

**KNOX COUNTY RETIREMENT AND PENSION BOARD**

**NOVEMBER 17, 2014**

The Knox County Retirement and Pension Board met in regular session on Monday, November 17, 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 Sam McKenzie, Commissioner Jeff Ownby, Mr. Chris Caldwell, representing Mayor Tim Burchett and Crystal Fields. Also present at the meeting were: Mr. William Mason, Mr. John Owings, Legal Counsel, Mr. Bob Cross and Mrs. Carissa Dunaway, USICG, Mr. Gerald Witt, Knoxville News Sentinel and Retirement staff, Mrs. Kim Bennett, Mrs. Jennifer Schroeder, and Mrs. Janet Rowan.

**IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING**

Consideration of approval of the minutes of the previous meeting of October 20, 2014 was presented. A motion was made by Mr. 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:

<b><u>NAME</u></b>	<b><u>DEPARTMENT</u></b>	<b><u>CREDITED SERVICE</u></b>	<b><u>EFFECTIVE DATE</u></b>
Diane H Ball	Schools	34 year 9 months	December 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:

<b><u>NAME</u></b>	<b><u>DEPARTMENT</u></b>	<b><u>CREDITED SERVICE</u></b>	<b><u>EFFECTIVE DATE</u></b>
Frederick D Ludwig	Sheriff	39 year 6 months	December 1, 2014

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 Ms. Fields 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:

<b><u>NAME</u></b>	<b><u>DEPARTMENT</u></b>	<b><u>CREDITED SERVICE</u></b>	<b><u>EFFECTIVE DATE</u></b>
Judith B Clanton	Finance	17 years 7 months	November 1, 2014

Diane L Coleman	Sheriff	10 years 10 months	November 1, 2014
Robert Robinson	EPW	18 years 7 months	November 1, 2014
Suzanne K Sebert	Welfare	15 years 7 months	November 1, 2014
Jeffrey S Bacon	Schools	24 years 9 months	December 1, 2014
Janet L Baker	Schools	22 years 6 months	December 1, 2014
Linda S Farrington	Schools	20 years 3 months	December 1, 2014
Peggy S Ownby	Schools	20 years 3 months	December 1, 2014
Pamela L Reeves	Election	5 years 10 months	December 1, 2014
Jodie Schmidt-Roberts	Schools	11 years 10 months	December 1, 2014
Cynthia L Sloan	Health	7 years 10 months	December 1, 2014
George E White	Sheriff	22 years 10 months	December 1, 2014

After review, a motion was made by Ms. Fields 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:**

Diane H Ball                      Suzanne K Sebert  
George E White

**ACTUARIAL VALUE:**

Judith B Clanton              Diane L Coleman  
Jeffrey S Bacon                 Janet L Baker  
Linda S Farrington             Peggy S Ownby  
Pamela L Reeves                Jodie Schmidt-Roberts  
Cynthia L Sloan                 Robert Robinson

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 Ms. Fields 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:

Diane H Ball

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 Mr. Caldwell and unanimously approved.

## **IN RE: REPORT OF EXECUTIVE DIRECTOR**

Mrs. Bennett stated the State Street Bank trust agreement amendment and related contracts are still in review with State Street and Board counsel.

Mrs. Bennett stated retiree medical and dental insurance open enrollment is complete. There were a couple of issues with the Humana mailings but all in all it went well. The active open enrollment is also complete with no issues.

Mrs. Bennett reported the Teacher's Plan cost of living adjustment effective January 1, 2015 is 1.7% based on CPI. The Defined Benefit and Uniformed Officers Pension Plan cost of living adjustments are 3% effective January 1, 2015.

Mrs. Bennett stated the issue involving one participant and the applicable IRS 415 and compensation limitations discussed last month has been resolved, with appropriate adjustments made. The issue was presented related to our Plan year changing to the fiscal year. Hereafter, IRS testing will have to be monitored by the System on both calendar and fiscal year bases. Mrs. Bennett stated she has communicated with the affected employee and spouse on the adjustment.

