

KNOX COUNTY RETIREMENT AND PENSION BOARD

SEPTEMBER 22, 2014

The Knox County Retirement and Pension Board met in regular session on Monday, September 22, 2014, at 9:00 A.M. in the County Commission Conference Room 640, City County Building, Knoxville, Tennessee. Chairman Rick Trott, presided and called the meeting to order.

The following members were present: Mr. Rick Trott, Chairman, Mr. Nick McBride, Vice Chairman, Ms. Robin Moody, Secretary, Commissioner Ed Brantley, Commissioner Richard Briggs, Commissioner Sam McKenzie, Commissioner Jeff Ownby, Mr. Chris Caldwell, representing Mayor Tim Burchett. Also present at the meeting were: Mr. William Mason, Senator Doug Overbey, Mrs. Stephanie Coleman, Legal Counsel, Mrs. Carissa Dunaway, USICG, Mr. David Buuck, Chief Deputy Knox County Law Director, Mr. Wayne Sellers, Nationwide, Mr. Gerald Witt, Knoxville News Sentinel and Retirement staff, Mrs. Kim Bennett, Mrs. Terri Chase, Mrs. Janet Rowan and Mrs. Jennifer Schroeder.

IN RE: OATH OF OFFICE OF BOARD MEMBER ED BRANTLEY

Mr. Doug Overbey administered the following oath of office to newly elected Board Member Mr. Ed Brantley:

I, **ED BRANTLEY**, having been duly elected to the Knox County Retirement and Pension Board, do solemnly swear that I will perform with fidelity the duties of a Board Member without prejudice, partiality or favor to the best of my skill and ability, so help me God.

Witness my hand this 22nd day of September, 2014.

/s/ Ed Brantley

ED BRANTLEY

Subscribed and sworn to before me this 22nd day of September 2014.

/s/ Doug Overbey

DOUG OVERBEY

Legal Counsel

IN RE: OATH OF OFFICE OF BOARD MEMBER RICHARD BRIGGS

Mr. Doug Overbey administered the following oath of office to newly elected Board Member Mr. Richard Briggs:

I, **RICHARD BRIGGS**, having been duly elected to the Knox County Retirement and Pension Board, do solemnly swear that I will perform with fidelity the duties of a Board Member without prejudice, partiality or favor to the best of my skill and ability, so help me God.

Witness my hand this 22nd day of September, 2014.

/s/ Richard Briggs

RICHARD BRIGGS

Subscribed and sworn to before me this 22nd day of September 2014.

/s/ Doug Overbey

DOUG OVERBEY

Legal Counsel

IN RE: OATH OF OFFICE OF BOARD MEMBER SAM MCKENZIE

Mr. Doug Overbey administered the following oath of office to newly elected Board Member Mr. Sam McKenzie:

I, **SAM MCKENZIE**, having been duly elected to the Knox County Retirement and Pension Board, do solemnly swear that I will perform with fidelity the duties of a Board Member without prejudice, partiality or favor to the best of my skill and ability, so help me God.

Witness my hand this 22nd day of September, 2014.

/s/ Sam McKenzie

SAM MCKENZIE

Subscribed and sworn to before me this 22nd day of September 2014.

/s/ Doug Overbey

DOUG OVERBEY

Legal Counsel

IN RE: OATH OF OFFICE OF BOARD MEMBER JEFF OWNBY

Mr. Doug Overbey administered the following oath of office to newly elected Board Member Mr. Jeff Ownby:

I, **JEFF OWNBY**, having been duly elected to the Knox County Retirement and Pension Board, do solemnly swear that I will perform with fidelity the duties of a Board Member without prejudice, partiality or favor to the best of my skill and ability, so help me God.

Witness my hand this 22nd day of September, 2014.

/s/ Jeff Ownby

JEFF OWNBY

Subscribed and sworn to before me this 22nd day of September 2014.

/s/ Doug Overbey

DOUG OVERBEY

Legal Counsel

IN RE: RECOMMENDATION OF NOMINATING COMMITTEE

Mr. Chris Caldwell stated the Nominating Committee met and recommends the following for officers for a one year term:

Mr. Rick Trott, Chairman

Mr. Nick McBride, Vice Chairman

Ms. Robin Moody, Secretary

A motion was made by Commissioner Brantley to elect the above members as officers. The motion was seconded by Commissioner Briggs and unanimously carried.

IN RE: APPOINTMENTS OF COMMITTEES

Chairman Trott made the following Committee appointments:

DISABILITY COMMITTEE: Commissioner Richard Briggs, Chairman
Commissioner Sam McKenzie
Ms. Robin Moody
Mr. Rick Trott

DOCUMENT COMMITTEE: Mr. Chris Caldwell, Chairman
Commissioner Richard Briggs
Mr. Nick McBride
Ms. Robin Moody
Commissioner Jeff Ownby

RETIREMENT AND INVESTMENT
EDUCATION

COMMITTEE: Commissioner Ed Brantley, Chairman
Mr. Chris Caldwell
Mrs. Crystal Fields
Mr. Nick McBride
Ms. Robin Moody
Commissioner Jeff Ownby
Mr. Rick Trott

TRUST INVESTMENT AND
ACTUARIAL STUDY

COMMITTEE: Mr. Nick McBride, Chairman
Commissioner Ed Brantley
Mr. Chris Caldwell
Mrs. Crystal Fields
Commissioner Jeff Ownby

IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING

Consideration of approval of the minutes of the previous meeting of August 25, 2014 was presented. A motion was made by Mr. Chris Caldwell that the minutes be approved as presented. The motion was seconded by Mr. McBride and unanimously carried.

