The Knox County Retirement and Pension Board met in regular session on Monday, May 22, 2017, at 1:30 P.M. in the County Commission Conference Room 640, City-County Building, Knoxville, Tennessee. Chairman Brantley presided and called the meeting to order.

The following members were present: Commissioner Ed Brantley, Chairman, Mr. Chris Caldwell, Proxy for Mayor Burchett, Vice Chairman, Commissioner Hugh Nystrom, Secretary, Commissioner John Schoonmaker, Commissioner Bob Thomas, Mrs. Jennifer Hemmelgarn, Ms. Robin Moody and Mr. Zack Webb. Also present at the meeting were: Mr. Bob Cross, USCG, Mr. William Mason, Mr. John Owings, Legal Counsel, Mr. Bud Armstrong, Law Director, Mr. David Wigler, Sr. Deputy Law Director, Mr. Wayne Sellers, Nationwide, Mr. Benjamin Bean, Finance, and Retirement staff, Mrs. Kim Bennett, Mrs. Jennifer Schroeder, Mrs. Terri Chase and Mrs. Janet Rowan.

Chairman Brantley stated the Retirement & Pension Board Meeting and the Investment Committee Meeting are always at 1:30 p.m. Mr. Webb requested an Outlook meeting notice be sent for all meetings so the Board Members could automatically add to their electronic calendars. Mrs. Bennett stated that all meeting information will be sent through Outlook in the future.

IN RE: AMENDMENTS TO THE AGENDA

Mrs. Bennett stated the agenda was amended to add an additional application for disability – Ms. Wendy May.

IN RE: APPROVAL OF MINUTES OF MARCH 27, 2017

Secretary Nystrom presented the minutes of the prior meeting of March 27, 2017 and stated he had reviewed and they are now submitted to the Board for approval. A motion was made by Commissioner Thomas that the minutes be approved as presented. The motion was seconded by Mr. Caldwell and unanimously approved.

IN RE: APPROVAL OF MINUTES OF APRIL 24, 2017

Secretary Nystrom presented the minutes of the previous meeting of April 24, 2017, stating he had reviewed them and they are now submitted to the Board for approval. A motion was made by Mr. Caldwell that the minutes be approved as presented. The motion was seconded by Commissioner Thomas and unanimously approved.

Secretary Nystrom advised he will be involved in the review of the minutes at the time they are reviewed by Legal Counsel and the Executive Director.

IN RE: APPLICATION FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN

The application for disability benefits for Frank Brown, employee of the Parks & Recreation Dept., and a participant in the Asset Accumulation Plan, was presented. Mr. Brown has 14 years 10 months of credited service. Notification was received from UNUM dated May 16, 2017, recommending denial of a disability benefit for Mr. Brown.

The application for disability benefits for Wendy L May, employee of the Sheriff’s Dept., and a participant in the Uniformed Officers Pension Plan, was presented. Ms. May has 20 years 9 months of
credited service. Notification was received from UNUM dated May 22, 2017, recommending approval of a disability benefit for Ms. May.

After discussion, a motion was made by Mr. Caldwell to accept the recommendation of UNUM to deny the request of Mr. Brown and approve the request of Ms. May for disability benefits. The motion was seconded by Commissioner Nystrom 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>Donna M Brown</td>
<td>Schools</td>
<td>8 years 2 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Janice Brown</td>
<td>Schools</td>
<td>6 years 8 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Billy J Dyer</td>
<td>Schools</td>
<td>5 years 9 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Patricia A Hickman</td>
<td>Schools</td>
<td>19 years 8 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Ray E Jones</td>
<td>Schools</td>
<td>6 years 7 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Theresa V Jones</td>
<td>Schools</td>
<td>9 years 9 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Sandra J Logan</td>
<td>Schools</td>
<td>11 years 7 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Daniel E Lyons</td>
<td>Finance</td>
<td>24 years</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Wanda L McCown</td>
<td>Schools</td>
<td>29 years 10 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Margaret J Quayle</td>
<td>Schools</td>
<td>19 years 7 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>David A Smith</td>
<td>Schools</td>
<td>29 years 8 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Sheila S Snodgrass</td>
<td>Schools</td>
<td>20 years 3 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Karan M Spears</td>
<td>Juv Svcs</td>
<td>9 years 10 months</td>
<td>June 1, 2017</td>
</tr>
<tr>
<td>Monte G Stooksbury</td>
<td>Schools</td>
<td>14 years 7 months</td>
<td>June 1, 2017</td>
</tr>
</tbody>
</table>

After review, a motion was made by Commissioner Thomas to approve the applications for retirement under the Asset Accumulation Plan as presented and to 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 Mr. Webb and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett stated the Retiree Luncheon was Tuesday April 11th and there were 575 attendees in addition to the Board Members, Sponsors and Staff that attended. She stated the luncheon was a success and operated smoothly.

Ms. Bennett reported the following statistics for the Loan Program:

Asset Accumulation Plan

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of loans - as of May 19, 2017</td>
<td>205</td>
</tr>
<tr>
<td>Approximate number of participants eligible for loans</td>
<td>1,200</td>
</tr>
<tr>
<td>Percentage of Participants with loans processed</td>
<td>17.08%</td>
</tr>
<tr>
<td>Total value of all loans as of May 19, 2017</td>
<td>$3,187,844.72</td>
</tr>
</tbody>
</table>
Average Loan Balance $15,549

**STAR** — No participants eligible for loans.

Mrs. Bennett stated there were 10 loans processed in the last month.

