

## KNOX COUNTY RETIREMENT AND PENSION BOARD

### SPECIAL CALLED MEETING

JULY 14, 2014

The Knox County Retirement and Pension Board met in a Special Called Session on Monday, July 14, 2014, at 10:00 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, Mr. Chris Caldwell, representing Mayor Tim Burchett, Ms. Crystal Hill, and Ms. Robin Moody. Also present at the meeting were: Mr. Richard Beeler, Mr. Bill Mason, and Ms. Ashley Trotto, Legal Counsel, Mr. Bob Cross and Mrs. Carissa Dunaway, USICG, and Retirement staff, Mrs. Kim Bennett, Mrs. Janet Rowan, and Mrs. Jennifer Schroeder.

Mrs. Bennett introduced the attendees of the meeting and their roles with Knox County and/or Knox County Schools.

Mrs. Bennett stated State Street Bank, our current Custodian/Trustee for the Defined Benefit Plans, and one of the finalists for the same is here today to discuss their operations and how they can service Knox County. Mrs. Bennett turned the meeting over to Mr. Joe Rooney, State Street Bank.

Mr. Rooney stated he is the Relationship Manager for Knox County working out of the Boston Office. He has been with State Street 19 years. Mr. Rooney introduced his counter partner Mr. Mark Nicholson.

Mr. Nicholson stated he has been with State Street for 29 years working out of the Kansas City office. He has worked with mutual fund business and recently accepted the new role of service delivery out of the Kansas City office. Mr. Nicholson referred to the May meeting with Knox County at the Kansas City office and advised he wanted to make sure the proper service team was assigned to take care of the County.

Mr. Nicholson thanked Knox County for their business with State Street and stated they are delighted to be one of the finalists. He stated State Street and Knox County have been business partners since 2003 and hopes to continue that relationship.

Mr. Nicholson stated there are several reasons for Knox County to remain with State Street. These are as follows:

- Strong capital position
- Services public fund institutional investments like Knox County's
- Very focused business line – asset management and asset servicing
- Technology/systems are strong and can take care of the County's assets and deliver reports as needed.
- Client services – an extension of the County's staff.
- Number of Clients: 45.

Mr. Nicholson asked if there were any concerns or questions at this time.

Mrs. Bennett stated Mr. Rooney has an indirect history with Knox County through a former employee

that worked with Knox County. She stated the visit to Kansas City consisted of brainstorming what to change within State Street and determine what was needed by the County. Mrs. Bennett stated there has been some progress through other systems that the County was not utilizing. She stated training has been scheduled. This is expanding into cash management, accounts payable and reports for the auditors and ourselves. The benefit payments have been online for years and working great.

Commissioner Shouse asked for clarification of the cash management; does this include the employee contributions and county match.

Mrs. Bennett advised it does include those funds.

Mr. Rooney stated the cash management that Kim, Janet and Jennifer have been set up for is mainly for moving funds between investment accounts in and outside of State Street.

Mr. McBride asked if the rebalance which was currently being done by Mrs. Bennett on a manual basis (paper) at the direction of the Board would be done within the cash management system. Mr. Rooney stated yes the staff would have the option to do this online in the system. He stated the staff of Knox County also would have the option to wire funds.

Mrs. Bennett stated that State Street is a directed custodian.

Mrs. Bennett also stated there is an outside service included in the RFP that could be purchased to do rebalancing. Mr. Rooney gave an overview of their services.

Mr. Trott asked if multiple pay sources are currently being utilized. Mrs. Bennett stated the benefits are paid from plan specific accounts through the benefit payment system.

Mr. Trott asked the State Street representatives what they see for future relationships. He advised the Board likes the Retirement staff to have access to information online quickly and accurately.