Mrs. Bennett presented the proposed updated budget advising the changes are follows:

- 1) Addition of employee training and investment education expenses.
- 2) GASB67 analysis.
- 3) Increase in travel for new Board Members for Investment seminars and continuing education.
- 4) Short year additional audit.
- 5) Increase in money manager fees due to underestimate in original budget.

After review, a motion was made by Commissioner Ownby to approve the updated budget. The motion was seconded by Mr. McBride and unanimously approved.

Mrs. Bennett stated she wanted to educate the newest Board Members on the history of MERP in case of questions from the public and/or news media, since some current members were not on the Board that voted to discontinue the prior MERP bonus for retirees. Mrs. Bennett presented the Medical Expense Retirement Plan (MERP) history as follows:

- 1) MERP was originally conceived in 1998 to address the potentially devastating cost of health care in retirement, without creating a Plan that required County funding.
- 2) At the time, the Closed Defined Benefit Plan had a funding surplus that could be used for this purpose.
- 3) As designed, MERP had two components:
  - A match for active employees, to encourage them to save for their own retiree medical expenses;
  - A retiree bonus, paid annually, to assist in a modest fashion with medical expenses, particularly given that retirees had not had the opportunity to use MERP to save for their own retirement medical expenses.
- 4) By 2004, the Closed Defined Benefit Plan surplus was expended; County agreed to fund a 25% match, up to \$104 per year for active employees. That authorization ended 12/31/2014.
- 5) Retiree bonus was continued for 15 years and ended with the payment in first quarter of 2014.
- 6) The bonus was gradually decreased as follows:

1999	\$600
2000	\$600
2001	\$840
2002	\$420
2003	\$120
2004	\$120
2005	\$120
2006	\$120
2007	\$120
2008	\$120
2009	\$120
2010	\$120
2011	\$120
2013	\$120
2014	\$120

- 7) In 2014 the bonus cost about \$244,000.
- 8) In 2013 the Retirement Board implemented STAR, which includes a 2% supplemental employer contribution to address the retiree medical costs of retired Officers. The Board also reviewed the sufficiency of the MERP match for all active employees and determined that an additional incentive was warranted to provide employees with the means to save for retiree medical expenses.
- 9) The Board's conclusion was that, after 15 years of providing the bonus, it should stop asking the County to fund that benefit.
- 10) The Board also concluded that the 25% match up to \$104 should be increased to 50% up to \$208 for active employees, at an estimated cost of approximately \$53,000 (total County funded annual match ~ \$106,000)
- 11) We have received comments from two retirees objecting to the cessation of the retiree bonus  
 Commissioner Brantley stated all industries are in the process of making these types of changes. Mr. McBride stated the Board decided last year it was a more appropriate use of scarce funds to match the active employees saving for medical expenses for retirement at ages 55-60, then to continue to provide the retiree bonus.

Mr. Trott stated participants in the Uniformed Officers Pension Plan are not eligible to participate in MERP. Mrs. Bennett stated employees in the Sheriff's Total Accumulation Retirement are not eligible for MERP.

Commissioner Ownby asked how many retirees were affected by the cessation of the bonus. Mrs. Bennett stated approximately 2,400 retirees.

Commissioner McKenzie stated money cannot be spent that is not available, and that the original source of funds, from the Closed DB Plan, is no longer available. He advised the cessation of the retiree bonus was a necessary decision by the Board.

**IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT NO. 5 TO THE 2014 RESTATEMENT OF THE KNOX COUNTY EMPLOYEE BENEFIT SYSTEM.**

Mr. Mason presented Amendment No. 5 to the 2014 Restatement of the Knox County Employee Benefit System to the Board for consideration. Mr. Mason reviewed the amendment, effective January 1, 2014. Mr. Mason said the amendment is a technical amendment which clarifies the benefit limitations and adjustments under Code 415. Mr. Mason recommended adopting the amendment on Second Reading.

Chairman Trott asked if anyone was present to speak at the public hearing. No one was recognized by the Chairman.