Mrs. Bennett reported the statistics for the **Defined Contribution Plans** as follows:

Distributions processed in April 79

Mrs. Bennett stated the process of paperless statement for participants of the Asset Accumulation Plan will be effective with the September 2017 statements. She stated there will be emails sent to participants and a notice will be included with the June 30th statements.

Mrs. Bennett stated Board Member, Tracy Foster, is currently at a conference in Hollywood, FL.

She also stated Jennifer Schroeder will be attending a conference in June that will give her certification.

Ms. Moody announced she is leaving Knox County Schools effective May 26th; therefore, the June Board Meeting will be her last meeting. She stated her appreciation for service on the Board. Mr. Brantley expressed the Board's appreciation for her service and wished her well.

**IN RE: REPORT OF DISABILITY COMMITTEE**

Mrs. Bennett stated the Disability Committee has a scheduled meeting Friday, May 26th at 10:00 a.m. She stated this meeting will be to discuss service provider options.

**IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT AND RESTATEMENT OF THE KNOX COUNTY EMPLOYEE BENEFIT SYSTEM**

Mrs. Bennett presented the following information for amendment of the Knox County Employee Benefit System:

**Summary Document for System Amendments**

The following summarizes the proposed amendments to the System as recommended by the Document Committee:

- Revise Article VI-5.02 to authorize partial lump sum distributions to Retirees from the Asset Plan in accordance with the terms and conditions set forth in the Partial Lump Sum Distribution Procedure.

- Revise Article X-3.07(b) to authorize partial lump sum distributions to Retirees from the 457 Plan in accordance with the terms and conditions set forth in the Partial Lump Sum Distribution Procedure.

- Revise Article I-1.25 to clarify that Credited Service under STAR is not counted for purposes of calculating the Credited Service Benefit for Asset Plan Participants.

Additional amendments to the System document are proposed to make clarifying and conforming changes necessitated by the proposed amendments described above. Minor housekeeping amendments have also been proposed.

Following is a copy of a draft of the provisions listed above, showing the amendments made, as exhibited to the Board.
I-1.25 "Credited Service" shall mean the sum of an Employee's full and partial Years of Service, determined in years and months.

a) If a Participant becomes ineligible to participate because he or she is in the Ineligible Class of a component plan of the System or if an Employee in the Ineligible Class becomes a part of the Eligible Class, no period of Employment in the Ineligible Class shall be included in determining Credited Service for that component plan.

b) If a Participant becomes ineligible to participate because he or she is in the Ineligible Class, or if an Employee in the Ineligible Class becomes a part of the Eligible Class, no period of Employment in the Ineligible Class shall be included in determining Credited Service, except as provided in Section I-1.25(d).

c) Credited Service shall not include any period of Employment counted for purposes of determining an Employee's benefit under the Uniformed Officers Pension Plan.

d) A Participant's Credited Service under the Asset Plan shall include Credited Service under STAR, whether such STAR Credited Service occurs prior to, concurrent with, or following that Participant's Credited Service under the Asset Plan. However, if the same period is credited under more than one such plan, the calculation of Credited Service shall eliminate such duplication. Notwithstanding the above, Credited Service under STAR shall not be included for purposes of calculating the Credited Service benefit described in Article III-3.06.

e) Credited Service shall include an authorized Leave of Absence, but not beyond six (6) months, and may include time during which a Participant is receiving a Disability Benefit under the System, UOPP, or the Disability Plan. A Leave of Absence extending beyond six (6) months granted by a duly authorized Knox County official and approved by the Board shall not be counted as Credited Service but shall not be considered an interruption in Credited Service.

VI-5.02 Election of Options
A Participant or Beneficiary entitled to a Retirement or Death benefit under the Plan may elect, upon written notice of such election filed with the Board in such form and manner as prescribed by the Board, to receive such benefit payable in the Standard Form under Section VI-4.01(d) or in accordance with any one of the options provided in Section VI-5.01 with the Board's approval. The election of any option may be revoked and a new option elected if such election is made and duly filed prior to the date benefits would otherwise commence. The election of any option may not be changed after the date benefit payments have commenced except upon reemployment under Section VI-1.02(b) or as follows:

A Participant who is receiving benefit payments in installments pursuant to the terms of Sections VI-5.01(a), VI-5.01(b) or VI-5.01(c) shall be permitted to make one change to such election, to either of the optional forms of benefit described in Section VI-5.01(a) or VI-5.01(b), at any time after benefit payments have commenced. Notwithstanding the above, a Retiree may elect to receive the entire remaining Individual Account in a single lump sum payment or to receive, from time to time, a portion of the remaining Individual Account in accordance with the System's Partial Lump Sum Distribution Procedure.

