

KNOX COUNTY RETIREMENT AND PENSION BOARD

APRIL 25, 2016

The Knox County Retirement and Pension Board met in regular session on Monday, April 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, Commissioner Ed Brantley, Commissioner Sam McKenzie, Commissioner Jeff Ownby, Commissioner Bob Thomas, Mrs. Ashley Huffaker, and Mr. Chris Caldwell, representing Mayor Tim Burchett. Also present at the meeting were: Mr. Bob Cross, USICG, Mr. William Mason, Mr. John Owings, Mrs. Stephanie Coleman, Legal Counsel, Mr. David Buuck, Knox County Chief Deputy Law Director, Mr. Ed Shouse, Knox County Trustee, and Retirement staff, Mrs. Kim Bennett, Mrs. Terri Chase, Mrs. Janet Rowan and Mrs. Jennifer Schroeder.

IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING

Consideration of approval of the minutes of the previous meeting of March 28, 2016, was presented. A motion was made by Mr. Caldwell 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:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
James M Duncan	Sheriff	35 years 6 months	May 1, 2016
William H McKee	Sheriff	30 years	May 1, 2016

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 Commissioner Thomas and unanimously approved.

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE 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>
Loretta A Coleman	Health	16 years 3 months	May 1, 2016
Dorothy A Martin	Sheriff	10 years 9 months	May 1, 2016
Linda M Newton	Juv Svcs	12 years 7 months	May 1, 2016
Kathy A Reilly	Schools	12 years 1 month	May 1, 2016
Joan C Wheeler	Schools	6 years 3 months	May 1, 2016
Douglas A Wilson	IT	40 years 6 months	May 1, 2016

After review, a motion was made by Commissioner Brantley to approve the applications for retirement under the Asset Accumulation Plan as presented and authorize the Directed Custodian, Wells Fargo Bank, to make disposition of the benefits upon certification from USI and to authorize Trustee, State Street Bank, to make payment of the credited service benefit. The motion was seconded by Commissioner Thomas and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett reported there were 650 retirees and guests in attendance at the Retiree Luncheon on April 5th at Rothchild's Catering. She also expressed gratitude for all the board members that attended and made contributions for the door prizes which totaled 110.

Mrs. Bennett stated she and Mrs. Ashley Huffaker attended the Wilshire Conference which had an attendance of 150-175. She stated the asset allocation class was one of the best classes that they attended which pertained to our investments.

Mrs. Bennett reported that the make-up Retirement Education classes for Phase I have been completed and less than 10% of employees have not attended. She stated the Phase II classes are scheduled for the Courts, Engineering & Public Works and various other locations in May. Mrs. Bennett stated the retirement office has continued to receive excellent feedback from employees.

Mrs. Bennett stated Phase III, Retirement Readiness, is in the development stage (3rd version) and would be offered on a voluntary rather than mandatory basis. She stated the presentation still needs to be approved by the USICG legal department and she will send a draft when it is close to completion. The Phase III class will cover retirement, Social Security and Medicare and their interaction.

IN RE: UNUM RENEWAL PROPOSAL EFFECTIVE 7/1/2016

Mrs. Bennett reported the UNUM renewal proposal effective July 1, 2016 includes a fee increase of 25% for the 2 year contract, totaling \$60-70,000 per year to review disability cases and make recommendations to the Board. She stated this is a large increase but that UNUM is currently still willing to provide the requested services for the Board. She stated most of the other vendors reviewed 10 years ago are no longer providing this service. Mrs. Bennett stated the other option is to have a fully insured Disability Plan which Mr. Cross confirmed would likely cost an additional \$1 million per year in premium.

Commissioner Thomas asked if there was a contingency plan if UNUM should advise us they are no longer willing to review and provide Social Security assistance for us.

Mr. Cross stated that the administration of the Disability Plan should be reviewed a year into the contract with UNUM to ensure there is an alternative should UNUM decide not to continue providing the requested services for the Board. He said that there are a few other firms that provide the service, but not with the resources or capability of UNUM.

After review, a motion was made by Commissioner Brantley to approve the UNUM Renewal Proposal as presented. The motion was seconded by Mr. Caldwell and unanimously approved.

IN RE: FISCAL YEAR BUDGET – 2nd REVIEW

Mrs. Bennett presented the second review of the fiscal year 2017 budget for the Board Members. She asked if there were any questions or further discussion. Chairman Trott asked Mrs. Bennett if Mr. McBride had any further discussion or questions regarding the budget since he made the motion to defer

for 30 days and Mrs. Bennett stated he did not ask further questions concerning the budget when he contacted her to say he would not be at today's Board Meeting.