After discussion by the Board Members, a motion was made by Mr. Caldwell to approve Amendment No. 5 to the 2014 Restatement of the Knox County Employee Benefit System on Second Reading. The motion was seconded by Ms. Fields and approved.

Amendment No. 5 is as follows:

**Notice of 5<sup>th</sup> Amendment to the 2014 Restatement of the Knox County Employee Benefit System**

**A RESOLUTION OF  
THE KNOX COUNTY RETIREMENT AND PENSION BOARD**

**WHEREAS**, Knox County Government has adopted the Knox County Employee Benefit System, as amended and restated in its entirety effective January 1, 2014 (the "System"); and,

**WHEREAS**, pursuant to Section VIII-1.20 of the System, the Knox County Retirement and Pension Board (the "Board") has the right at any time to modify, alter or amend the System, in whole or in part, by instrument in writing duly executed; and the Actuary has determined that this Amendment will have no measurable net cost to the County; and,

**WHEREAS**, the Board has considered, with advice of counsel, the August 25, 2014, recommendation of the IRS to further amend the System, specifically the Closed Defined Benefit Plan, to include a provision related to benefit limitations and adjustments under Internal Revenue Code ("Code") Section 415; and,

**WHEREAS**, the Board has complied with the provisions of Section VIII-1.20.

**NOW THEREFORE BE IT RESOLVED** that the System shall be and is hereby amended, effective January 1, 2014, as follows:

1. **Article III, Section 3.13(b)(2)** is amended by designating the second paragraph thereof as Subsection (i), replacing the reference in the second paragraph to "Section III-3.13(b)" with "Section III-3.13(b)(2)(i)", redesignating the third and fourth paragraphs as Subsections (A) and (B) respectively, and by adding the following new subsection (ii) between newly designated Subsection 3.13(b)(2)(i)(B) and Subsection 3.13(b)(2)(iii):

(ii) The Straight Life Annuity that is actuarially equivalent to the Participant's form of benefit shall be determined under this paragraph if the form of the Participant's benefit is other than a benefit form described in Section III-3.13(b)(2)(i) above. In this case, the actuarially equivalent Straight Life Annuity shall be determined as follows:

For Limitation Years beginning after 2005, the actuarially equivalent Straight Life Annuity is equal to the greatest of (I) the annual amount of the Straight Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of

benefit, computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form; (II) the annual amount of the Straight Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table defined in the Plan; and (III) the annual amount of the Straight Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit, computed using the applicable interest rate and applicable mortality table defined in the Plan, divided by 1.05.

**IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT NO. 6 TO THE 2014 RESTATEMENT OF THE KNOX COUNTY EMPLOYEE BENEFIT SYSTEM.**

Mr. Mason presented Amendment No. 6 to the 2014 Restatement of the Knox County Employee Benefit System to the Board for consideration. Mr. Mason reviewed the amendment, effective January 1, 2014. Mr. Mason said the amendment is a technical amendment which clarifies the benefit limitations and adjustments under Code 415. Mr. Mason recommended adopting the amendment on Second Reading.

Chairman Trott asked if anyone was present to speak at the public hearing. No one was recognized by the Chairman.

After discussion by the Board Members, a motion was made by Mr. McBride to approve Amendment No. 6 to the 2014 Restatement of the Knox County Employee Benefit System on Second Reading. The motion was seconded by Commissioner McKenzie and approved.

