KNOX COUNTY RETIREMENT AND PENSION BOARD

FEBRUARY 22, 2016

The Knox County Retirement and Pension Board met in regular session on Monday, February 22, 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, Commissioner Ed Brantley, 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, USICG, Mr. William Mason and Mr. John Owings, 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.

Mr. Nick McBride, Vice Chairman, joined the meeting via conference call and did not participate in any votes, in accordance with the Board’s practice.

IN RE: APPOINTMENT OF COMMITTEES

Mr. Trott reviewed the Committees and appointed Ms. Ashley Huffaker to the Investment Committee and the Retirement/Investment Education Committee.

IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING

Consideration of approval of the minutes of the previous meeting of January 25, 2016, was presented. A motion was made by Commissioner Brantley that the minutes be approved as presented. The motion was seconded by Commissioner Ownby and unanimously carried.

IN RE: APPLICATION FOR RETIREMENT - UNIFORMED OFFICERS PENSION PLAN

The following applications for retirement, as provided in the Uniformed Officers Pension 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>Gary L Disney</td>
<td>Sheriff</td>
<td>26 years</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>William J Kirkland</td>
<td>Sheriff</td>
<td>25 years</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>David E McCroskey</td>
<td>Sheriff</td>
<td>25 years 5 months</td>
<td>March 1, 2016</td>
</tr>
</tbody>
</table>

After review, a motion was made by Commissioner Thomas 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 Mr. Caldwell 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>Belinda A Brown</td>
<td>Schools</td>
<td>21 years 5 months</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>Ruth Y Chapman</td>
<td>Schools</td>
<td>8 years 11 months</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>Genia F Doane</td>
<td>Accounting</td>
<td>12 years 2 months</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>Charlene A Gammon</td>
<td>Schools</td>
<td>24 years 6 months</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>Joel S Manley</td>
<td>Parks &amp; Rec</td>
<td>17 years 10 months</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>Glen L Neal Jr</td>
<td>Sheriff</td>
<td>37 years 2 months</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>Rebecca L. Nelson</td>
<td>Schools</td>
<td>23 years</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>Linda E Singleton</td>
<td>Schools</td>
<td>15 years</td>
<td>March 1, 2016</td>
</tr>
<tr>
<td>Diana Wilson</td>
<td>Mayor</td>
<td>34 years 7 months</td>
<td>March 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 Commissioner Thomas 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 Commissioner Schoonmaker called to advise the invitation he received had the incorrect date. Mrs. Bennett apologized and stated the error only occurred on the invitations mailed to about 100 elected officials, department heads, board members and advisors to the Pension Board. She stated the retiree invitations were correct. Mrs. Bennett stated corrected invitations were mailed February 24th. Commissioner Brantley, Commissioner Ownby, Commissioner Thomas, Mr. Caldwell and Ms. Huffaker stated they would be in attendance at the luncheon.

Mrs. Bennett stated the Wilshire conference will be April 10-12, 2016. She urged board members to let the Retirement office know today as rooms are booking quickly. Commissioner Ownby and Ms. Huffaker advised they would be attending the conference. Mrs. Bennett stated there would be a representative from the Retirement office attending also.

Mrs. Bennett stated the letters to all officers inviting requests for review of proper crediting of service for prior reserve military service have been mailed. She stated DD214’s would be received would generally be reviewed after the deadline of July 31, 2016.

Mrs. Bennett reported the server conversion was completed the first of February and Benxl is currently working out a few issues. She stated the copier has been upgraded to scan; however, the office is awaiting Benxl to complete the scan function before scanning of documents will begin.

Mr. McBride stated it would be great for the office to be paperless.

Mrs. Bennett stated the 457 correction for the incorrect match was completed in January and communications were mailed to employees affected.

IN RE: CONSIDERATION OF INCOME AND MEDICAL REPORTS FOR 2015 FOR DISABILITY PARTICIPANTS AND DEPENDENT CHILDREN.

The report on income for those who have not yet responded to the Executive Director’s request was presented and reviewed by the Board.
Mrs. Bennett stated Jimmy Frye has returned medical information but not his earned income or
dependent information.

Mrs. Bennett stated Patricia Williams has not returned any of the required information.

After review, a motion was made by Commissioner Brantley to approve the reports received, and
to suspend the benefits of Jimmy Frye and Patricia Williams until receipt of required information. He
stated upon receipt of information, the Executive Director could release benefits. The motion was
seconded by Commissioner Ownby and unanimously approved.

