KNOX COUNTY RETIREMENT AND PENSION BOARD
JANUARY 25, 2016

The Knox County Retirement and Pension Board met in regular session on Monday, January 25, 2016, at 1:00 P.M. in the County Commission Conference Room 640, City County Building, Knoxville, Tennessee. Chairman Trott, presided and called the meeting to order.

The following members were present: Mr. Rick Trott, Chairman, Mr. Nick McBride, Vice Chairman, Commissioner Ed Brantley, Commissioner Sam McKenzie, Commissioner Jeff Ownby, Commissioner Bob Thomas, Ms. Ashley Huffaker, and Mr. Chris Caldwell, representing Mayor Tim Burchett. Also present at the meeting were: Mr. Bob Cross, Mrs. Carissa Dunaway and Mr. Corey Blankenship, USICG, Mr. William Mason, Mr. John Owings and Mrs. Stephanie Coleman, Legal Counsel, Mr. Ed Shouse, Knox County Trustee, Mr. David Buuck, Knox County Chief Deputy Law Director, and Retirement staff, Mrs. Kim Bennett, Mrs. Terri Chase, Mrs. Janet Rowan and Mrs. Jennifer Schroeder.

IN RE: REPORT OF ELECTION COMMITTEE

Mrs. Bennett stated the election for the Knox County Schools representative was conducted through online voting on an intranet website that the Knox County Schools Information Technology Dept. developed. Mr. Caldwell stated the election went very smooth. Mrs. Bennett stated there were approximately 90 votes cast. She stated Ms. Ashley Huffaker won the election as the Knox County Schools representative and will be sworn in to office today.

IN RE: OATH OF OFFICE OF BOARD MEMBER ASHLEY HUFFAKER

Mr. John Owings, attorney and general counsel to the Board, administered the following oath of office to newly elected Board Member, Ms. Ashley Huffaker:

I, ASHLEY HUFFAKER, 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 25th day of January, 2016.

/s/ Ashley Huffaker

ASHLEY HUFFAKER

Subscribed and sworn to before me this 25th day of January 2016.

/s/ John Owings

JOHN OWINGS

Legal Counsel

IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING

Consideration of approval of the minutes of the previous meeting of December 21, 2015, was presented. A motion was made by Mr. McBride that the minutes be approved as presented. The motion was seconded by Commissioner Ownby and unanimously carried.
IN RE: APPLICATION FOR DISABILITY BENEFITS FOR MICHAEL E BARTLESON, PARTICIPANT IN THE EMPLOYEE DISABILITY BENEFIT PLAN.

The application of MICHAEL E BARTLESON, employee of the Sheriff’s Dept., and a participant in the Employee Disability Benefit Plan, for disability benefits was presented. Mr. Bartleson has 16 years of credited service. Notification was received from UNUM dated January 18, 2016, recommending approval of a disability benefit for Mr. Bartleson.

After discussion, a motion was made by Mr. Caldwell to accept the recommendation of UNUM and approve the request of Mr. Bartleson for disability benefits as presented and authorize the Directed Custodian, Wells Fargo Bank, to make disposition of the benefits in accordance with the terms of the Plan upon certification from USI. The motion was seconded by Commissioner McKenzie and unanimously approved.

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE 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 Defined Contribution Plan, were presented for consideration:

<table>
<thead>
<tr>
<th>NAME</th>
<th>DEPARTMENT</th>
<th>CREDITED SERVICE</th>
<th>EFFECTIVE DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tami W Adams</td>
<td>Schools</td>
<td>7 years 6 months</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>Fayo L Boyd</td>
<td>Schools</td>
<td>27 years 9 months</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>Emily O Cate</td>
<td>Com Svc</td>
<td>27 years</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>NancyAnn Dean</td>
<td>Schools</td>
<td>16 years 5 months</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>Ronald W Hensley</td>
<td>EPW</td>
<td>28 years 2 months</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>Carl R Jenkins</td>
<td>Sheriff</td>
<td>10 years 8 months</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>Michele I Kortz</td>
<td>PBA</td>
<td>14 years</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>Brenda L Owenby</td>
<td>Schools</td>
<td>12 years 5 months</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>Bobby D Russell</td>
<td>Schools</td>
<td>7 years 6 months</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>Dale E Smith</td>
<td>PBA</td>
<td>14 years 11 months</td>
<td>February 1, 2016</td>
</tr>
<tr>
<td>Mary L Wilson</td>
<td>Chancery Ct</td>
<td>17 years 5 months</td>
<td>February 1, 2016</td>
</tr>
</tbody>
</table>

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 Mr. McBride and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett reported the Retiree Luncheon will be April 5th at Rothchild’s Catering and encouraged all board members to attend. She advised letters requesting donations from vendors and supporters were being mailed today and invitations to the retirees would be mailed in a couple of weeks.

Mrs. Bennett stated the Wilshire conference will be April 10-12, 2016. She urged Board members to attend this or similar fiduciary opportunities and asked any board members that can attend to let the
Retirement office know so travel arrangements and reservations can be made. She stated the deadline to sign up is March 10, 2016.

Mrs. Bennett stated former employee, Kim Severance, had submitted a request for the Board to review the rules on granting of credited service for prior employment where the terminated participant has withdrawn the Asset Accumulation Plan account balance. Ms. Bennett stated that she had previously told Ms. Severance her request could not be allowed because the Plan does not allow for reinstatement of credited service for terminees who have withdrawn their Plan balances. She told the Board, to grant Ms. Severance’s request, the Plan would have to be amended.

After discussion, the Board agreed that Ms. Bennett had answered Ms. Severance correctly, that granting this request would create issues, and that the Board elected to keep the Plan as written; the Board directed Mrs. Bennett to report back to the employee confirming that the Plan does not allow for such reinstatement of credited service.

