

KNOX COUNTY RETIREMENT AND PENSION BOARD

July 23, 2018

The Knox County Retirement and Pension Board met in regular session on Monday, July 23, 2018, at 1:30 P.M. in the Large Assembly Room, City-County Building, Knoxville, Tennessee.

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

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross, Mr. Adam Davies and Ms. Brenda Fiddler

Legal Counsel: Mr. Bill Mason, Ms. Ashley Trotto, Mr. Charles Burks and John Owings

Attorneys: Ms. Mary Ann Stackhouse, Mr. Keith Burroughs and Mr. David Wigler

Retirement Staff: Ms. Kim Bennett, Ms. Jennifer Schroeder, Ms. Terri Chase, Mr. Zack Cole, and Ms. Mitzi Stooksbury

Others in attendance: Mr. Wayne Sellers, Nationwide, Commissioner Charles Busler, Tom Spangler, Sheriff Elect, Nick McBride, Register of Deeds Office, Khrysta Baig, Benefits Office, and members of the public

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Ms. Bennett stated the receipt of Mr. Burroughs' objection to the retirement of the UOPP applicant.

IN RE: APPROVAL OF MINUTES OF JUNE 25, 2018

Chairman Caldwell presented the minutes for June 25, 2018. Ms. Bennett reported that the minutes had been revised and were distributed last week. Commissioner Nystrom made a motion to approve the minutes for June 25, 2018. The motion was seconded by Ms. Foster and unanimously approved.

IN RE: REQUEST OF SHERIFF ELECT TOM SPANGLER TO SPEAK TO BOARD ABOUT PENSION

Chairman Caldwell introduced Mr. Tom Spangler, Sheriff Elect, to address the Board. Mr. Spangler confirmed a campaign promise by stating he did not want to receive more than the sheriff's salary and the state requires him to take the full salary. Accordingly, Mr. Spangler requested that the Board agree to suspend his UOPP pension benefit while in office as sheriff.

Commissioner Nystrom asked legal counsel of the proper motion to accept Sheriff Elect Spangler's proposal. Mr. Mason replied the proper motion would be to allow Mr. Spangler to voluntarily and revocably waive his monthly UOPP benefit during the period of time he serves as Sheriff. He stated that the waiver can be voluntarily revoked by him at any time. Mr. Mason said in this case, since Mr. Spangler initiated the discussion, this would be concluded as voluntary.

Commissioner Brantley questioned if the full Commission needed to approve the request. Ms. Bennett said this would be strictly a Pension Board matter. Chairman Caldwell agreed in the case of a

pension increase, the matter would possibly be a Commission matter, but the request at hand would be a voluntary reduction in pension cost.

Commissioner Brantley made a motion to accept the letter of intent of the Sheriff Elect. The motion was seconded by Mr. Webb and unanimously approved.

IN RE: APPLICATIONS FOR RETIREMENT – UNIFORMED OFFICER PENSION PLAN

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 Uniformed Officer Pension Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Terry Wilshire	Sheriff	27 years 8 months	August 1, 2018

Mr. Burroughs stated his objection to the approval of the UOPP applicant's retirement contingent upon if the applicant's calculation included leave cash out. Mr. Burroughs asked if Mr. Wilshire's calculation included leave cash out to determine whether he should be named in the ongoing litigation. Ms. Bennett stated that information would only be available once he receives his last pay. Mr. Burroughs asked if Mr. Wilshire did not work a day between now and August 1 if he would have unused leave cash out. Ms. Bennett replied again that the information of leave cash out is unknown to the Retirement office until he receives his final pay. The final pay would be expected to be paid before July 27, 2018, on the payroll schedule. Mr. Burroughs asked legal counsel if it would be acceptable for Ms. Bennett to disclose that information when it becomes available to her. Mr. Owings replied that the request would have to be routinely reviewed in the interest of the privacy and confidentiality of the participant's information pursuant to Tennessee Code Annotated §10-7-504 addressing confidential information which cannot be disclosed. Mr. Burroughs made a formal request to the Chairman of the Board to confirm the existence of leave cash out in the applicant's retirement calculation. Mr. Owings replied the Board cannot knowingly violate Tennessee law, that these matters have been before the court, and that any such information previously provided has been redacted. There have been no objections to those redactions.