IN RE: REPORT OF RETIREMENT INVESTMENT AND EDUCATION COMMITTEE

Mrs. Bennett stated the Uniformed Officers Pension Plan educational meetings continue two per
week through March 2nd then one per week through the end of March. She stated Phase II of the Asset
Accumulation Plan and STAR educational meetings will begin in April with one make up session for
Phase I. Mrs. Bennett stated USI Consulting Group has presented a draft Retirement Readiness
presentation for review by the Retirement office.

IN RE: REPORT OF DOCUMENT COMMITTEE

Mrs. Bennett stated the Document Committee Meeting did not meet in February due to conflicts
of the members and advisors of the Board. She stated the committee should have a report at the March
Board Meeting.

Mrs. Bennett stated there has been conversation with Unum regarding the three disability retirees
that have not been approved for Social Security Disability. She stated depending on the outcome, those
retirees may be referred to the Disability Committee for recommendations of how to handle.

IN RE: EMPLOYEE DISABILITY PLAN TAX RETURN

Mrs. Bennett presented the Disability Plan Tax return to the Board for review. She stated Pugh &
Co does this as part of the retirement audit.

Upon review by the Board, the following corrections should be made:

- Completion of the wording in Part 1 item 1 and correction of the spelling of Commissioner
  Jeff Ownby’s name on the pension board members listing.

Mr. Caldwell made a motion to approve the Disability Tax Return with the above corrections. The
motion was seconded by Commissioner Ownby and unanimously approved.

IN RE: REPORT OF LEGAL COUNSEL

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

Mr. Mason reviewed the Knox County Retirement System Determination Letters advising that the
letters will not expire in 2019 as the letters state. He stated effective January 1, 2017, the 5 year remedial
amendment cycles for individually designed plans, like the County’s qualified plans, will be eliminated and
the scope of the determination letter program will be limited to initial plan qualification, qualification upon
plan termination and certain other limited circumstances to be determined by the IRS.

Mr. Mason stated Knox County will no longer be eligible to apply for favorable determination
letters for its six (6) ongoing qualified plans prior to plan termination.
He stated Knox County may continue to rely on its current favorable determination letters from 2014 indefinitely per the IRS, so long as the Board maintains the form of the documents and preserves the executed Plans and amendments.

**IN RE: REPORT OF ACTUARY**

Mr. Cross stated the valuations will be presented at the March board meeting.

**IN RE: REPORT OF INVESTMENT COMMITTEE**

Mrs. Bennett reported that the Investment Committee met on February 19th and recommends changing the Asset Allocation Policy to modestly reduce risk for the Defined Benefit and Teachers Plans as follows:

- Total Equity 58% to 55%
- Total Fixed Income 22% to 30%
- Total Real Assets 20% to 15%

After discussion, a motion was made by Mr. Caldwell to accept the recommendation of Wilshire Consulting and the Investment Committee and approve the above changes. The motion was seconded by Commissioner Ownby and approved.

She stated the Investment Committee also recommends changing the Asset Allocation Policy to modestly reduce risk for the Uniformed Officers Pension Plan as follows:

- Total Equity 56.9% to 60%
- Total Fixed Income 23.1% to 24.5%
- Total Real Assets 20% to 15%

After discussion, a motion was made by Commissioner Brantley to accept the recommendation of Wilshire Consulting and the Investment Committee and approve the above changes. The motion was seconded by Commissioner Ownby and approved.

Mrs. Bennett reported that the Investment Committee also recommends the following changes to the Asset Accumulation Plan, 457 Plan and STAR Plan as recommended by USI:

1) Replace Pioneer Government Income A with Pioneer Short Term Income A
2) Replace Oppenheimer Main Street Mid Cap A with First Eagle Fund of America A

After discussion, a motion was made by Commissioner Brantley to accept the recommendation of USI Consulting Group and the Investment Committee and approve the above changes. The motion was seconded by Commissioner Ownby and approved.

Mrs. Bennett stated the changes to the Asset Accumulation, 457 Plan and STAR would only affect those invested in the aggressive blend and the balanced blend. She stated the blackout would be March 11th through March 18th and the postcard to those affected would be mailed February 26th.

Mrs. Bennett presented the rates of return as of January 31, 2016, 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 February 2016

KENNERLY, MONTGOMERY & FINLEY, P.C.
Invoice #196349 $8,968.00

KENNERLY, MONTGOMERY & FINLEY, P.C.
Invoice #196350 $2,162.00

USI CONSULTING GROUP
Invoice #90008960 $18,176.25

USI CONSULTING GROUP
Invoice #90009376 $60,650.25

Total of Invoices for February 2016 $89,956.50

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