KNOX COUNTY RETIREMENT AND PENSION BOARD
MAY 23, 2016

The Knox County Retirement and Pension Board met in regular session on Monday, May 23, 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, Ms. Robin Moody, Mrs. Ashley Huffaker, and Mr. Chris Caldwell, representing Mayor Tim Burchett. Also present at the meeting were: Mr. Bob Cross and Mrs. Carissa Dunaway, USICG, Mr. William Mason, Mr. John Owings, Mrs. Stephanie Coleman, Legal Counsel, and Retirement staff, Mrs. Kim Bennett, Ms. Nyla Breshears, 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 April 25, 2016, was presented. A motion was made by Mr. Caldwell that the minutes be approved as presented. The motion was seconded by Commissioner McKenzie and unanimously approved.

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

The following applications for retirement along with the lump sum benefit and the credited service benefit based upon completed years of credited service at the date of retirement, as provided in the Defined Benefit 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>Brenda J Pressley</td>
<td>Schools</td>
<td>28 years</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Deborah Savage, Benef</td>
<td>Sheriff</td>
<td>28 years</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>of Robert L Savage</td>
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Mrs. Bennet advised Mr. Savage was approved for Disability Retirement in June 2015; however he was utilizing sick and annual leave when he died. She stated, therefore, he was considered an active employee and the beneficiary is entitled to 100% joint & survivor benefit as if he retired the month before he died.

After review, a motion was made by Commissioner McKenzie 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: 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>
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</tr>
</thead>
<tbody>
<tr>
<td>Rhonda B French, Benef of</td>
<td>Sheriff</td>
<td>6 years 9 months</td>
<td>April 1, 2015</td>
</tr>
<tr>
<td>Ronald French</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anthony E Tanner</td>
<td>Sheriff</td>
<td>26 years</td>
<td>June 1, 2016</td>
</tr>
</tbody>
</table>
Mrs. Bennett stated Mr. French died in March 2015; however, spouse was waiting to start benefits until it was determined if the death was in line of duty. She stated the retirement office received correspondence advising the death was not in line of duty and authorization from spouse to begin benefits. Benefits will be paid retroactive to April 1, 2015.

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 Ownby 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:

<table>
<thead>
<tr>
<th>NAME</th>
<th>DEPARTMENT</th>
<th>CREDITED SERVICE</th>
<th>EFFECTIVE DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia P Chambers</td>
<td>Schools</td>
<td>10 years 2 months</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Charlotte D Chittum</td>
<td>Schools</td>
<td>10 years 2 months</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Paul W Coker</td>
<td>Schools</td>
<td>26 years</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Searcy M Doss</td>
<td>PBA</td>
<td>13 years 10 months</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Roberta Graham</td>
<td>Schools</td>
<td>23 years 11 months</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Mary A Harrison</td>
<td>Health</td>
<td>17 years 2 months</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Betty S Julian</td>
<td>Health</td>
<td>16 years 6 months</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Larry E McCaslin</td>
<td>Schools</td>
<td>15 years 5 months</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Virginia C Nutter</td>
<td>Health</td>
<td>15 years 11 months</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Linda D Pratt</td>
<td>Schools</td>
<td>17 years</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Cynthia J Sammons</td>
<td>Schools</td>
<td>15 years 5 months</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Brenda K Tindell</td>
<td>Schools</td>
<td>19 years</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Steven R Trout</td>
<td>IT</td>
<td>17 years</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Vickie R Whitaker</td>
<td>County Clerk</td>
<td>12 years 1 month</td>
<td>June 1, 2016</td>
</tr>
<tr>
<td>Debra L Wright</td>
<td>Sheriff</td>
<td>6 years 7 months</td>
<td>June 1, 2016</td>
</tr>
</tbody>
</table>

After review, a motion was made by Mr. Caldwell 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 Ownby and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett reported Mrs. Charlotte Welch resigned and the office has revised workloads. She introduced new employee, Ms. Nyla Breshears who started today.
Mrs. Bennett stated there is now a contract between the Knox County Retirement & Pension Board and the Charter Schools for retirement plan administrative services. She stated the invoice has been sent to them but payment has not been received to date.

Mrs. Bennett stated the service agreement for the administration of the Metropolitan Drug Commission payroll and retirement has been signed and paid in the amount of $1,000 annually.

Mrs. Bennett reported that the Retirement Education classes for Phase I and Phase II have been completed for the majority of County employees. She stated the Phase II class for Asset Accumulation and STAR employees of the Sheriff’s Department will be during the Sheriff’s Office In-Service in September 2016.

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 and will begin in fall 2016.

IN RE: REPORT OF DOCUMENT COMMITTEE

Mr. Caldwell reported the Document Committee met on May 5, 2016 to discuss and 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, change the default distribution option from single life annuity to a single lump sum payment, 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.

Mr. Caldwell stated he has concerns regarding tax implications about the lump sum default of those retirees who do not make a retirement election. He asked if the Board would defer that decision back to the Document Committee. Mr. Caldwell advised he did not vote nor abstain at the Document Committee meeting but the committee did vote to pass the amendment. Mrs. Bennett stated there was a quorum without the vote of the Chairman at the Document Committee meeting. Mr. Caldwell stated he was unsure if members of the Committee understood the change as it was very confusing. He asked Mrs. Bennett to contact him to set up another Document Committee meeting to review the default if the Committee wished to discuss it and also to discuss the 18 ½ hour policy for retirement contributions and possible hardships or loans from the Asset Accumulation Plan and STAR.

