

**KNOX COUNTY RETIREMENT AND PENSION BOARD**

**DECEMBER 18, 2017**

The Knox County Retirement and Pension Board met in regular session on Monday, December 18, 2017, at 1:30 P.M. in the County Commission Conference Room 640, City-County Building, Knoxville, Tennessee.

The following members were present: Mr. Chris Caldwell, Proxy for Mayor Burchett, Chairman, Commissioner Hugh Nystrom, Vice Chairman, Ms. Tracy Foster, Secretary, Commissioner John Schoonmaker, Commissioner Bob Thomas, Ms. Jennifer Hemmelgarn, Mr. Garrett Raiden and Mr. Zack Webb (Commissioner Ed Brantley was absent)

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross, Ms. Carissa Dunaway

Legal Counsel: Mr. John Owings, Ms. Stephanie Coleman, Mr. Bill Mason, Ms. Ashley Trotto

Law Director's Office: Mr. Bud Armstrong, Mr. David Wigler

Attorney: Mr. Keith Burroughs, Mr. John Lucas

Retirement Staff: Ms. Kim Bennett, Ms. Savannah Russell, Ms. Mitzi Stooksbury, Ms. Terri Chase

Court Reporter: Ms. Dana Holloway

Sheriff's Office: Ms. Lisa Jarrell, Ms. Krystal Gibson, Mr. Terry Wilshire

IT Department: Mr. Richard Moran

Knox County: Mr. Mike Ruble

**IN RE: CALL TO ORDER**

Chairman Caldwell presided and called the meeting to order.

**IN RE: AMENDMENTS TO AGENDA**

Mr. Mason asked to address the Board. There were no other amendments to the agenda.

**IN RE: APPROVAL OF MINUTES OF November 20, 2017**

Chairman Caldwell presented the minutes of the prior meeting of November 20, 2017. Ms. Foster made a motion to approve the minutes as presented. The motion was seconded by Mr. Zack Webb and unanimously approved.

Mr. Bill Mason introduced his legal counsel, Mr. John Lucas and referenced the email he sent to the Board members prior to the meeting regarding the lawsuit filed against him over the Sgt. Gass and salary vs. compensation matters, in which the Law Director has attempted to name the Board as a voluntary or involuntary plaintiff. He also referenced the lawsuit recently filed by Knox County against the Board. He stated that he has retained Mr. Lucas as independent legal counsel in these circumstances to advise on his responsibilities to the Board and that he will continue to seek and follow such advice while the suit against him is pending. He stated that in the absence of other direction from the Board, given the current posture of that suit and the Board's prior consent and outstanding assignments to him, consistent with the applicable attorneys' Rules of Professional Conduct, he believes he can continue to advise the Board on

matters unrelated to Sgt. Gass or the authorization and interpretation of the "Compensation" or leave cash-out provisions of UOPP. He asked if the Board had any questions. There being no questions or discussion, the Board continued with its agenda.

**IN RE: NOTICE OF APPEAL OF DISABILITY DENIAL – EMPLOYEE DISABILITY PLAN**

- **HOSEA D. SKINNER**, employee of Trustee’s Office, 16 years 1 month of credited service. Ms. Kim Bennett will be sending notice of the appeal to UNUM along with any additional documentation that Mr. Skinner provides.

**IN RE: 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 Asset Accumulation Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Lynne Bowlby	Schools	13 years 9 months	January 1, 2018
James French	Schools	16 years	January 1, 2018
Irvin Hines	Schools	23 years 2 months	January 1, 2018
Kenneth Jones	Schools	24 years 4 months	January 1, 2018
Terri Kaiser	Schools	7 years 11 months	January 1, 2018
Lisa McNeal	Sheriff	5 years 2 months	January 1, 2018
Kenneth Norris	Schools	24 years 9 months	January 1, 2018
Darrell Shepard	PBA	29 years 11 months	January 1, 2018
Judy Sherwood	Schools	20 years 1 month	January 1, 2018
Jerry Swope	Sheriff	12 years 4 months	January 1, 2018
Kaye Winston	Juvenile	20 years 8 months	January 1, 2018

A motion was made by Ms. Jennifer Hemmelgarn 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 Ms. Foster and unanimously approved.