Amendment No. 6 is as follows:

**Notice of 6<sup>th</sup> Amendment to the 2014 Restatement of the Knox County Employee Benefit System**

**A RESOLUTION OF  
THE KNOX COUNTY RETIREMENT AND PENSION BOARD**

**WHEREAS**, Knox County Government has adopted the Knox County Employee Benefit System, as amended and restated in its entirety effective January 1, 2014 (the "System"); and,

**WHEREAS**, pursuant to Section VIII-1.20 of the System, the Knox County Retirement and Pension Board (the "Board") has the right at any time to modify, alter or amend the System, in whole or in part, by instrument in writing duly executed; and the Actuary has determined that this Amendment will have no measurable net cost to the County; and,

**WHEREAS**, the Board has considered, with advice of counsel, the August 25, 2014, recommendation of the IRS to further amend the System, specifically the Teachers Plan, to include a provision related to benefit limitations and adjustments under Internal Revenue Code ("Code") Section 415; and,

**WHEREAS**, the Board has complied with the provisions of Section VIII-1.20.

**NOW THEREFORE BE IT RESOLVED** that the System shall be and is hereby amended, effective January 1, 2014, as follows:

1. **Article IX, Section 1.10(b)(2)** is amended by designating the second paragraph thereof as Subsection (i), replacing the reference in the second paragraph to "Section IX-1.10(b)" with "Section IX-1.10(b)(2)(i)", redesignating the third and fourth paragraphs as Subsections (A) and (B) respectively, and by adding the following new subsection (ii) between newly redesignated Subsection 1.10(b)(2)(i)(B) and Subsection 1.10(b)(2)(iii):

(ii) The Straight Life Annuity that is actuarially equivalent to the Participant's form of benefit shall be determined under this paragraph if the form of the Participant's benefit is other than a benefit form described in Section IX-1.10(b)(2)(i) above. In this case, the actuarially equivalent Straight Life Annuity shall be determined as follows:

For Limitation Years beginning after 2005, the actuarially equivalent Straight Life Annuity is equal to the greatest of (I) the annual amount of the Straight Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit, computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form; (II) the annual amount of the Straight Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table defined in the Plan; and (III) the annual amount of the Straight Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit, computed using the applicable interest rate and applicable mortality table defined in the Plan, divided by 1.05.

**IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT NO. 3 TO THE 2014 RESTATEMENT OF THE KNOX COUNTY UNIFORMED OFFICERS PENSION PLAN.**

Mr. Mason presented Amendment No. 3 to the 2014 Restatement of the Knox County Uniformed Officers Pension Plan to the Board for consideration. Mr. Mason reviewed the amendment, effective January 1, 2014. Mr. Mason said the amendment is a technical amendment which clarifies the benefit limitations and adjustments under Code 415. Mr. Mason recommended adopting the amendment on Second Reading.

Chairman Trott asked if anyone was present to speak at the public hearing. No one was recognized by the Chairman.

After discussion by the Board Members, a motion was made by Commissioner McKenzie to approve Amendment No. 3 to the 2014 Restatement of the Knox County Uniformed Officers Pension Plan on Second Reading. The motion was seconded by Commissioner Ownby and approved.

Amendment No.3 is as follows:

**Notice of 3<sup>rd</sup> Amendment to the 2014 Restatement of the Knox County Uniformed Officers Pension Plan**

**A RESOLUTION OF  
THE KNOX COUNTY RETIREMENT AND PENSION BOARD**

**WHEREAS**, Knox County Government has adopted the Knox County Uniformed Officers Pension Plan, as amended and restated in its entirety effective January 1, 2014 ("UOPP"); and,

**WHEREAS**, pursuant to Article VII, Section 7.05 of the Knox County Charter (the "Charter") and Section 7.1 of UOPP, the Knox County Retirement and Pension Board (the "Board") has the right at any time to modify, alter or amend UOPP, in whole or in part, by instrument in writing duly executed; so long as such amendment is consistent with the terms of Section 7.05 of the Charter; and the Actuary has determined that this Amendment will have no measurable net cost to the County; and,

**WHEREAS**, the Board has considered, with advice of counsel, the August 25, 2014, recommendation of the IRS to further amend UOPP to include a provision related to benefit limitations and adjustments under Internal Revenue Code ("Code") Section 415; and,