IN RE: PUBLIC HEARING AND FIRST READING OF AMENDMENT AND RESTATEMENT OF THE 2014 PLAN DOCUMENT FOR THE KNOX COUNTY EMPLOYEE BENEFIT SYSTEM

Mrs. Bennett reviewed the Amendment and Restatement of the 2014 Plan Document for the Knox County Employee Benefit System. She stated the following summarizes the proposed amendments to the System as recommended by the Document Committee:

- Amend Article X, Section 3 to add distribution options, timing and election procedures to the 457 Plan that are the same as those rules under the Asset Plan and STAR.
- Amend Article VI-5.01 and 5.02 to remove the earnings only and adjusted life expectancy (3% interest assumed) distribution options.
• Amend Article VI-4.01(d) to change the standard form of benefit from installment payments over the Participant's life expectancy to a lump sum payment.
• Amend Article VI-1.102 to require Participants who Terminate Employment and withdraw any part of their Asset Plan, STAR, 457, or MERP Account balances to wait 4 full calendar months from date of distribution before being eligible for reemployment.
• Amend Articles III-3.01 and VI-1.02 to clarify exception to 4 month waiting period after Termination or Retirement for elected or appointed public officials and to add an exception to the rule for unusual circumstances, as approved by the Board on a case by case basis.
• Amend Article VI-4.07(d) to clarify that a Vested Terminated Participant may withdraw Employee contributions to Asset Plan or STAR and leave Employer money on deposit and retain Credited Service upon reemployment.
• Amend Article VII-4.04 to clarify MERP distribution provisions to reflect current practice.
• Amend System document by incorporating all amendments since the System's last amendment and restatement (2014).

The System document was also amended to make clarifying and conforming changes necessitated by the specific amendments listed above. In addition, minor housekeeping amendments have been made.

Chairman Trott asked if anyone was present to speak at the public hearing. Mr. Owings, Legal Counsel, stated no one from the public was present to speak.

After discussion by the Board Members, a motion was made by Commissioner McKenzie to approve the amendment and restatement of the Knox County Employee Benefit System. The motion was seconded by Commissioner Ownby and unanimously approved.

IN RE: PUBLIC HEARING AND FIRST READING OF AMENDMENT AND RESTATEMENT OF THE 2014 PLAN DOCUMENT FOR THE UNIFORMED OFFICERS PENSION PLAN

Mrs. Bennett summarized comparable proposed amendments to the Uniformed Officers Pension Plan (U OPP).

Chairman Trott asked if anyone was present to speak at the public hearing. Mr. Owings, Legal Counsel, stated no one from the Public was present to speak.

After discussion by the Board Members, a motion was made by Commissioner McKenzie to approve the amendment and restatement of the Uniformed Officers Pension Plan. The motion was seconded by Commissioner Ownby and unanimously approved.

IN RE: PUBLIC HEARING AND FIRST READING OF AMENDMENT AND RESTATEMENT OF THE 2014 PLAN DOCUMENT FOR THE KNOX COUNTY SHERIFF'S TOTAL ACCUMULATION RETIREMENT PLAN

Mrs. Bennett summarized comparable proposed amendments to the Knox County Sheriff's Total Accumulation Retirement Plan (STAR).

Chairman Trott asked if anyone was present to speak at the public hearing. Mr. Owings, Legal Counsel, stated no one from the Public was present to speak.

After discussion by the Board Members, a motion was made by Commissioner Ownby to approve the amendment and restatement of the Sheriff's Total Accumulation Retirement Plan. The motion was seconded by Commissioner McKenzie and unanimously approved.
IN RE: REPORT OF LEGAL COUNSEL

Mr. Mason reported the State of Tennessee has expanded legislation of the new Qualified Domestic Relations Order (QDRO) law to include spouses, former spouses, children and other dependents of the participant. He stated Mrs. Bennett has authorization from the Board to make changes to the procedure prior to effective date of July 1, 2016.

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

IN RE: REPORT OF ACTUARY

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

IN RE: REPORT OF INVESTMENT COMMITTEE

Mrs. Bennett (in Mr. McBride’s absence) stated the revised Investment Policies for the Defined Benefit Plan and Teachers Plan and Uniformed Officers Pension Plan reflect changes recommended by the Investment Committee.

After review, a motion was made by Commissioner Ownby to approve the revised Investment Policy for the Defined Benefit Plan and Teachers Plan. The motion was seconded by Commissioner Thomas and unanimously approved.

After review, a motion was made by Commissioner Ownby to approve the revised Investment Policy for the Uniformed Officers Pension Plan. The motion was seconded by Mrs. Huffaker and unanimously approved.

Mrs. Bennett stated Nationwide presented additional funds to the Investment Committee for the 457 Plan to become effective October 2016. On the recommendation of the Investment Committee, Mrs. Bennett requests authorization from the Board to sign and accept these changes. The following funds will be added:

- (American Funds) New World Fund (SM) Class R4
- Cohen & Steers Real Estate Securities Fund, Inc – Class A
- PIMCO Foreign Bond Fund (U.S. Dollar-Hedged) – Class A

After review, a motion was made by Commissioner Ownby to accept the Investment Committee recommendations to add updated funds for the Nationwide 457 Plan effective October 2016 and authorize Mrs. Bennett to sign the agreement. The motion was seconded by Commissioner McKenzie and unanimously approved.

Mrs. Bennett presented the rates of return as of April 30, 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.

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 May 2016

BENXL TECHNOLOGIES
Invoice #102870 $28,400.00

KENNERLY, MONTGOMERY & FINLEY, P.C.
Invoice #197484 $10,824.00

KENNERLY, MONTGOMERY & FINLEY, P.C.
Invoice #197486 $1,248.00

KENNERLY, MONTGOMERY & FINLEY, P.C.
Invoice #197487 $500.00

USI CONSULTING GROUP
Invoice #90010950 $17,656.50

Invoices for May 2016 $58,828.50

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, SECRETARY