**IN RE: REPORT OF EXECUTIVE DIRECTOR**

Ms. Bennett reported on the following items:

- **Audit FY17 to Board in January 2018** – Still waiting for a draft report.
- **Minimum Required Distributions** – Any participant over age 70 ½ in 2017 have been sent letters to process their required distribution.

- **MERP Communication has been sent** – In December, an email was sent to all active County and School employees along with a postcard mailing to every participant with a MERP account notifying them that effective January 1, 2018, MERP is a participant-directed plan.

#### **IN RE: DISABILITY COMMITTEE REPORT**

Commissioner Thomas reported that the disability committee met to consider the Reed Group as an alternative to UNUM for disability claims adjudication services. He reported that it was the disability committee's recommendation, by majority vote, to transition from UNUM to Reed Group. Factors for this change included: increased return to work services, fifteen percent (15%) increase in UNUM's price, UNUM proposing a one year contract instead of two, UNUM's reluctance to host a visit to its facilities, and the difference in services that the two companies provide. Commissioner Thomas noted that the transition will take approximately six months. After some discussion, a motion was made by Commissioner Nystrom to pursue a contract with Reed Group. The motion was seconded by Secretary Foster and unanimously approved.

#### **IN RE: REPORT OF INVESTMENT COMMITTEE**

Chairman Caldwell presented the rates of return for the Defined Contribution Plans as of November 30, 2017, from USI that were distributed to the Board Members. Ms. Bennett described the process of evaluating the bids for defined benefit plan investment advisory services. The top two bids were interviewed and the investment committee recommended a contract with USI. Ms. Bennett stated that the change will be a significant savings and that a notice will be going to Wilshire informing it that the Board will no longer require their services.

A motion was made by Commissioner Schoonmaker to pursue a contract with USI. The motion was seconded by Mr. Webb and unanimously approved.

Chairman Caldwell requested information on the transition from Wilshire to USI. Mr. Bob Cross stated that a preliminary meeting with the investment committee in early January would be helpful to discuss the transition in more detail.

#### **IN RE: REPORT OF LEGAL COUNSEL**

Mr. John Owings reported that two lawsuits related to the Board have been filed: (1) Knox County Law Director for Knox County, TN against Mr. Bill Mason and his firm filed on November 20, 2017. In this suit, the Knox County Retirement Board is listed as voluntary or involuntary plaintiff. (2) A declaratory judgment action filed by Knox County, Tennessee, against the Board concerning the method and manner of calculating the voluntary leave cash out. Mr. Owings then invited Mr. John Lucas to speak.

Mr. John Lucas stated that he is representing Mr. Bill Mason in the forty million dollar lawsuit that the county law director filed against him and his firm. Mr. Lucas discussed three key points on the legal matter against Mr. Mason: (1) The Knox County Law Director has a conflict of interest. (2) The Knox County Law Director's complaint contains a highly misleading omission, in purporting to quote the Uniformed Officers Pension Plan Document. (3) The decision the Knox County Law Director is asking the Board to

make is not just a procedural decision, but is one to terminate Mr. Mason as Board counsel and tantamount to the Board filing a forty million dollar lawsuit against him.