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE DEFINED BENEFIT PLAN

The following applications for 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>
Betty J Bieber	Sheriff	25 years	October 1, 2014

After review, a motion was made by Mr. McBride to approve the applications for retirement under the Defined Benefit Plan as presented and authorize the Trustee, State Street Bank, to make disposition of the benefits. The motion was seconded by Mr. Caldwell and unanimously approved.

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE 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>
James F Haun	Sheriff	30 years	October 1, 2014
Larry D Riggsbee	Sheriff	28 years 3 months	October 1, 2014

After review, a motion was made by Mr. McBride 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 DEFINED CONTRIBUTION PLAN

The following applications for retirement, as provided in the Defined Contribution Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Norma Jean Brown	Schools	7 years 8 months	October 1, 2014
Edna F Carlson	Health	18 years	October 1, 2014
Robert E Fry	Sheriff	11 years 11 months	October 1, 2014
Rebecca M Hill	Schools	30 years	October 1, 2014
James T Hinds	Sheriff	18 years 4 months	October 1, 2014
Ewing Johnson Jr	MPC	37 years 1 month	October 1, 2014
Gregory E MacKay	Elect Comm	8 years 2 months	October 1, 2014
Joy R McCroskey	Crmct	39 years	October 1, 2014
Janice K Norman	Crmct	45 years	October 1, 2014
Frank J Peroulas	County Clerk	17 years 8 months	October 1, 2014
Betty Price-Duncan	Schools	8 years 11 months	October 1, 2014
R Larry Smith	Commission	8 years 1 month	October 1, 2014
Steven G Varner	Schools	15 years	October 1, 2014
Mark S Wolfe	EPW	28 years 1 month	October 1, 2014
Michael N Wootten	Schools	9 years 10 months	October 1, 2014
Deborah Y Wilson	Sessions Court	8 years 8 months	October 1, 2014

After review, a motion was made by Mr. Caldwell to approve the applications for retirement under the Defined Contribution 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 McKenzie 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 termination or retirement, for the following participants was presented for consideration:

CERTIFICATES:

Betty J Bieber	Edna F Carlson
Robert E Fry	Ewing Johnson Jr
Joy R McCroskey	Janice K Norman
Frank J Peroulas	

ACTUARIAL VALUE:

Norma Jean Brown	Rebecca M Hill
James T Hinds	Gregory E MacKay
Betty Price-Duncan	R Larry Smith
Steven G Varner	Mark S Wolfe
Michael B Wootten	Deborah Y Wilson

After review, a motion was made by Mr. McBride to approve the requests as presented as provided by the Plan. The motion was seconded by Commissioner Ownby and unanimously approved.

IN RE: APPLICATION FOR LUMP SUM DISTRIBUTION – DEFINED BENEFIT PLAN – BASED ON COMPLETED YEARS OF SERVICE

The request for authorization for payment of lump sum benefits as provided in the Defined Benefit Plan, based upon completed years of credited service at the date of termination, for the following participants was presented for consideration:

Betty J Bieber

After review, a motion was made by Commissioner McKenzie that the Retirement Board approve the request for lump sum distributions as listed above and authorize the Master Trustee, State Street Bank, to make disposition of the benefits as provided by the Plan. The motion was seconded by Commissioner Ownby and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett stated the fiscal year audit is still progressing. Auditors from Pugh & Co will return in October to finalize. No major issues have been found. Audit report from Pugh & Co will be presented at the November Board Meeting.

Mrs. Bennett stated Open Enrollment for retiree medical and dental insurance is from October 15th through November 15th, 2014. The retirement office is working on communications materials and will be scheduling retiree meetings in conjunction with Humana. She stated the rates for the HMO plan decreased; however, benefits also decreased. The Retirement Office has not received the rates for retirees covered by the active Knox County medical plans. Mr. McBride stated there is an Insurance Committee Meeting on September 23rd and the rates will then be finalized and communicated to the Retirement Office.

Mrs. Bennett stated the postcards announcing the blackout period and change in investments in the Defined Contribution Plans have been mailed to Participants. She stated the blackout period is set for October 24 through 31, 2014.

Mrs. Bennett reported that Mr. McBride attended a conference in San Antonio recently. Mr. McBride stated he will give an overview of the conference at the October Board Meeting. He did say the speakers at the conference stated at age 65 a retiree must have between \$135,000 (male) and \$154,000 (female) to have a 90% chance of covering their medical insurance during his or her retired life. Also a retiree should have eleven times pay in the 401(a)/401(k) plan account for retirement. Mr. McBride stated employee education is extremely important. By 2030, 55% of retirees will use their entire Social Security income for medical insurance.