A Beneficiary shall be permitted to make one change to the election made by the Participant to either of the optional forms of benefit described in Section VI-5.01(a) or VI-5.01(b), upon the death of the Participant. Notwithstanding the above, a Beneficiary may elect to receive the entire remaining Individual Account in a single lump sum payment.
X-3.07 Form of Retirement Benefit

(b) Election of Options.

A Participant or Beneficiary entitled to a Retirement or Death benefit under the Plan may elect, upon written notice of such election filed with the Board in such form and manner as prescribed by the Board, to receive such benefit payable in the Standard Form under Section X-3.02(d) or in accordance with any one of the options provided in Section X-3.07(a) with the Board’s approval. The election of any option may be revoked and a new option elected if such election is made and duly filed prior to the date benefits would otherwise commence. The election of any option may not be changed after the date benefit payments have commenced except upon reemployment under Section VI-1.02(b), STAR 3.02(b), UOPP 3.05(b) or as follows:

A Participant who is receiving benefit payments in installments pursuant to the terms of Sections X-3.07(a)(1), X-3.07(a)(2) or X-3.07(a)(3) shall be permitted to make one change to such election, to either of the optional forms of benefit described in Section X-3.07(a)(1) or X-3.07(a)(2), at any time after benefit payments have commenced. Notwithstanding the above, a Retiree may elect to receive the entire remaining Individual Account in a single lump sum payment or to receive, from time to time, a portion of the remaining Individual Account in accordance with the System's Partial Lump Sum Distribution Procedure.

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

After discussion by the Board Members, a motion was made by Mr. Webb to approve on second reading the amendment and restatement of the Knox County Employee Benefit System. The motion was seconded by Commissioner Thomas and unanimously approved.

IN RE: PUBLIC HEARING AND SECOND READING OF AMENDMENT AND RESTATEMENT OF THE SHERIFF'S TOTAL ACCUMULATION RETIREMENT PLAN

Mrs. Bennett presented the following information for amendment of the Knox County Employee Benefit System:

Following is a copy of a draft of the provisions, showing the amendments made, as exhibited to the Board.

SHERIFF'S TOTAL ACCUMULATON RETIREMENT

ARTICLE VII - FORM OF PAYMENT

7.02 Election of Options

A Participant or Beneficiary entitled to a Retirement or death benefit under the Plan may elect, upon written notice of such election filed with the Board in such form and manner as prescribed by the Board, to receive such benefit payable in the Standard Form under Section 6.01(c) or in accordance with any one of the options provided in Section 7.01 with the Board’s approval. The election of any option may be revoked and a new option elected if such election is made duly filed prior to the date benefits would otherwise be paid or commenced. The election of any option may not be changed after the date benefit payments have commenced except upon reemployment under Section 3.02 or System Sections III-3.01 or VI-1.02(b) or as follows:

A Participant who is receiving benefit payments in installments pursuant to the terms of Sections 7.01(a), 7.01(b) or 7.01(c) shall be permitted to make one change to such election, to either of the optional forms of benefit described in Section 7.01(a) or 7.01(b), at any time after benefit payments have commenced. Notwithstanding the above, a Retiree may elect to receive the entire remaining Individual Account in a single lump sum payment or to receive, from time to time, a portion of the remaining Individual Account in accordance with the Plan's Partial Lump Sum Distribution Procedure.
A Beneficiary shall be permitted to make one change to the election made by the Participant to either of the optional forms of benefit described in Section 7.01(a) or (b), upon the death of the Participant. Notwithstanding the above, a Beneficiary may elect to receive the entire remaining Individual Account in a single lump sum payment.

A Participant may make an election of optional form of benefit with respect to the Employer Supplemental Contribution Account and a second, separate election of optional form of benefit as to the remainder of the Individual Account.

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

After discussion by the Board Members, a motion was made by Mr. Caldwell to approve on second reading the amendment and restatement of the Knox County Employee Benefit System. The motion was seconded by Commissioner Schoonmaker and unanimously approved.

**IN RE: PARTIAL LUMP SUM DISTRIBUTION PROCEDURES**

Mrs. Bennett presented the following Partial Lump Sum Distribution Procedures:

**KNOX COUNTY RETIREMENT SYSTEM**

**ASSET ACCUMULATION AND DEFERRED COMPENSATION PLAN**

**PARTIAL LUMP SUM DISTRIBUTION PROCEDURE**

**WHEREAS**, the KNOX COUNTY PENSION BOARD (the "Board") administers the KNOX COUNTY RETIREMENT SYSTEM ASSET ACCUMULATION and DEFERRED COMPENSATION PLANS (the "Plan" or "Plans"); and

**WHEREAS**, the Plans each permit a Retiree to elect to receive, from time to time, a portion of his or her remaining Individual Account in a lump sum payment in accordance with a Partial Lump Sum Distribution Procedure ("Procedure"); and

**NOW THEREFORE**, effective July 1, 2017, the Board hereby establishes this Procedure; for purposes of the Internal Revenue Code of 1986 (the "Code"), and the Regulations thereunder, this Procedure is intended to form a part of and be incorporated in, the provisions of the Plan:

**Section 1: ESTABLISHMENT OF PROCEDURE**

(a) The Plan Administrator hereby establishes the Procedure and shall establish such recordkeeping and accounting procedures as are necessary to carry out, within the scope of fiduciary obligations to the Plan’s Participants and beneficiaries, the purposes of the Procedure.