A motion was made by Ms. Foster to approve the application for retirement under the Uniformed Officers Pension Plan as presented and to authorize Trustee, State Street Bank, to make payment of the monthly benefits and credited service benefit. The motion was seconded by Commissioner Nystrom and unanimously approved.

IN RE: APPLICATIONS FOR RETIREMENT – 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>
Christine Benusches	Schools	5 years 1 months	August 1, 2018
Arlie Buckner	Schools	22 years 0 months	August 1, 2018
Christina Coker	Schools	21 years 0 months	August 1, 2018
Sherry Etherton	Schools	33 years 0 months	August 1, 2018
Eddie Hubbs	Parks & Rec	11 years 2 months	August 1, 2018
Sharon Jones	Health	38 years 10 months	August 1, 2018
Cora Kelly	Com Svc	22 years 0 months	August 1, 2018
Joy Loy	Schools	5 years 2 months	August 1, 2018
Michael McMillian	Health	20 years 2 months	August 1, 2018
Lauren Monahan	Com Svcs	18 years 3 months	August 1, 2018
William Salter Jr.	EPW	10 years 8 months	August 1, 2018
Suzanne Seger	Com Svcs	22 years 7 months	August 1, 2018
Phyllis Slagle	Health	19 years 2 months	August 1, 2018
Janet Tate	Animal Wif	5 years 6 months	August 1, 2018
Sandra Watson	Schools	19 years 8 months	August 1, 2018
Eloise Wilson	Schools	18 years 11 months	August 1, 2018

A motion was made by Commissioner Thomas 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 the Trustee, State Street Bank, to make payment of the credited service benefit. The motion was seconded by Mr. Raiden and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Ms. Bennett reported on the following items:

- **GENEX continue for 4 Social Security filings** –Four of nine participants using the GENEX system that UNUM provided will continue to receive services through GENEX with regard to their Social Security disability filings. The remaining participants will either be handled by the Retirement Office or by Reed Group.
- **Reed Group Status** – Reed Group conversion has been completed. The first applicant has started the application process. Reed Group is handling the recertification of participants based on anniversary date.
- **FY18 Audit Status** – The FY18 audit will start August 13, 2018.

IN RE: REPORT OF DISABILITY COMMITTEE

- **Discussion of Frank Brown, Jr. appeal** – Commissioner Thomas reported on the appeal of Mr. Frank Brown Jr. and the hearing he requested before the disability committee to address the Reed Group’s recommended denial of Mr. Brown’s disability. The disability

committee met the morning of Monday, July 23 with Mr. Brown in attendance. The committee did not bring a recommendation to the Board. Commissioner Thomas referred other comments to the Executive Director. Ms. Bennett reiterated the recommendations from UNUM and the Reed Group were the same. Even though he did not meet the qualifications for his current job, he is potentially employable in other jobs. Commissioner Thomas stated Mr. Brown's condition did not meet the definition of disabled under the plan. Commissioner Thomas referred other comments to the committee members. Commissioner Nystrom expressed concern for Mr. Brown, but stated it would be difficult to go against the recommendation of two medical providers. Ms. Bennett asked Mr. Mason to reiterate the definition of "disabled" from the disability plan document. Mr. Mason stated that someone is disabled if they are "permanently incapable of engaging in any substantial gainful employment commensurate with his education, experience, training, previous earnings and utilization of vocational capacities regardless of whether a specific job vacancy exists or whether he or she would be hired if he or she applied for work." Mr. Mason stated this was Mr. Brown's final administrative appeal, and if the Board denied his claim, the Executive Director would send a letter to Mr. Brown addressing the denial and his option to seek judicial review within 60 days.

