

KNOX COUNTY RETIREMENT AND PENSION BOARD

APRIL 28, 2014

The Knox County Retirement and Pension Board met in regular session on Monday, April 28, 2014, at 9:00 A.M. in the County Commission Conference Room 640, City County Building, Knoxville, Tennessee. Chairman Rick Trott, presided and called the meeting to order.

The following members were present: Mr. Rick Trott, Chairman, Commissioner Ed Shouse, Vice Chairman, Mr. Nick McBride, Secretary, Commissioner Richard Briggs, Commissioner Mike Hammond, Commissioner Tony Norman, Mr. Chris Caldwell, representing Mayor Tim Burchett, Ms. Crystal Hill and Ms. Robin Moody. Also present at the meeting were: Mr. William Mason, Ms. Ashley Trotto, Mr. Richard Beeler, and Mrs. Stephanie Coleman, Legal Counsel, Mr. Richard Overbey, Mr. Bob Cross, Mrs. Carissa Dunaway, USICG, Mrs. Bambi Lowe, Disability Retiree, Mr. Jerry Martin, Legal Counsel for Mrs. Bambi Lowe, Mr. Ted Holtz, Mr. Larry Elmore, Pugh & Co, Mr. Mr. Scott Bolton, Knox County Schools, Ms. Melanie Wilck, Knox County Finance and Retirement staff, Mrs. Kim Bennett, Mrs. Janet Rowan, Mrs. Jennifer Schroeder, and Mrs. Terri Chase.

IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING

Consideration of approval of the minutes of the previous meeting of March 24, 2014 was presented. A motion was made by Mr. Caldwell that the minutes be approved as presented. The motion was seconded by Commissioner Shouse and unanimously carried.

IN RE: BAMBI LOWE AND LEGAL COUNSEL ADDRESS PENSION BOARD

Mrs. Bennett gave an overview regarding the overpayment of disability benefits paid to Bambi Lowe and that she owes Knox County \$18,702.40 due to approval of Social Security disability benefits. The dollar for dollar offset was discussed.

Mr. Mason presented the information regarding disability, offset and repayment from the Plan Document. He also identified documents that Mrs. Lowe signed advising there was an offset for Social Security disability.

Mr. Martin presented Mrs. Lowe's case stating she did sign the documents and the amount owing is not being disputed. He stated Mrs. Lowe used the Social Security lump sum payment to repay loans not understanding that she had to repay the Pension Board. Mr. Martin requested the Board to consider a deferral or reduction of the amount owing by Mrs. Lowe and to continue her monthly benefits.

After much discussion, a motion was made by Commissioner Briggs to defer the repayment issue to the May Board Meeting so that the amount and interest can be calculated if paid over three year period beginning July 2014. The motion was seconded by Commissioner Shouse and unanimously carried.

IN RE: DISCUSSION OF AUDIT AND PLAN YEAR CHANGE

Mr. Holtz, Pugh & Co, discussed the positive impact of the Pension Board having the same year end as the County for auditing purposes, such as ability to tie numbers and for the reporting as the Pension Board audit reports are presented in the County audit reports. He also stated the Pension Board would then accumulate information for one year end instead of two as it currently does due to the audit

periods being different. He stated if the change of Plan Year is accepted Pugh & Co would still perform the December 31, 2014 audit but would not report that information until the June 30, 2015 audit was completed. Thereafter all audits would be June 30th. Mrs. Bennett stated the valuation reports would continue to be calendar year end. Mrs. Bennett made a recommendation to change the Plan Year for all Plans and advised Plan Amendments would be required. She also stated this would be a cost savings to the Pension Board. A motion was made by Commissioner Briggs that the Plan Year be changed from December 31st to June 30th. The motion was seconded by Mr. Caldwell and unanimously carried. Plan amendments will be presented at the May and June Board Meetings.

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE DEFINED CONTRIBUTION PLAN

The following applications for retirement, as provided in the Defined Contribution Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Rodney G Beverly	Schools	21 years 6 months	May 1, 2014
Phyllis E Cline	EPW	16 years 11 months	May 1, 2014
Martha G DeAlmanza	Schools	5 years 8 months	May 1, 2014
Carl A DeMarcus	Sheriff	19 years 2 months	May 1, 2014
Patricia A Hardcastle	Health	11 years 7 months	May 1, 2014
Patricia A Hodge	Schools	46 years 6 months	May 1, 2014
Ronnie R Jones	Schools	6 years 1 month	May 1, 2014
Denzelm Lenear	EPW	12 years	May 1, 2014
Jo M Miracle	Schools	5 years 10 months	May 1, 2014
S Beth Sherrill	Health	9 years 7 months	May 1, 2014
Sandra F Steele	Schools	14 years 8 months	May 1, 2014

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 Master Trustee, Wells Fargo Bank, to make disposition of the benefits upon certification from USI. The motion was seconded by Mr. McBride and approved.