(b) The Plan Administrator shall establish and amend from time to time such rules and procedures as are necessary or appropriate to effect the ongoing administration of the Procedure. The Plan Administrator shall prescribe such forms from time to time as may be necessary or appropriate for the Procedure.

(c) The Executive Director is hereby delegated authority and shall act as the Plan Administrator for this Procedure.

(d) Unless otherwise defined herein, any capitalized terms in this Procedure shall have the same meanings assigned to those terms by the Plan.

**Section 2: ELIGIBLE PARTICIPANTS**

(a) Participants who are Retirees as of the date of the distribution election shall be eligible to receive a partial lump sum distribution under this Procedure.
(b) In the event a Retiree dies, his or her Beneficiary shall be eligible to receive a partial lump sum distribution under this Procedure.

(c) Participants who Terminate employment shall not be eligible to receive a partial lump sum distribution.

(d) A Reemployed Retiree shall not be eligible to receive a partial lump sum distribution during his or her period of reemployment.

Section 3: ELECTION PROCEDURES

(a) To elect a partial lump sum distribution, a Retiree or Beneficiary must complete and return to the Retirement Office a revised Application for Retirement, indicating his or her election in Part III. Each application shall specify the amount of the partial lump sum distribution requested.

(b) If the Plan Administrator determines that all other requirements of this Procedure have been satisfied, the Retiree or his or her Beneficiary will receive the partial lump sum distribution as soon as administratively feasible in accordance with the Administrator’s regular payment procedure. If the Plan cannot make the distribution within three (3) weeks, the Plan Administrator will advise the Retiree or Beneficiary of the delay, of the reason for the delay and of the date by which the Plan expects to make payment.

Section 4: PLAN LEVEL LIMITATIONS

(a) Minimum Distribution. The minimum partial lump sum distribution available under the Plan shall be $5,000.

(b) Maximum Distribution. There shall be no maximum partial lump sum distribution, except that a Retiree or Beneficiary shall not elect to receive an amount in excess of his or her remaining Individual Account balance.

(c) Timing. Only one (1) partial lump sum distribution per calendar quarter shall be permitted under this Procedure.

Section 5: EFFECT ON INSTALLMENT PAYMENT ELECTION

(a) A Retiree's or Beneficiary's periodic installment payments shall continue, as elected, in the month of the partial lump sum distribution and thereafter until his or her Individual Account is depleted.

(b) Such installment payments shall be recalculated in December of each year, based on the Participant's Individual Account balance as of the last business day of November, to take account of any partial lump sum distribution(s) received during that year. The recalculated payments shall be effective January 1 of the following year. Exhibit A, attached hereto, provides examples showing the effect a partial lump sum distribution may have on a Retiree's or Beneficiary's future installment payments.

Section 6: MISCELLANEOUS

(a) The Board reserves the right to modify, amend or terminate this Procedure at any time. The Plan Administrator shall have the power to suspend the eligibility of a Retiree where pending qualified domestic relations orders or similar occurrences make such action necessary or appropriate to protect the interests of the Plan and Retirement System.
(b) In the event any person to which this Procedure applies receives a distribution that should not have been paid by the Plan, the recipient is designated a constructive trustee for the amount received and shall immediately return such amount to the Plan Administrator. Notwithstanding the foregoing, the Plan Administrator specifically reserves the right to seek the recovery of any amounts paid by the Plan in error to any person.

(c) Nothing in this Procedure shall be interpreted or construed to modify or amend the Plan. In all cases, the terms of the Plan shall determine any party’s eligibility for benefits and the amount of such benefits. The benefits payable are governed by the Plan, which is subject to modification, amendment or termination at any time. All benefit payments are subject to the actual terms and conditions of the Plans in effect when a party applies for benefits.

(d) This Procedure shall be interpreted and applied consistent with provisions of the Plan and the Internal Revenue Code and applicable regulations.

IN WITNESS WHEREOF, this Partial Lump Sum Distribution Procedure has been executed this ___ day of May, 2017.

KNOX COUNTY RETIREMENT SYSTEM

By: ____________________________
Its: Executive Director

Exhibit A

Fixed Period Installment Example:

Retiree: Sally Smith
Age: 62
Plan: Asset Accumulation
Account Balance: $240,000
Benefit Election: Monthly Installments over 10 Years
Retirement Date: January 1, 2018