**WHEREAS**, the Board has complied with the provisions of Section 7.1.

**NOW THEREFORE BE IT RESOLVED** that UOPP shall be and is hereby amended, effective January 1, 2014, as follows:

1. **Article VI, Section 6.02(b)** is amended by designating the second paragraph thereof as Subsection (1), replacing the reference in the second paragraph to "Section VI-6.02" with "Section VI-6.02(b)(1)", redesignating the third and fourth paragraphs as Subsections (A) and (B) respectively, and by adding the following new Subsection (2) between Subsection 6.02(b)(1)(B) and Subsection 6.02(b)(3):

(2) The Straight Life Annuity that is actuarially equivalent to the Participant's form of benefit shall be determined under this paragraph if the form of the Participant's benefit is other than a benefit form described in Section IV-6.02(b)(1) above. In this case, the actuarially equivalent Straight Life Annuity shall be determined as follows:

For Limitation Years beginning after 2005, the actuarially equivalent Straight Life Annuity is equal to the greatest of (I) the annual amount of the Straight Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit, computed using the interest rate and mortality table (or other tabular factor) specified in the Plan for adjusting benefits in the same form; (II) the annual amount of the Straight Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit, computed using a 5.5 percent interest rate assumption and the applicable mortality table defined in the Plan; and (III) the annual amount of the Straight Life Annuity commencing at the same Annuity Starting Date that has the same actuarial present value as the Participant's form of benefit, computed using the applicable interest rate and applicable mortality table defined in the Plan, divided by 1.05.

**IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT NO. 3 TO THE 2014 RESTATEMENT OF THE KNOX COUNTY EMPLOYEE DISABILITY BENEFIT PLAN.**

Mr. Mason presented Amendment No. 3 to the 2014 Restatement of the Knox County Employee Disability Benefit Plan to the Board for consideration. Mr. Mason reviewed the amendment, effective January 1, 2014. Mr. Mason said the amendment adds two standard provisions, recurrent disability and temporary layoffs. Mr. Mason recommended adopting the amendment on Second Reading.

Chairman Trott asked if anyone was present to speak at the public hearing. No one was recognized by the Chairman.

After discussion by the Board Members, a motion was made by Commissioner Ownby to approve Amendment No. 3 to the 2014 Restatement of the Knox County Employee Disability Benefit Plan on Second Reading. The motion was seconded by Mr. Caldwell and approved.

Amendment No.3 is as follows:

**Notice of 3rd Amendment to the  
Knox County Employee Disability Benefit Plan**

**A RESOLUTION OF  
THE KNOX COUNTY RETIREMENT AND PENSION BOARD**

**WHEREAS**, Knox County Government has adopted the Knox County Employee Disability Benefits Plan, effective January 1, 2014 (the "Disability Plan"); and,

**WHEREAS**, pursuant to Section 7.20 of the Disability Plan, the Knox county Retirement and Pension Board (the "Board") has the right at any time to modify, alter or amend the Disability Plan, in whole or in part, by instrument in writing duly executed; and the Actuary has determined that this Amendment will have no measurable net cost to the County; and,



**WHEREAS**, the Board wishes to amend the Disability Plan to extend coverage to employees subject to a temporary layoff; and to provide that a recurrent disability will be treated as part of a prior claim if the disability occurred within three months from the end of the prior claim; and,

**WHEREAS**, the Board has complied with the provisions of Section 7.20.

**NOW THEREFORE BE IT RESOLVED** that the Disability Plan shall be and is hereby amended, effective January 1, 2014, as follows:

1. **Article I** is amended by adding the following new subsection 1.64-1:

**1.64-1 "Recurrent Disability"** shall mean a subsequent Disability which is related to, or due to the same cause(s) of, a prior Disability for which a Disability Benefit was payable.

2. **Article I** is amended by adding the following new subsection 1.74-1:

**1.74-1 "Temporary Layoff"** shall mean an involuntary cessation of active service as an Employee for a period of time that has been specified, in writing, by the Employer and agreed to by the Participant in advance. A Temporary Layoff does not include a disciplinary suspension, military leave, Leave of Absence, or leave permitted by the Family and Medical Leave Act.

3. **Article III** is amended by adding the following new Section 3.05:

**3.05 Temporary Layoff**

A Participant subject to Temporary Layoff will continue to participate in the Plan through the end of the month in which the Temporary Layoff began.