IN RE: APPLICATIONS FOR RETIREMENT AS PROVIDED IN THE TEACHERS PLAN

The following applications for retirement, as provided in the Teachers Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Jean M Gardner	Schools	13 years	April 1, 2014
Judith K Naessig	Schools	26 years 10 months	April 1, 2014

After review, a motion was made by Mr. Caldwell to approve the applications for retirement under the Teachers Plan as presented and authorize the Master Trustee, State Street Bank, to make disposition of the benefits. The motion was seconded by Mr. McBride and unanimously carried.

IN RE: CONSIDERATION OF ISSUANCE OF DEATH BENEFIT CERTIFICATES ON COMPLETED YEARS OF SERVICE

The request for issuance of certificates of death benefits as provided for in the Plan, based upon completed years of credited service at the date of termination or retirement, for the following participants was presented for consideration:

CERTIFICATES:

Rodney G Beverly	Phyllis E Cline
Martha G DeAlmanza	Patricia A Hodge
Ronnie R Jones	Denzel Lenear
Sandra F Steele	

ACTUARIAL VALUE:

Carl A DeMarcus	Patricia A Hardcastle
Jo M Miracle	S Beth Sherrill

After review, a motion was made by Commissioner Shouse to approve the requests as presented as provided by the Plan. The motion was seconded by Ms. Hill and unanimously carried.

IN RE: DISCUSSION OF DISABILITY AND RETURN TO WORK PROCESS

Mrs. Bennett stated the Return to Work process for the Disability Plan effective January 1, 2014 has been discussed with Unum. She recommended deferring questions regarding procedures and process flow to the Disability Committee for discussion and recommendations. A motion was made by Mr. McBride to defer to the Disability Committee for recommendations to the Board. The motion was seconded by Ms. Hill and unanimously carried.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett reported that the Retiree Luncheon was a success with 600+ attendees.

Mrs. Bennett stated the RFP Committee is scheduled to meet after the Board Meeting today and present scores. She stated the Committee should have a recommendation for the Defined Contribution Plans and site visits and a recommendation for the Defined Benefit Plans to the Board by June or July.

Mrs. Bennett reported that the Retirement Office audit begins May 8th.

Mrs. Bennett stated that Crystal Hill and Jennifer Schroeder will be attending the Wilshire Conference.

IN RE: PUBLIC HEARING AND FIRST READING OF AMENDMENT NO. 3 TO THE 2014 RESTATEMENT OF THE KNOX COUNTY EMPLOYEE BENEFIT SYSTEM.

Mrs. Bennett presented Amendment No. 3 to the 2014 Restatement of the Knox County Employee Benefit System to the Board for consideration. Mrs. Bennett reviewed the amendment, effective January 1, 2015 and ending December 31, 2019 stating that it does not renew the retiree bonus and the Employer Matching Contribution will increase from 25% to 50% up to a maximum of \$208 per year. This Employer Matching Contribution will be funded by the County for the Medical Expense Retirement Plan. Mrs. Bennett stated the actuarial impact of the Amendment is a savings since the retiree bonus is not renewed.

After discussion by the Board Members, a motion was made by Mr. McBride to approve Amendment No. 3 to the 2014 Restatement of the Knox County Employee Benefit System on First Reading. The motion was seconded by Mr. Caldwell and approved.

Amendment No. 3 is as follows:

**Notice of 3rd Amendment to the 2014 Restatement of the
Knox County Employee Benefit System**

**A RESOLUTION OF
THE KNOX COUNTY RETIREMENT AND PENSION BOARD**

WHEREAS, Knox County Government has adopted the Knox County Employee Benefit System, as amended and restated in its entirety effective January 1, 2014 (the "System"); and,

WHEREAS, pursuant to Section VIII-1.20 of the System, the Knox County Retirement and Pension Board (the "Board") has the right at any time to modify, alter or amend the System, in whole or in part, by instrument in writing duly executed, but the Board does not have authority to adopt any such amendment which thereby would increase the funding or financial obligation of the Employer either at the time of the action or in the future without notification to and express consent and funding from the Knox County Commission by resolution; and,

WHEREAS, the Board wishes to further amend MERP, specifically section VII-2.01, to provide for the County to fund the Employer matching contribution of 50% of the first \$416 contributed by a participant, beginning January 1, 2015 and continuing thereafter through December 31, 2019; and,

WHEREAS, the Board has complied with the provisions of Section VIII-1.20.