<table>
<thead>
<tr>
<th>Benefit Year (Jan. – Dec.)</th>
<th>Monthly Benefit</th>
<th>Partial Lump Sum Distribution (prior to December 1)</th>
<th>Annual Distribution</th>
<th>Remaining Balance</th>
<th>Benefit Years Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2,000</td>
<td>$0</td>
<td>$24,000</td>
<td>$216,000</td>
<td>9</td>
</tr>
<tr>
<td>2019</td>
<td>$2,000</td>
<td>$10,000</td>
<td>$34,000</td>
<td>$182,000</td>
<td>8</td>
</tr>
<tr>
<td>2020</td>
<td>$1,895.83</td>
<td>$5,000</td>
<td>$27,750</td>
<td>$154,250</td>
<td>7</td>
</tr>
<tr>
<td>2021</td>
<td>$1,836.31</td>
<td>$5,000</td>
<td>$27,035.71</td>
<td>$127,214.29</td>
<td>6</td>
</tr>
<tr>
<td>2022</td>
<td>$1,766.87</td>
<td>$0</td>
<td>$21,202.38</td>
<td>$106,011.91</td>
<td>5</td>
</tr>
<tr>
<td>2023</td>
<td>$1,766.87</td>
<td>$0</td>
<td>$21,202.38</td>
<td>$84,809.53</td>
<td>4</td>
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<tr>
<td>2024</td>
<td>$1,766.87</td>
<td>$10,000</td>
<td>$31,202.38</td>
<td>$53,607.15</td>
<td>3</td>
</tr>
<tr>
<td>2025</td>
<td>$1,489.09</td>
<td>$0</td>
<td>$17,869.05</td>
<td>$35,738.10</td>
<td>2</td>
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<tr>
<td>2026</td>
<td>$1,489.09</td>
<td>$0</td>
<td>$17,869.05</td>
<td>$17,869.05</td>
<td>1</td>
</tr>
<tr>
<td>2027</td>
<td>$1,489.09</td>
<td>$0</td>
<td>$17,869.05</td>
<td>$0</td>
<td>0</td>
</tr>
</tbody>
</table>

For purposes of this example, 0% earnings were assumed. Earnings and/or losses affect the annual recalculation of a Retiree’s or Beneficiary’s regular installment payment. Earnings are not guaranteed. Recalculations are performed in December for the next calendar year based on account balances as of the last business day in November. Partial lump sum distributions received in December are accounted
for in the following year. For example, if Sally took a partial lump sum distribution in December 2019, the
distribution will first affect her monthly benefit in January 2021.

Fixed Payment Installment Example:
Retiree: Joe Johnson
Age: 66
Plan: Deferred Compensation (457)
Account Balance: $50,000
Benefit Election: Monthly Installments of $250
Retirement Date: January 1, 2018

<table>
<thead>
<tr>
<th>Benefit Year (Jan. – Dec.)</th>
<th>Monthly Benefit</th>
<th>Partial Lump Sum Distribution</th>
<th>Annual Distribution</th>
<th>Remaining Balance</th>
<th>Benefit Years Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$250</td>
<td>$0</td>
<td>$3,000</td>
<td>$47,000</td>
<td>15 + 8 months</td>
</tr>
<tr>
<td>2019</td>
<td>$250</td>
<td>$5,000</td>
<td>$8,000</td>
<td>$39,000</td>
<td>13</td>
</tr>
<tr>
<td>2020</td>
<td>$250</td>
<td>$5,000</td>
<td>$8,000</td>
<td>$31,000</td>
<td>10 + 4 months</td>
</tr>
<tr>
<td>2021</td>
<td>$250</td>
<td>$0</td>
<td>$3,000</td>
<td>$28,000</td>
<td>9 + 4 months</td>
</tr>
<tr>
<td>2022</td>
<td>$250</td>
<td>$10,000</td>
<td>$13,000</td>
<td>$15,000</td>
<td>5</td>
</tr>
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<td>$0</td>
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<td>$250</td>
<td>$0</td>
<td>$3,000</td>
<td>$3,000</td>
<td>1</td>
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<tr>
<td>2027</td>
<td>$250</td>
<td>$0</td>
<td>$3,000</td>
<td>$0</td>
<td>0</td>
</tr>
</tbody>
</table>

For purposes of this example, 0% earnings were assumed. Earnings and/or losses affect the duration of a Retiree's or Beneficiary's regular installment payment and partial lump sum distributions reduce that duration. Earnings are not guaranteed.

KNOX COUNTY RETIREMENT SYSTEM
SHERIFF'S TOTAL ACCUMULATION RETIREMENT PLAN

PARTIAL LUMP SUM DISTRIBUTION PROCEDURE

WHEREAS, the KNOX COUNTY PENSION BOARD (the "Board") administers the SHERIFF'S TOTAL ACCUMULATION RETIREMENT PLAN ("Plan"); and

WHEREAS, the Plan permits a Retiree to elect to receive, from time to time, a portion of his or her remaining Individual Account in a lump sum payment in accordance with a Partial Lump Sum Distribution Procedure ("Procedure"); and

NOW THEREFORE, effective July 1, 2017, the Board hereby establishes this Procedure; for purposes of the Internal Revenue Code of 1986 (the "Code"), and the Regulations thereunder, this Procedure is intended to form a part of and be incorporated in, the provisions of the Plan:

Section 1: ESTABLISHMENT OF PROCEDURE

(e) The Plan Administrator hereby establishes the Procedure and shall establish such recordkeeping and accounting procedures as are necessary to carry out, within the scope of fiduciary obligations to the Plan’s Participants and beneficiaries, the purposes of the Procedure.

(f) The Plan Administrator shall establish and amend from time to time such rules and procedures as are necessary or appropriate to effect the ongoing administration of the Procedure. The Plan Administrator shall prescribe such forms from time to time as may be necessary or appropriate for the Procedure.
(g) The Executive Director is hereby delegated authority and shall act as the Plan Administrator for this Procedure.