Mrs. Bennett stated there are two conferences, NCPERS, New Orleans, LA and Pensions and Investments, San Diego, CA from October 26-28 that Board members and staff might be interested in attending. She stated that to attend either conference, the October Board Meeting would have to be rescheduled.

After review, a motion was made by Commissioner Brantley that the October Board Meeting be rescheduled to October 20th at 12:30 p.m. The motion was seconded by Mr. Caldwell and unanimously approved. Mrs. Bennett stated Public Notice would be made for this change.

Mrs. Bennett stated a Public meeting will be held Friday October 3rd at 10:00 a.m. at which Mr. Cross will report and explain the defined benefit and disability plan accounting information required by GASB 67. All Board members are invited to attend.

IN RE: RECOMMENDATION FOR MANDATORY INVESTMENT AND RETIREMENT EDUCATION FOR KNOX COUNTY EMPLOYEES

Mrs. Bennett stated all County and Fee Offices have agreed to mandatory retirement and investment education for employees, and that USI Consulting has agreed to provide initial material. Ms. Moody said the Schools were also interested in providing this education for its covered employees. Commissioner Brantley set the first meeting of the Retirement and Investment Education Committee for Thursday October 2, at 11:00 a.m. to determine a proposed outline for training and an initial audience.

IN RE: RFP COMMITTEE REPORT

Mrs. Bennett stated there is a Trust Agreement amendment with State Street, for trustee services for the defined benefit plans, with performance standards as a side agreement with consequences of termination of the Trust Agreement, if the standards are not met. Mrs. Bennett said she would report on status of the contract at the October Board Meeting.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Overbey stated his appreciation to the Retirement Board for retaining the law firm. He also stated participating in the New Board Member Orientation was very informative.

Mr. Mason advised the IRS requested that the Board adopt technical amendments to the three Defined Benefit Plans (Closed DB, Teachers, and UOPP) regarding benefit limitations and adjustments under Code 415. Each amendment is identical. The amendments are not expected to affect participants as no participant currently (or in the foreseeable future) makes enough to reach the 415 testing limits. Mr. Mason stated these could be considered housekeeping amendments.

After review, a motion was made by Mr. McBride to approve the resolution to give notice of amendments for IRS testing limits. The motion was seconded by Mr. Caldwell and unanimously approved.

Mr. Mason stated UNUM, our independent advisor on disability claims, has suggested the Board add two standard provisions to the Disability Plan.

1. Recurrent Disability – This amendment would add a provision stating that if a participant was disabled, returned to work in 6 months, then had a relapse (recurrence) caused by the same disability, the Participant would not be subject to another elimination period. The "recurrent" disability would be treated as part of the prior claim.
2. Temporary Layoff – This amendment would add a provision stating that if a participant was temporarily laid off, the participant would continue to be covered under the Plan until the end of the month in which the temporary layoff began. Adding this provision does not indicate that temporary layoffs are foreseeable. This amendment merely conforms the Disability Plan document to the UNUM standard insurance terms, allowing for more streamlined administration.

After review, a motion was made by Ms. Moody to prepare proposed Disability Plan amendments to bring to the Board in October and November. The motion was seconded by Commissioner Briggs and unanimously approved.

IN RE: REPORT OF ACTUARY

In Mr. Cross's absence, Mrs. Dunaway encouraged all Board Members to attend GASB 67 meeting on Friday October 3rd at 10:00 a.m.

IN RE: REPORT OF INVESTMENT COMMITTEE

Mr. McBride stated the move from Cap Guardian to SSgA MSCI EAFE Index Fund in the Defined Benefit and Teachers Plans is in process. Mrs. Bennett stated she is working on all necessary paperwork for the transfer to occur September 30th; however, if any issues should arise, the transfer may not occur until October 15th.

Mr. McBride confirmed the blackout date has been set for October 24 through 31, 2014 for USI Consulting Group to update the Balanced Investment Portfolio of the Defined Contribution Plans to include new asset categories (International Fixed Income 13% and Real Estate 5%) to enhance diversification.

Mr. McBride reviewed the rates of return as of August 31, 2014, that were previously 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 SEPTEMBER 2014

BENXL Invoice #102805	\$800.00
BENXL Invoice #102810	\$10,269.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #189467	\$11,208.50
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #189469	\$1,446.50
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #189470	\$75.00
USI CONSULTING GROUP Invoice #90003038	\$27,719.75
TOTAL FOR SEPTEMBER 2014	\$51,518.75

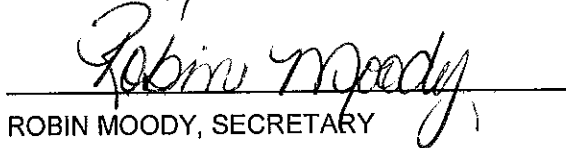
After review of the statement of accounts and invoices, motion was made by Mr. McBride that the Board authorize the payment indicated above to be paid from the designated State Street funds. The motion was seconded by Commissioner Ownby and unanimously approved.

IN RE: ADJOURNMENT

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



RICK TROTT, CHAIRMAN



ROBIN MOODY, SECRETARY