Mrs. Bennett advised she will send a letter to all officers regarding the proper crediting of service for prior reserve military service. She stated at the time of transferring to the Uniformed Officers Pension Plan in July 2007, officers were advised reserve military service was not eligible for credited service under the Plan. Mrs. Bennett stated since that time legal counsel has determined that certain reserve service should be counted towards credited service. She stated that the credited service of each employee that responds with his or her DOD Form DD214 will be reviewed to determine if any reserve service should receive credit.

Mr. McBride advised if the DD214’s were recorded, the Register of Deeds would have copies. He also stated Congressman John J. Duncan’s office could assist in getting the DD214’s if necessary. In response to questions, Ms. Bennett said a suitable deadline would be established for officers to respond.

Mrs. Bennett also reported the Retirement Office mailed claim forms to the spouse of Officer French who passed away in spring 2015. She said the Retirement Office had offered to start the not in line of duty benefit, but also asked Mrs. French to provide information to allow a determination to be made on eligibility for an in line of duty benefit. She reported that Mrs. French’s attorney had responded and requested an extension until they gather the requested information to determine if Mr. French’s death was in line of duty. Ms. Bennett said she had granted the request for an extension.

**IN RE: CONSIDERATION OF INCOME AND MEDICAL REPORTS FOR 2015 FOR DISABILITY PARTICIPANTS**

The report on annual income for 2015 for disability participants was received and reviewed by the Board, with the exception of those participants that have not submitted the requested information.

Mr. McBride asked about the possibility of providing assistance to try to get Social Security disability benefits approved for the few remaining disabled retirees that had not yet been approved for those benefits. He asked legal counsel to provide any suggestions. Chairman Trott advised that some of the retirees that are on disability but not approved for Social Security may not be capable of providing required information.

After review, a motion was made by Mr. McBride to approve the reports received, and to have the Retirement Office send a second notice for information to those who had not reported yet. The motion
was seconded by Mr. Caldwell and unanimously approved. The report on income for those who have not yet responded to the Executive Director's request was deferred to the February meeting.

**IN RE: CONSIDERATION OF ANNUAL REPORT ON STATUS OF SURVIVING BENEFICIARIES AND DEPENDENT CHILDREN.**

The annual report on the status of surviving beneficiaries and dependent children was received and reviewed by the Board, with the exception of those who have not submitted the requested information. After review, a motion was made by Mr. McBride to approve the reports received, and to have the Retirement Office send a second notice for information to those who had not reported yet. The motion was seconded by Commissioner Ownby and unanimously approved. The report for those who have not yet responded to the Executive Director’s request was deferred to the February meeting. **IN RE: REPORT OF RETIREMENT INVESTMENT AND EDUCATION COMMITTEE**

Mrs. Bennett stated the Uniformed Officers Pension Plan educational meetings began January 13th and are scheduled to go through March 2016 having two meetings per week.

Mrs. Bennett stated Phase II of the Asset Accumulation Plan educational meetings will begin the first of February 2016.

**IN RE: REPORT OF DOCUMENT COMMITTEE**

Mrs. Bennett stated the Document Committee Meeting met on January 15th and had good discussions regarding simplifying the Asset Accumulation Plan retirement distribution options, separating the Asset Accumulation Plan and the 457 Plan, and developing retirement distribution options for the 457 Plan. She also stated there was discussion about terminated employees not being eligible for reemployment for 4 months following termination and distribution of accumulated account balance.

Mrs. Bennett stated there will be another Document Committee Meeting and it should have recommendations by the February Board Meeting.

**IN RE: REPORT OF LEGAL COUNSEL**

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

Mrs. Coleman stated the Charter School Memorandum of Understanding has been signed by Emerald Schools, the Knox County Law Department and the Knox County Board of Education.

Mrs. Coleman stated all checks have been mailed to recipients in the Justin Stafford case.

**IN RE: REPORT OF ACTUARY**

Mr. Cross introduced new employee to USI Consulting Group Inc., Corey Blankenship, former treasurer of the Eastern Band of Cherokee Indians.

In response to comments from the Board, Mr. McBride said Wilshire had preliminarily reported that the investment return for 2015 was flat for the year. Mr. Cross reviewed the asset smoothing rules and the amortization of actuarial gains and losses for defined benefit valuation purposes and he provided a numerical example of how the flat investment return for 2015 might impact the January 1, 2016 valuation. He emphasized that the impact of a single year of low or negative returns is mitigated in the valuation process, but that a series of years of poor returns can be significant, particularly for a plan like the Closed DB, where cash management is critical.

**IN RE: REPORT OF INVESTMENT COMMITTEE**
Mr. McBride presented the rates of return as of December 30, 2015, from USI that were 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 January 2016

KENNERLY, MONTGOMERY & FINLEY, P.C.
Invoice #195932 $7,776.00

KENNERLY, MONTGOMERY & FINLEY, P.C.
Invoice #195934 $1,201.50

KENNERLY, MONTGOMERY & FINLEY, P.C.
Invoice #195935 $344.50

KENNERLY, MONTGOMERY & FINLEY, P.C.
Invoice #195936 $1,500.00

ROBERTSON OVERBEY
Invoice #9861M $1,462.95

USI CONSULTING GROUP
Invoice #90008360 $3,867.50

USI CONSULTING GROUP
Invoice #90009205 $34,951.03

Total of Invoices for January 2016 $51,103.48

After review of the statement of accounts and invoices, a 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 McKenzie and unanimously approved.

ADJOURNMENT

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

RICK TROTT, CHAIRMAN

NICK McBRIDE, VICE CHAIRMAN