NOW THEREFORE BE IT RESOLVED that the System shall be and is hereby amended, effective January 1, 2014, as follows:

1. **Article VII, Section 2.01(a)** is amended by inserting the following sentence after the 1st sentence:

Effective for the five Plan Year period beginning January 1, 2015 and ending December 31, 2019, the Employer shall contribute an Employer Matching Contribution equal to fifty percent (50%) of the first \$416 contributed by a Participant during each Plan Year, and this Employer Matching Contribution shall be funded by the County.

ADOPTED by the Knox County Retirement and Pension Board on first reading on the 28th day of April, 2014.

ADOPTED by the Knox County Retirement and Pension Board on second reading on the 27th day of May, 2014.

Following public notice as required by Subsection VIII-1.20 on April 6, April 13, and April 24, 2014.

We hereby certify that the above 3rd Amendment was duly adopted pursuant to the provisions of the System and shall be effective as stated above.

IN RE: REPORT OF LEGAL COUNSEL, RICHARD BEELER AND BILL MASON

Mr. Beeler and Mr. Mason stated no legal issues to report.

IN RE: REPORT OF ACTUARY BOB CROSS

Mr. Cross presented the Actuarial Valuation for the Uniformed Officers Pension Plan for the Plan Year beginning January 1, 2014. He reviewed the valuation in detail and reported the recommended employer contribution for the fiscal year ending June 30, 2015 is \$3,434,457.00, or 11.32% of covered payroll calculated as payable on July 1 2014.

Mr. Cross presented the Actuarial Valuation for the Knox County Board of Education Retirement Plan as of January 1, 2014. He reviewed the valuation in detail and reported the recommended employer contribution for the fiscal year ending June 30, 2015, is \$1,134,241.00 calculated as payable on July 1, 2014.

Mr. Cross presented the Actuarial Valuation for the Knox County Employee Benefit System Defined Benefit Plan as of January 1, 2014. He reviewed the valuation in detail and reported the recommended employer contribution for the fiscal year ending June 30, 2015 is \$2,659,851.00 calculated as payable on July 1, 2014.

Mr. Cross presented the Actuarial Valuation for the Knox County Employee Disability Benefit Plan as of January 1, 2014. He reviewed the valuation in detail and reported the recommended employer contribution for the fiscal year ending June 30, 2015 is \$527,447.00 calculated as payable on July 1, 2014.

Mr. Cross advised the State of TN Legislation has passed the House and Senate.

Mr. Cross presented the Funding Policies.

After review and discussion, a motion was made by Mr. McBride to accept the Funding Policies. The motion was seconded by Mr. Caldwell and approved.

IN RE: REPORT OF INVESTMENT COMMITTEE

Commissioner Shouse reviewed the rates of return as of March 31, 2014, that were previously distributed to the Board Members.

Mrs. Bennett stated the Medical Expense Retirement Plan black out period will be the week of May 18th to make the recommended fund changes from the March Board Meeting as follows:

10% Conservative

45% Moderate

45% Ultra Aggressive

Commissioner Shouse advised the Investment Committee will meet on Tuesday, May 20, 2014, 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, as in accordance with agreements and audited and recommended for payment by Mrs. Bennett:

Fee Schedule:

Kennerly, Montgomery & Finley, P.C. Invoice #187363	\$7,093.50
Kennerly, Montgomery & Finley, P.C. Invoice #187365	\$2,263.00
USI Consulting Group Invoice #90000388	\$26,299.50
USI Consulting Group Invoice #90000836	\$14,979.75
USI Consulting Group Invoice #90001177	\$34,405.22
Total For April 2014	\$85,040.97

After review of the statement of accounts and invoices, motion was made by Mr. Caldwell that the Board authorize the payment indicated above to be paid from the designated State Street funds. The motion was seconded by Mr. McBride and approved.

IN RE: ADJOURNMENT

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



RICK TROTT, CHAIRMAN



NICK McBRIDE, SECRETARY