(h) Unless otherwise defined herein, any capitalized terms in this Procedure shall have the same meanings assigned to those terms by the Plan.

Section 2: ELIGIBLE PARTICIPANTS

(e) Participants who are Retirees as of the date of the distribution election shall be eligible to receive a partial lump sum distribution under this Procedure.

(f) In the event a Retiree dies, his or her Beneficiary shall be eligible to receive a partial lump sum distribution under this Procedure.

(g) Participants who Terminate employment shall not be eligible to receive a partial lump sum distribution.

(h) A Reemployed Retiree shall not be eligible to receive a partial lump sum distribution during his or her period of reemployment.

Section 3: ELECTION PROCEDURES

(c) To elect a partial lump sum distribution, a Retiree or Beneficiary must complete and return to the Retirement Office a revised Application for Retirement, indicating his or her election in Part III. Each application shall specify the amount of the partial lump sum distribution requested.

(d) If the Plan Administrator determines that all other requirements of this Procedure have been satisfied, the Retiree or his or her Beneficiary will receive the partial lump sum distribution as soon as administratively feasible in accordance with the Administrator's regular payment procedure. If the Plan cannot make the distribution within three (3) weeks, the Plan Administrator will advise the Retiree or Beneficiary of the delay, of the reason for the delay and of the date by which the Plan expects to make payment.

Section 4: PLAN LEVEL LIMITATIONS

(d) Minimum Distribution. The minimum partial lump sum distribution available under the Plan shall be $5,000.

(e) Maximum Distribution. There shall be no maximum partial lump sum distribution, except that a Retiree or Beneficiary shall not elect to receive an amount in excess of his or her remaining Individual Account balance.

(f) Timing. Only one (1) partial lump sum distribution per calendar quarter shall be permitted under this Procedure.

Section 5: EFFECT ON INSTALLMENT PAYMENT ELECTION

(c) A Retiree's or Beneficiary's periodic installment payments shall continue, as elected, in the month of the partial lump sum distribution and thereafter until his or her Individual Account is depleted.

(d) Such installment payments shall be recalculated in December of each year, based on the Participant's Individual Account balance as of the last business day of November, to take account of any partial lump sum distribution(s) received during that year. The recalculated payments shall be effective January 1 of the
following year. Exhibit A, attached hereto, provides examples showing the effect a partial lump sum distribution may have on a Retiree's or Beneficiary's future installment payments.

Section 6: MISCELLANEOUS

(e) The Board reserves the right to modify, amend or terminate this Procedure at any time. The Plan Administrator shall have the power to suspend the eligibility of a Retiree where pending qualified domestic relations orders or similar occurrences make such action necessary or appropriate to protect the interests of the Plan and Retirement System.

(f) In the event any person to which this Procedure applies receives a distribution that should not have been paid by the Plan, the recipient is designated a constructive trustee for the amount received and shall immediately return such amount to the Plan Administrator. Notwithstanding the foregoing, the Plan Administrator specifically reserves the right to seek the recovery of any amounts paid by the Plan in error to any person.

(g) Nothing in this Procedure shall be interpreted or construed to modify or amend the Plan. In all cases, the terms of the Plan shall determine any party's eligibility for benefits and the amount of such benefits. The benefits payable are governed by the Plan, which is subject to modification, amendment or termination at any time. All benefit payments are subject to the actual terms and conditions of the Plans in effect when a party applies for benefits.

(h) This Procedure shall be interpreted and applied consistent with provisions of the Plan and the Internal Revenue Code and applicable regulations.

IN WITNESS WHEREOF, this Partial Lump Sum Distribution Procedure has been executed this ___ day of May, 2017.

KNOX COUNTY RETIREMENT SYSTEM

By: ____________________________

Its: Executive Director

Fixed Period Installment Example:

Retiree: Sally Smith
Age: 62
Plan: STAR
Account Balance: $240,000
Benefit Election: Monthly Installments over 10 Years
Retirement Date: January 1, 2018

<table>
<thead>
<tr>
<th>Benefit Year (Jan. – Dec.)</th>
<th>Monthly Benefit</th>
<th>Partial Lump Sum Distribution (prior to December 1)</th>
<th>Annual Distribution</th>
<th>Remaining Balance</th>
<th>Benefit Years Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2,000</td>
<td>$0</td>
<td>$24,000</td>
<td>$216,000</td>
<td>9</td>
</tr>
<tr>
<td>2019</td>
<td>$2,000</td>
<td>$10,000</td>
<td>$34,000</td>
<td>$182,000</td>
<td>8</td>
</tr>
<tr>
<td>2020</td>
<td>$1,895.83</td>
<td>$5,000</td>
<td>$27,750</td>
<td>$154,250</td>
<td>7</td>
</tr>
<tr>
<td>2021</td>
<td>$1,836.31</td>
<td>$5,000</td>
<td>$27,035.71</td>
<td>$127,214.29</td>
<td>6</td>
</tr>
<tr>
<td>2022</td>
<td>$1,766.87</td>
<td>$0</td>
<td>$21,202.38</td>
<td>$106,011.91</td>
<td>5</td>
</tr>
<tr>
<td>2023</td>
<td>$1,766.87</td>
<td>$0</td>
<td>$21,202.38</td>
<td>$84,809.53</td>
<td>4</td>
</tr>
<tr>
<td>2024</td>
<td>$1,766.87</td>
<td>$10,000</td>
<td>$31,202.38</td>
<td>$53,607.15</td>
<td>3</td>
</tr>
</tbody>
</table>
For purposes of this example, 0% earnings were assumed. Earnings and/or losses affect the annual recalculation of a Retiree’s or Beneficiary’s regular installment payment. Earnings are not guaranteed. Recalculations are performed in December for the next calendar year based on account balances as of the last business day in November. Partial lump sum distributions received in December are accounted for in the following year. For example, if Sally took a partial lump sum distribution in December 2019, the distribution will first affect her monthly benefit in January 2021.