Mr. Nicholson replied the following are part of the future relationships:

- With all the new regulations, notifying clients of best practices, i.e. GASB
- Build internal processes with clients
- Stay ahead of the curve, have solutions
- Continually roll out new technology
- Communication – keep clients informed of any changes
- Ability for Knox County to generate reports
- Training provided
- Regular conference calls

Mr. Trott asked if there was a team or division that ensures processes in place work efficiently and identify problems. Can this be reported to the client? Is it audited?

Mr. Rooney stated there are internal and external audits by the State Street internal audit staff and Federal Reserve of the standard operating controls. This report is available to clients.

The Board took a recess from 11:00 a.m. to 2:00 p.m.

The Knox County Retirement and Pension Board reconvened in a Special Called Session on Monday, July 14, 2014, at 2:00 p.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, Mr. Chris Caldwell, representing Mayor Tim Burchett, Ms. Crystal Hill, and Ms. Robin Moody. Also present at the meeting were: Mr. Richard Beeler, Mr. Bill Mason, and Ms. Ashley Trotto, Legal Counsel, Mr. Bob Cross, USICG, and Retirement staff, Mrs. Kim Bennett, Mrs. Janet Rowan, and Mrs. Jennifer Schroeder.

Mrs. Bennett introduced the attendees of the meeting and their roles with Knox County and/or Knox County Schools.

Mrs. Bennett stated KeyBank, one of the finalists for Custodian/Trustee for the Defined Benefit Plans is here today to discuss their operations and how they can service Knox County. Mrs. Bennett turned the meeting over to, Mr. John Barber, Sr Vice President and Group Head and Mr. Steven Hegedus, Vice President and Sr Relationship Manager, Institutional Asset Services, KeyBank.

Mr. Barber stated KeyBank, Institutional Assets Services delivers trust management solutions for the bank and has a long history of providing pension and benefit payment services. Mr. Barber gave the following corporate overview:

- Currently manage \$52.2 billion in assets.
- Ranks at the top of major banks in financial strength.
- Relationships are built on exceptional and personalized service.
- Recognizes that every organization has unique needs and offer solutions.

Mr. Barber reviewed the KeyLink Trust System stating it is real time data, expanded reporting, ability to view multi-currency holdings. The system also offers flexible financial reporting for tailored trust statements. Mr. Barber turned the meeting over to Mr. Hegedus who has been with KeyBank 30 years and is the single point of contact. Mr. Hegedus gave the following overview of the client service team:

- The Client Service Model is designed around a single point of contact.
- Responsible for building a partnership between Knox County's staff and KeyBank's functional support teams.
- Teams are comprised of seasoned professionals with educational and practical experience.
- The Client Service Center is available for cash processing activity and other administrative support. The Center is back-up for Mr. Hegedus.
- Online access ensures real-time portfolio information and certified statements are readily available.
- Number of Clients: 20.

Mr. Hegedus stated there is a full array of trust statements that provide clear and consistent descriptions of holdings, assets and participants. He stated KeyBank would meet with Knox County and provide needed reports.

Mr. Hegedus discussed the online benefit payment system that facilitates pension plan distributions and provides flexibility in managing, monitoring and modifying payment information.

System benefits include:

- Multiple payments on a single day
- Full ACH support for periodic payments
- Ad Hoc reporting capabilities
- Comprehensive year-end tax reporting
- Full complement of standard reports

Mr. Hegedus reported that payroll cards (debit cards) provide a cost-effective means for organizations to disburse payments to unbanked or under banked pensioners. Pensioners' funds are automatically loaded onto MasterCard branded prepaid cards. Mr. Barber stated KeyBank will work with Knox County in any way to ensure paper checks are few in order to reduce cost.

Mr. Barber stated they would like very much to work with Knox County and form a relationship. Mr. Barber stated Knox County would be an "A" list client and would not get lost in the accounts listing.

Mr. Trott asked about the fee structure.

Mr. Hegedus advised the fees were based on asset management; the more assets, the less cost, plus the distributions/checks fee.

**IN RE: ADJOURNMENT**

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

  
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RICK TROTT, CHAIRMAN

  
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NICK McBRIDE, SECRETARY