Ms. Foster made a motion to deny the approval of disability for Mr. Frank Brown Jr. The motion was seconded by Commissioner Nystrom and was approved with Commissioner Thomas opposed.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Monthly Rates of Return** – Commissioner Brantley presented the rates of return for the Defined Contribution Plans as of June 30, 2018 and stated the overall rates of return are in line with the investment objectives. Commissioner Schoonmaker asked for Mr. Davies input for the rates of return. Mr. Davies referred to the decline of international stocks and increase of trade tariffs as prime examples of why international stocks are lower than domestic. Overall, July was a good month for the US stock market; thus seeing returns from those domestic funds. Mr. Davies reported the decline of DB and Teacher Plans due to disbursements outweighing contributions. Mr. Raiden inquired about the process of adding new funds to the Defined Contribution Plan line-up. Mr. Cross stated the process would start with introducing the proposed fund to the Investment Committee for discussion.
- **Status of PRISA Real Estate Liquidation** – Ms. Bennett reported the final liquidation of the remaining 5% from PRISA real estate has been completed. This was the last money manager liquidation in the transition. State Street has been notified to close the old accounts.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Chuck Burks informed the Board of the newest lawsuit filed in regards to Robert Horner. Legal counsel recommended Board approval to represent the Board and file an answer in that lawsuit. Mr. Owings explained the most recently filed lawsuit was anticipated and was reflected in the previous Board meeting minutes. During the time between meetings, the lawsuit naming Robert Horner had been served on the Board. Mr. Webb inquired on the nature of the lawsuit. Mr. Burks stated the lawsuit was pertaining to the calculation of Mr. Horner's UOPP benefit including leave cash out. Ms. Hemmelgarn motioned to approve current legal counsel to represent the Board in the recently filed lawsuit. The motion was seconded by Mr. Raiden and was unanimously approved.

Mr. Burks reported Chancellor Weaver had ruled against the Board's motion to disqualify and Egerton & McAfee will be able to continue pursuing the lawsuits. Mr. Burks stated the upcoming hearing on August 1, 2018, will be regarding the temporary restraining order filed by Knox County. The case is expected to continue with a more rapid pace.

Mr. Mason had no report.

IN RE: REPORT OF ACTUARY

Mr. Cross reported on the due diligence meetings to be held with various managers.

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, audits and recommended for payment by Ms. Bennett:

FEE SCHEDULE

Invoices for JULY 2018	Fiscal 18 YTD Approved Invoices 06/30/2018	July Invoice For Approval	Fiscal 18 YTD Approved Invoices 06/30/2018
BENXL Invoice # 102932		\$4,000.00	
TOTAL BENXL	\$39,200.00	\$4,000.00	\$43,200.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #11699-008 03/31/2018- QDRO*		\$0.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #		\$0.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #		\$0.00	
***TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$2,300.00	\$0.00	\$2,300.00
Owings, Wilson & Coleman Invoice # 9912M - 06/30/2018 Invoice # 9918M - 06/30/2018 Invoice # 9917M - 06/30/2018		\$198.52 \$0.00 \$8,007.41	
*** TOTAL OWINGS, WILSON & COLEMAN	\$176,660.78	\$8,205.93	\$184,866.71
JUSTICE, NOEL & BURKS Invoice # Jan - April 2018		\$0.00 \$0.00	
TOTAL JUSTICE, NOEL & BURKS	\$41,988.56	\$0.00	\$41,988.56
LEWIS THOMPSON (Mary Ann Stackhouse) Invoice # 332777		\$5,285.00	
TOTAL JUSTICE, NOEL & BURKS	\$0.00	\$5,285.00	\$5,285.00
USI CONSULTING GROUP Invoice # 90022623 Invoice #		\$13,036.00 \$0.00	
TOTAL USI CONSULTING GROUP	\$554,806.51	\$13,036.00	\$567,842.51
Invoices for JULY 2018	\$814,955.85	\$25,241.93	\$845,482.78

		Fiscal 19 YTD
*** Retainer not included in approved billings for the Board		
Owings, Wilson & Coleman Retainer	\$4,000 per month	\$4,000
Kennerly Montgomery Retainer	\$12,000 per month	\$12,000
Court Reporter for Hearings		\$176.95
Fees Received from QDRO Participants	\$500 (DC Fee) \$2,000 (DB Fee)	\$0 \$0

*QDRO fee is Paid to Retirement Office which off sets the legal fee

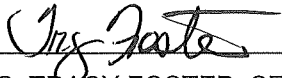
After review of the statement of accounts and invoices and discussion on the legal fees, a motion was made by Commissioner Nystrom that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Ms. Hemmelgarn and approved. Commissioner Brantley and Commissioner Schoonmaker abstained.

ADJOURNMENT

Chairman Caldwell asked if there was a motion to adjourn. Commissioner Brantley made a motion to adjourn, which was seconded by Mr. Webb, and the meeting was adjourned.



MAYOR TIM BURCHETT, CHAIRMAN
BY PROXY, CHRIS CALDWELL



MS. TRACY FOSTER, SECRETARY