4. **Article V** is amended by adding the following new Section 5.12:

**5.12 Recurrent Disability**

A Participant's Recurrent Disability shall be treated as a continuation of a prior Disability if the Participant has been continuously covered by the Plan as a Participant or Disabled Participant from the prior Disability Date through the Disability Date of the Recurrent Disability and the Recurrent Disability Date occurs within six (6) months from the last calendar month for which the prior Disability Benefit was paid. The Board shall recalculate a Disabled Participant's Disability Benefit payable after a Recurrent Disability to take account of any increase in Compensation prior to the Recurrent Disability Date.

**IN RE: INVESTMENT AND RETIREMENT EDUCATION COMMITTEE**

Mrs. Bennett stated the first draft of the Employee Investment and Retirement Education presentation is complete and will be presented to a group of employees at Engineering & Public Works on Friday November 21, 2014 at 8:00 a.m. Mrs. Bennett invited all Board Members to attend. Mrs. Bennett stated she hopes to receive comments and suggestions from the attendees and then build from this one for those approaching retirement and secondary investment education. She stated Callie McClure of USI Consulting Group will do the presentation. There are approximately 30 to 40 employees registered to attend the presentation.

**IN RE: REPORT OF LEGAL COUNSEL**

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

Mr. Mason reported all of six Retirement Board Plans have been submitted to the IRS for qualification letters. He stated that the reviewing IRS agent had told him that all plans had been satisfactorily reviewed, and that favorable determination letters were due to be issued, subject to adoption

of the 415 amendments considered previously on the agenda today for second reading. However, Mr. Mason stated the Asset Accumulation Plan has been selected for Quality Assurance Review, an IRS review process, which could delay the final issuance of the determination letters.

**IN RE: REPORT OF ACTUARY**

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

**IN RE: REPORT OF INVESTMENT COMMITTEE**

Mr. McBride reviewed the rates of return as of October 30, 2014, that were previously distributed to the Board Members.

Mr. McBride stated Security Benefit is one of our four 457 providers. Security Benefit's agreement with the Board from 2007 states it must maintain at least 50 participants (currently 32 active participants). Mr. McBride recommended Security Benefit be put on probation by the Executive Director and on-going participation be reviewed at the Investment Committee workshop in January 2015.

Mr. McBride also stated the Knoxville Teachers Federal Credit Union will be reviewed at the January Investment Committee Workshop.

Mr. McBride also stated the total number of funds offered in the defined contribution plans, and the possibility of adding index funds, will be discussed at the January Investment Committee Workshop. He invited interested Board members to attend.

**IN RE: APPOINTMENT OF ELECTION COMMITTEE**

Mr. Trott stated there will be an Election in February 2015 when he and Robin Moody will be up for re-election. Mr. Trott appointed the following Board Members to the Election Committee: Commissioner Ownby, Ms. Fields, Mr. McBride, 1 KCG employee representative which will be named by Mr. Caldwell and one KCS employee representative. Mrs. Bennett stated she will contact Mr. John Gustin, Knox County Information Technology and Mr. Joe Snyder, Knox County Schools Information Technology for availability to serve on the Committee.

**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 NOVEMBER 2014**

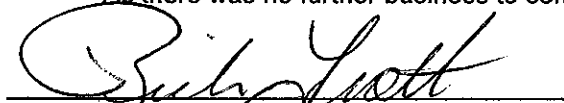
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #190219	\$8,457.50
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #19022	\$295.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #190221	\$1,769.00
PUGH & CO Invoice #58798	\$18,000.00

USI CONSULTING GROUP Invoice #90003528	\$34,767.43
USI CONSULTING GROUP Invoice #90003783	\$15,843.75
<b>TOTAL OF INVOICES FOR NOVEMBER 2014</b>	<b>\$79,132.68</b>

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.

  
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RICK TROTT, CHAIRMAN

  
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ROBIN MOODY, SECRETARY