Mr. John Owings presented a proposed resolution to the Board Regarding both lawsuits. The Resolution generally stated that the Board retains Owings, Wilson, & Coleman to represent it, waives any potential or alleged conflict of Mr. Owings, and the Board declines to be a party in the Knox County Circuit case against attorney Mr. William Mason. A motion was made by Mr. Zack Webb to adopt the resolution read by Mr. Owings. The motion was seconded by Ms. Foster. Discussion opened with Commissioner Thomas stating the matter needed to be settled in court in order to consider the citizens and that he is unable to support the resolution due to Mr. Owings' son's participation in the plan. Commissioner Schoonmaker agreed. Commissioner Nystrom suggested an executive session about the resolution and counsel. Mr. John Lucas stated that adopting the Law Director's resolution would mean Mr. Mason could no longer represent the board in any capacity. A substitute motion was made by Commissioner Schoonmaker to schedule an executive session to further discuss the resolution. The motion was seconded by Commissioner Thomas and was unanimously approved. Chairman Caldwell clarified that Mr. Owings would act as the Board's counsel at the executive session.

Mr. Mason had no report.

**IN RE: PROPOSED RESOLUTION FROM THE KNOX COUNTY LAW DIRECTOR**

Mr. Bud Armstrong presented a proposed resolution concerning the Board's action in the first lawsuit. Following discussion, Mr. Armstrong asked to defer his item to the next meeting. Commissioner Thomas made a motion to defer the item. Commissioner Schoonmaker seconded the motion. A rollcall vote was taken and resulted in a tie vote, 4 to 4. Chairman Caldwell, Commissioner Schoonmaker, Commissioner Nystrom and Commissioner Thomas voted yes. Ms. Foster, Ms. Hemmelarn, Mr. Webb and Mr. Raiden voted no. Mr. Owings stated the motion failed due to lack of majority vote. Mr. Armstrong then withdrew his proposed resolution entirely.

**IN RE: REPORT OF ACTUARY**

Mr. Cross had no report.

**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:

Invoices for DECEMBER 2017	Fiscal YTD Approved Invoices 11/30/2017	NOV Invoice For Approval	Fiscal YTD Approved Invoices 12/31/2017
BENXL Invoice #		\$0.00	
<b>TOTAL BENXL</b>	\$25,800.00	\$0.00	\$25,800.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #204654 - QDRO*		\$500.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #		\$0.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #		\$0.00	
<b>***TOTAL KENNERLY, MONTGOMERY &amp; FINLEY, P.C.</b>	\$500.00	\$500.00	\$1,000.00
Owings, Wilson & Coleman Invoice # 9909M - 11/30/2017		\$7,706.25	
<b>*** TOTAL OWINGS, WILSON &amp; COLEMAN</b>	\$0.00	\$7,706.25	\$7,706.25
JUSTICE, NOEL & BURKS Invoice # 200-713 Dec 2017		\$17,310.00	
<b>TOTAL JUSTICE, NOEL &amp; BURKS</b>	\$0.00	\$17,310.00	\$17,310.00
USI CONSULTING GROUP Invoice # 90018564		\$15,418.25	
USI CONSULTING GROUP Invoice #		\$0.00	
<b>TOTAL USI CONSULTING GROUP</b>	\$201,065.80	\$15,418.25	\$216,484.05
<b>Invoices for DECEMBER 2017</b>	<b>\$227,365.80</b>	<b>\$40,934.50</b>	<b>\$268,300.30</b>
<b>*** Retainer not included in approved billings for the Board</b>			<b>Fiscal YTD</b>
Owings, Wilson & Coleman Retainer	\$4,000 per month		\$24,000
Kennerly Montgomery Retainer	\$12,000 per month		\$72,000
Court Reporter			\$1,976
Fees Received from QDRO Participants	\$500 (DC Fee) \$2,000 (DB Fee)		\$1,000 \$0
*QDRO fee is Paid to Retirement Office which off sets the legal fee			

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 Ms. Hemmelgarn and unanimously approved.

#### ADJOURNMENT

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

*Thygh Nyghrons*  
*for*

MAYOR TIM BURCHETT, CHAIRMAN  
BY PROXY, CHRIS CALDWELL

*Tracy Foster*

MS. TRACY FOSTER, SECRETARY