAR – No participants eligible for loans.

Mrs. Bennett stated there were 4 loans processed in the last month.

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

Distributions processed May through June 21st	95
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Ms. Foster gave an overview of the National Conference on Public Employee Retirement Systems (NCPERS) and the Trustee Educational Seminar (TEDS) she attended. She stated the conference was very organized and detail oriented; also an excellent resource and would recommend that other Board members attend if the opportunity arises.

Mrs. Bennett stated that Schools recently rehired a retiree before the 4 month break in service from date of distribution requirement had been satisfied. She stated that she will be sending a letter to Mr. Scott Bolton, KCS Employee Benefits Director, advising if the rules are not followed, it could disqualify the retirement plan.

Mrs. Bennett stated an employee of Knox County Schools who was reclassified from the Asset Accumulation Plan to the Tennessee Consolidated Retirement System sent a letter to the Pension Board regarding the reclassification. She stated she forwarded the letter to Scott Bolton, Knox County Schools to address with the employee.

IN RE: FISCAL YEAR 2018 BUDGET PRESENTATION

Mrs. Bennett presented the fiscal year 2018 budget for the Board Members. She stated the budget reflects an estimate for compensation and associated expenses. Mrs. Bennett stated she has listened and reviewed the workflow study presented by Pugh & Company and suggested that the following areas are to be addressed:

- Compensation
- New Structure
- Increase in Staff

- Participation by management staff in outside resources
- Checks and balances performed in the office

Mrs. Bennett stated she reviewed the above findings with Mr. Caldwell and Chairman Brantley. She stated the budget may be a little high due to additional legal fees for lawsuits, i.e. Gass. She stated by approving the budget that would allow both attorneys to be on retainer and legal cost for lawsuits would be outside the retainer. She stated these are the legal agreements that were proposed in March and that she would treat approval of the budget as approval of those retainer arrangements.

Commissioner Nystrom requested clarification on the increase in contracts with other agencies. Mrs. Bennett stated that increase is due to growth of assets – USI's fee is based on percentage of assets. Also there is a Unum increase and an increase in fiduciary insurance premium for the Board members.

Commissioner Schoonmaker asked how many full time employees were in the Retirement Office for fiscal year 2017. Mrs. Bennett stated there were 7 employees in fiscal year 2017 and for fiscal year 2018 there would be 9 employees in a perfect world.

Ms. Moody questioned the space costs. Mrs. Bennett stated she has had preliminary discussions with Chairman Brantley, Mr. Caldwell and Public Building Authority and there may be potential changes for the longer term (6-9 months). She stated currently the office will use the conference room as an office.

Chairman Brantley stated he is comfortable with the increase in employees and the transition of legal counsel.

Mr. Caldwell stated the staffing recommendations from Pugh & Co regarding the DC and DB Plans will allow the administrative office to function more efficiently and respond better to participant questions and needs.

After review and discussion, a motion was made by Mr. Caldwell to accept the budget as presented. The motion was seconded by Commissioner Nystrom and unanimously approved.

IN RE: RFQ REPORT

Mr. Caldwell stated the Request for Qualifications (RFQ) for Consulting Services of the Defined Benefit Plans was posted in the Knoxville News Sentinel June 2nd, 2017. He advised that if Board members are contacted directly by any of the bidding vendors, to advise Procurement. Mr. Caldwell stated only Procurement should have contact with them. Mr. Caldwell stated the deadline to return bids is July 28th, 2017.

IN RE: REPORT OF DISABILITY COMMITTEE

Mrs. Bennett stated the Disability Committee met on Friday, May 26th at 10:00 a.m and voted to visit three (3) prospective service providers for disability determinations in Texas and South Carolina the week of August 7th. She stated anyone on the Committee that would like to attend, please contact her.

IN RE: ELECTION COMMITTEE

Mrs. Bennett stated there will be an election in August for the completion of Ms. Moody's term which ends in February 2019. She stated Mr. Caldwell will be Chairman of the Election Committee. Mrs. Bennett stated she will get four other representatives, two from Schools and two from County, to serve on the Committee. She advised she will be in contact with the Information Technology Department at Schools

to set up the election to be held electronically as in the past. She stated the new employee representative will be sworn in at the August Board Meeting.

IN RE: REPORT OF INVESTMENT COMMITTEE

Mr. Caldwell presented the rates of return for the Defined Contribution Plans as of May 31, 2017, from USI that were distributed to the Board Members. Mrs. Bennett stated the Defined Benefit Plan rates of return will be emailed upon receipt from Wilshire & Associates.

Mr. Caldwell reported Chicago Equity funds were moved to Prudential Core Fixed Income June 12, 2017.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Armstrong stated they have prepared a motion for the Gregory Gass vs. Knox County Retirement & Pension Board complaint; however, opposing party amended the petition which took three (3) weeks to receive. He advised the Law Department will be meeting with the opposing party's attorneys on Tuesday, June 27. Mr. Armstrong stated they may have resolution before they file a motion to dismiss.