A motion was made by Commissioner McKenzie to accept the budget as presented. The motion was seconded by Commissioner Ownby and unanimously approved.

IN RE: DISCUSSION OF PROPOSED AMENDMENTS

Mrs. Bennett stated she would like the Document Committee to meet to review proposed amendments to separate the Asset Accumulation Plan and the 457 Deferred Compensation Plan, simplify the distribution options under the Asset Accumulation Plan, STAR and the 457 Deferred Compensation Plan, and the requirement that participants who terminate employment and withdraw any part of their Asset Accumulation Plan, STAR, 457, or MERP account balances wait 4 full calendar months from date of distribution before being eligible for reemployment. She also stated that hardship withdrawals from the Asset Plan and STAR and the potential limitation on eligibility for the Asset Plan could be discussed.

Mr. Caldwell stated the Document Committee would meet on Thursday, May 5th at 9:00 A.M.

Mrs. Bennett stated the First Reading of Amendments would be at the May Board Meeting.

IN RE: REPORT OF LEGAL COUNSEL

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

Mrs. Coleman reported that there had been discussions and review of employment law due to administration issues of the Board.

IN RE: REPORT OF ACTUARY

Mr. Cross presented the Actuarial Valuation for the Uniformed Officers Pension Plan for the Plan Year beginning January 1, 2016. He reviewed the valuation in detail and reported the recommended employer contribution for the fiscal year ending June 30, 2017 is \$4,077,120.00, or 14.85% of covered payroll calculated as payable on July 1, 2016.

Mr. Cross also presented the Actuarial Valuation for the Knox County Board of Education Retirement Plan as of January 1, 2016. He reviewed the valuation in detail and reported the recommended employer contribution for the fiscal year ending June 30, 2017, is \$726,969.00 calculated as payable on July 1, 2016.

Mr. Cross presented the Actuarial Valuation for the Defined Benefit Pension Plan for the Plan Year beginning January 1, 2016. He reviewed the valuation in detail and reported the recommended employer contribution for the fiscal year ending June 30, 2017 is \$3,118,797.00 calculated as payable on July 1, 2016.

Mr. Cross presented the Actuarial Valuation for the Employee Disability Benefit Plan for the Plan Year beginning January 1, 2016. He reviewed the valuation in detail and reported the recommended employer contribution for the fiscal year ending June 30, 2017 is \$461,491.00 calculated as payable on July 1, 2016.

After discussion by the Board Members, a motion was made by Mr. Caldwell to accept the Actuarial Valuation Reports for the Uniformed Officers Pension Plan, the Knox County Board of Education Retirement Plan, the Defined Benefit Pension Plan and the Employee Disability Benefit Plan. The motion was seconded by Commissioner Ownby and approved.

Mr. Cross stated the Defined Benefit Plan has a funding goal ratio of 80%; however, currently the Plan is funded at slightly more than 60%. This discussion would be deferred to the May Investment Committee Meeting on May 17, 2016.

IN RE: REPORT OF INVESTMENT COMMITTEE

Mrs. Bennett presented the rates of return as of March 31, 2016, from USI Consulting Group that were distributed to the Board Members. She stated she will email the Defined Benefit Plan rates of return upon receipt from Wilshire & Associates.

Mrs. Bennett stated there is an Investment Committee meeting on May 17th at 1:00 p.m.

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, in accordance with agreements and audited and recommended for payment by Mrs. Bennett:

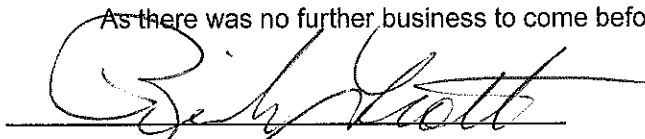
Invoices for April 2016

KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #196973	\$8,721.50
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #196975	\$1,482.50
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #196976	\$180.00
USI CONSULTING GROUP Invoice #90010220	\$29,528.01
USI CONSULTING GROUP Invoice #90010455	\$35,315.36
Invoices for April 2016	\$75,227.37

After review of the statement of accounts and invoices, a motion was made by Commissioner Thomas 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.

ADJOURNMENT

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



RICK TROTT, CHAIRMAN

Robin Moody
ROBIN MOODY, SECRETARY