Fixed Payment Installment Example:
Retiree: Joe Johnson
Age: 65
Plan: STAR
Account Balance: $250,000
Benefit Election: Monthly Installments of $1,000
Retirement Date: January 1, 2018

<table>
<thead>
<tr>
<th>Benefit Year (Jan. – Dec.)</th>
<th>Monthly Benefit</th>
<th>Partial Lump Sum Distribution</th>
<th>Annual Distribution</th>
<th>Remaining Balance</th>
<th>Benefit Years Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$1,000</td>
<td>$0</td>
<td>$12,000</td>
<td>$238,000</td>
<td>19 + 10 months</td>
</tr>
<tr>
<td>2019</td>
<td>$1,000</td>
<td>$10,000</td>
<td>$22,000</td>
<td>$216,000</td>
<td>18</td>
</tr>
<tr>
<td>2020</td>
<td>$1,000</td>
<td>$15,000</td>
<td>$27,000</td>
<td>$169,000</td>
<td>15 + 9 months</td>
</tr>
<tr>
<td>2021</td>
<td>$1,000</td>
<td>$0</td>
<td>$12,000</td>
<td>$177,000</td>
<td>14 + 9 months</td>
</tr>
<tr>
<td>2022</td>
<td>$1,000</td>
<td>$30,000</td>
<td>$42,000</td>
<td>$135,000</td>
<td>11 + 3 months</td>
</tr>
<tr>
<td>2023</td>
<td>$1,000</td>
<td>$0</td>
<td>$12,000</td>
<td>$123,000</td>
<td>10 + 3 months</td>
</tr>
<tr>
<td>2024</td>
<td>$1,000</td>
<td>$0</td>
<td>$12,000</td>
<td>$111,000</td>
<td>9 + 3 months</td>
</tr>
<tr>
<td>2025</td>
<td>$1,000</td>
<td>$50,000</td>
<td>$62,000</td>
<td>$49,000</td>
<td>4 + 1 month</td>
</tr>
<tr>
<td>2026</td>
<td>$1,000</td>
<td>$0</td>
<td>$12,000</td>
<td>$37,000</td>
<td>3 + 1 month</td>
</tr>
<tr>
<td>2027</td>
<td>$1,000</td>
<td>$13,000</td>
<td>$25,000</td>
<td>$12,000</td>
<td>1</td>
</tr>
<tr>
<td>2028</td>
<td>$1,000</td>
<td>$0</td>
<td>$12,000</td>
<td>$0</td>
<td>0</td>
</tr>
</tbody>
</table>

For purposes of this example, 0% earnings were assumed. Earnings and/or losses affect the duration of a Retiree’s or Beneficiary’s regular installment payment and partial lump sum distributions reduce that duration. Earnings are not guaranteed.

After discussion, a motion was made by Mr. Caldwell to approve the Retirement Office procedures for the amendments. The motion was seconded by Commissioner Schonmaker and unanimously approved.

IN RE: REPORT OF INVESTMENT COMMITTEE

Mr. Caldwell presented the rates of return for the Defined Contribution Plans as of April 30, 2017, from USI that were distributed to the Board Members. Mrs. Bennett stated the Defined Benefit Plan rates of return will be emailed upon receipt from Wilshire & Associates.

Mr. Caldwell reported the quarterly Investment Committee Meeting was on Tuesday May 16th. He stated the change from Adelante to CenterSquare was completed April 3rd. Mrs. Bennett stated the goal for the change to replace Chicago Equity with Prudential Core Fixed Income is June 1st. She stated the contract has been received and is being reviewed by Legal Counsel.
Mr. Caldwell stated the Investment Committee Workshop met on Thursday May 11th to begin the process of the Request for Qualifications for Consulting Services of the Defined Benefit Plans. He stated the following is the timetable:

- Notice of RFQ publicized in Knoxville News Sentinel scheduled for 5/28/2017
- RFQ to be sent out by Procurement for 60 days – June and July
- Investment Committee reviews the submittals from the prospective vendors and selects the top 2 or 3 vendors in August. Mr. Caldwell will not serve on Investment Review Committee due to conflict of interest - if there is a challenge to the process, it would have to go through the Finance Director to get to the Mayor.
- Investment Committee will conduct individual meetings with the top 2 or 3 vendors in August.
- If a change is made in consulting services, it would be effective January 1, 2018.