Mrs. Coleman stated Legislature passed changes to the Open Records Act requiring revisions to our policy such as establishment of a Public Records Request Coordinator and certain elements within a written policy. Counsel has drafted a resolution adopting a new policy in compliance with the new law. Following is the resolution:

**A RESOLUTION ADOPTING A PUBLIC
RECORDS POLICY THAT COMPLIES WITH
TENN. CODE ANN. § 10-7-503**

WHEREAS, pursuant to Tennessee Code Annotated § 10-7-503(g), every governmental entity subject to the Tennessee Public Records Act ("TPRA") (Tenn. Code Ann. § 10-7-501, et seq.), must establish a written public records policy properly adopted by the appropriate governing authority by July 1, 2017; and

WHEREAS, the policy adopted shall not impose requirements on those requesting records that are more burdensome than state law; and

WHEREAS, the Board of Commissioners of the Knox County Retirement and Pension Board (hereinafter "KCRPB") desires to comply with the recent change in state law as it pertains to records management.

NOW THEREFORE, BE IT RESOLVED, by the Board of Commissioners of KCRPB that the Public Records Policy for KCRPB, attached hereto as Exhibit A, is hereby adopted to provide economical and efficient access to public records under the TPRA.

1. The policy attached hereto as Exhibit A is hereby adopted as the Public Records Policy for KCRPB;

2. The public records request form attached hereto as Exhibit B is hereby adopted as the Public Records Request Form for KCRPB;

3. The public records response form attached hereto as Exhibit C is hereby adopted as the Public Records Response Form for KCRPB;

4. The public records estimate form attached hereto as Exhibit D is hereby adopted as the Public Records Request Cost Estimate for the KCRPB;

5. Any resolutions, policies, or parts thereof in conflict with the provisions of this resolution are hereby repealed to the extent of such conflict only as pertaining to the subject matter of this resolution;

6. If any part of this resolution is invalid, all valid parts are severable from the invalid part remain in effect; and

7. This resolution shall become effective upon passage, the public welfare requiring it.

IN WITNESS WHEREOF, the Board of Commissioners of the Knox County Retirement and Pension Board has caused this resolution be executed in the name of the KCRPB by the manual or electronic signature of the Chairman and countersigned and attested by the manual or electronic signature of the Secretary with the Seal of KCRPB affixed hereto or imprinted hereon.

Dated this ___ day of June, 2017.

Ed Brantley, Chairman

ATTEST:

(SEAL)

Hugh Nystrom, Secretary

After discussion, Commissioner Nystrom made a motion to approve the resolution adopting a public records policy that complies with Tennessee Code. The motion was seconded by Ms. Foster and unanimously approved.

IN RE: REPORT OF ACTUARY

Mr. Cross stated USI Consulting Group is in the process of completing experience studies of the Plans as required by the Documents and the State of Tennessee. He stated this information will be presented at the July Board 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 and approval of payment, in accordance with agreements and audited and recommended for payment by Mrs. Bennett:

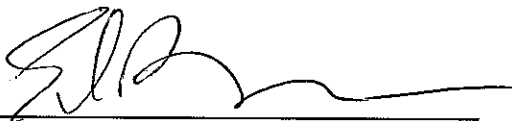
Invoices for JUNE 2017	Fiscal YTD Approved Invoices 05/31/2017	June Invoice For Approval	Fiscal YTD Approved Invoices 06/30/2017
BENXL			
Invoice # 102895		\$10,800.00	
TOTAL BENXL	\$39,600.00	\$10,800.00	\$50,400.00
KENNERLY, MONTGOMERY & FINLEY, P.C.			
Invoice # 202268		\$18,731.50	

KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # 202270		\$2,394.50	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # 202271		\$59.00	
***TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$111,457.00	\$21,185.00	\$132,642.00
ROBERTSON, OVERBEY Invoice #061417-9897M		\$2,419.25	\$6,476.50
*** TOTAL ROBERTSON, OVERBEY	\$6,476.50	\$2,419.25	\$8,895.75
USI CONSULTING GROUP Invoice # 1000298		\$44,318.00	
*TOTAL USI CONSULTING GROUP	\$438,656.15	\$44,318.00	\$482,974.15
Invoices for JUNE 2017	\$596,189.65	\$78,722.25	\$674,911.90
*** Retainer not included in approved billings for the Board			Fiscal YTD
Robertson, Overbey Retainer	\$4,000 per month		\$48,000
Kennerly Montgomery Retainer	\$5,000 per month		\$60,000
Fees Received from QDRO Participants	\$500 (DC Fee)		\$2,500
	\$2,000 (DB Fee)		\$2,000

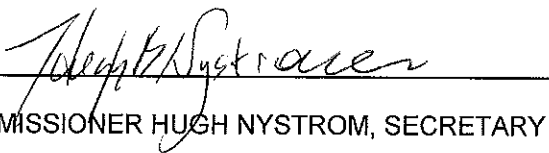
After review of the statement of accounts and invoices, a motion was made by Mr. Webb that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Nystrom and unanimously approved.

ADJOURNMENT

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



COMMISSIONER ED BRANTLEY, CHAIRMAN



COMMISSIONER HUGH NYSTROM, SECRETARY