Chairman Brantley stated Mr. Webb will replace Ms. Moody on the Investment Committee. Commissioner Schoonmaker requested to wait on the replacement for Ms. Moody before assigning a member to the Disability and Document Committees. Chairman Brantley agreed.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings stated the Robertson Overbey law firm, originally designated and having appeared as counsel for the Board in this case, informed the Executive Director that it would withdraw from the case and prepare an order of substitution of counsel in the matter of Gregory Gass vs. Knox County Retirement & Pension Board.

Chairman Brantley presented the following Resolution to Substitute Legal Counsel in the Greg Gass Appeal:

A RESOLUTION OF THE KNOX COUNTY RETIREMENT AND PENSION BOARD TO SUBSTITUTE LEGAL COUNSEL IN THE GREG GASS APPEAL

WHEREAS, Sgt. Greg Gass filed a petition for writ of certiorari seeking review of the Board’s denial of his claim to include excess vacation cash out in the computation of average compensation for UOPP benefit purposes, and the Robertson Overbey firm, originally designated and having appeared as counsel for the Board in this case, informed the Executive Director that it would withdraw from the case and prepare an order of substitution of counsel in this matter; and

WHEREAS, Knox County is not named as a defendant in that pending litigation, there is no conflict or divergence between the interests of the Board and Knox County government in this case, the Law Department has no conflict that prevents it from representing the Board against Sgt. Gass, the County and the Board have a common interest in defending the decision of the Board in this case, and the Knox County Law Department is available at no cost to the Board to appear on behalf of the Board in this matter, including the Law Department working with the Board’s counsel on state and federal law and tax matters that may arise in that case;

NOW THEREFORE BE IT RESOLVED that the Board hereby finds in this specific case, on the bases stated, that it is advantageous and appropriate for the Board to exercise its authority under the Charter to select the County Law Director as the Board’s counsel for purposes of this case; the Board reserves the right to revoke this designation; and the Board authorizes and directs the Executive Director and the Board’s counsel to provide the Law Director with files and materials on this case and to cooperate fully with the Law Director in defense of that suit, and to establish an arrangement with the Law Department to keep the Board informed of progress of the litigation and to be consulted on related decision-making; and the Executive Director shall notify the liability insurance carrier of this designation.
WE HEREBY CERTIFY that the foregoing Resolution was duly adopted pursuant to the provisions of the System and the Knox County Charter on May 22, 2017.

Chairman, Knox County Retirement & Pension Board

Secretary, Knox County Retirement & Pension Board

Date

Date

After discussion, a motion was made by Commissioner Schoonmaker to approve the Resolution to change legal representation in the Gass matter from the Robertson Overbey law firm to the Knox County Law Director. Mr. Armstrong, Law Director, will assign the case. The motion was seconded by Mr. Caldwell and unanimously approved.

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

IN RE: REPORT OF ACTUARY

Mr. Cross stated USI Consulting Group is in the process of completing experience studies of the Plans as required by the Document and the State of Tennessee. He stated this will impact the employer contributions to the Uniformed Officers Pension Plan.

Mr. Cross also discussed the GASB 74/75 which would impact Post-Retirement Medical Plans similarly to the impact of GASB 67/68 on Pension Plans.

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

<table>
<thead>
<tr>
<th>Invoices for MAY 2017</th>
<th>Fiscal YTD Approved Invoices 04/30/2017</th>
<th>May Invoice For Approval</th>
<th>Fiscal YTD Approved Invoices 05/31/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENXL Invoice #</td>
<td>$39,600.00</td>
<td>$39,600.00</td>
<td></td>
</tr>
<tr>
<td>TOTAL BENXL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KENNERLY, MONTGOMERY &amp; FINLEY, P.C. Invoice # 201844</td>
<td>$9,754.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KENNERLY, MONTGOMERY &amp; FINLEY, P.C. Invoice # 201846</td>
<td>$1,305.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KENNERLY, MONTGOMERY &amp; FINLEY, P.C. Invoice # 201846</td>
<td>$100,397.00 $11,060.00 $111,457.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ROBERTSON, OVERBEY  
Invoice #050917-9897M  
$6,476.50  
$6,476.50

*** TOTAL ROBERTSON, OVERBEY  
$0.00  
$0.00  
$0.00

USI CONSULTING GROUP  
Invoice # 90015840  
$39,306.01

USI CONSULTING GROUP  
Invoice # 90015837  
$24,937.00

*TOTAL USI CONSULTING GROUP  
$374,413.14  
$64,243.01  
$438,656.15

Invoices for MAY 2017  
$514,410.14  
$81,779.51  
$596,189.65

*** Retainer not included in approved billings for the Board  
Robertson, Overbey Retainer  
$4,000 per month  
Fiscal YTD  
$44,000

Kennerly Montgomery Retainer  
$5,000 per month  
$55,000

Fees Received from QDRO Participants  
$500 (DC Fee)  
$2,500

$2,000 (DB Fee)  
$0

*Correction to YTD for USI, overstated in March/April 2017 with Duplicate invoice

After review of the statement of accounts and invoices, a motion was made by Mr. Caldwell that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. 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.

COMMISSIONER ED BRANTLEY, CHAIRMAN

COMMISSIONER HUGH NYSTROM, SECRETARY