

KNOX COUNTY RETIREMENT AND PENSION BOARD

AUGUST 25, 2014

The Knox County Retirement and Pension Board met in regular session on Monday, August 25, 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, Senator Doug Overbey, Mr. Richard Beeler, Mr. John Owings, Legal Counsel, Mr. Bob Cross, Mrs. Carissa Dunaway, Mr. Adam Davies, USICG, Mr. Gerald Witt, Knoxville News Sentinel 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 July 14, 2014 was presented. A motion was made by Commissioner Norman that the minutes be approved as presented. The motion was seconded by Ms. Moody and unanimously carried.

IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING

Consideration of approval of the minutes of the previous meeting of July 28, 2014 was presented. A motion was made by Commissioner Norman that the minutes be approved as presented. The motion was seconded by Mr. McBride and unanimously carried.

IN RE: LEGAL REPRESENTATION OF THE BOARD

Chairman Trott advised that he and Mrs. Bennett were made aware of administrative changes within the law firm, Robertson Overbey, and that Richard Beeler was no longer a partner in the firm. Mrs. Bennett met with Mr. Beeler and also with other members of the law firm to discuss items pertinent to the Pension Board as a client. Mrs. Bennett stated the Retirement Board currently has a retainer agreement with the firm, Robertson Overbey. She also stated Mr. Beeler who has been a part of the Legal Counsel for the Board in some fashion for over 20 years is no longer employed with the firm. Chairman Trott stated it is the Board's decision to remain with the law firm or work with Mr. Beeler as individual legal counsel.

Mr. Beeler stated for him to continue as legal counsel for the Board, the Board would have to sign a new contract. He stated the terms would remain the same and hourly rates would be reduced due to lower overhead fees. Mr. Beeler stated the hourly rate would be reduced by \$50/hour.

Senator Overbey addressed the Board stating the continuity of service for the Pension Board is important and whatever the Board's decision, his Firm will cooperate in transferring files to Mr. Beeler or continuing to provide legal counsel through Mr. John Owings and Mrs. Stephanie Coleman who have worked with the Board in the past.

Commissioner Briggs voiced concerns such as vacations in working with an individual as legal counsel, such as Mr. Beeler.

Commissioner Shouse stated he would prefer to remain with the law firm, Robertson Overbey.

After review, a motion was made by Commissioner Norman to retain Mr. Beeler as legal counsel with details of the contract to be determined by the Board. Motion died due to lack of second.

Chairman Trott stated due to no second on that motion the Board will make no change and remain with the firm under current contract. He stated if there should be a change at any time, all parties would be notified. At this time, Mr. Beeler left the meeting.

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

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

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Bessie M Carr	Schools	23 years	September 1, 2014
Hilda A Lones	Schools	28 years 1 month	September 1, 2014
Sandra D McRae	Schools	27 years 6 months	September 1, 2014
Ruby L Norwood	Schools	37 years 11 months	September 1, 2014

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

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>
Carol A Bean	Schools	18 years 7 months	September 1, 2014
Christine L Benton	Schools	22 years 7 months	September 1, 2014
William E Blanton	Schools	6 years	September 1, 2014
Connie D Bohanan	Schools	29 years	September 1, 2014
Walter M Ellison	Schools	13 years 11 months	September 1, 2014
Perryn K Foulk	Schools	13 years 11 months	September 1, 2014
Barbara T Garner	Schools	29 years	September 1, 2014
Elizabeth B Haun	Schools	32 years	September 1, 2014
Trevia L Hobby	Schools	6 years 9 months	September 1, 2014
Kathryn W Houser	Schools	34 years	September 1, 2014
Marcella A Kenney	Comm Svcs	16 years	September 1, 2014
Phyllis E Lambdin	Schools	18 years	September 1, 2014
Connie L Lane	Schools	12 years	September 1, 2014
Deborah A Lawson	Schools	12 years	September 1, 2014
Jeanne M Lee	Schools	23 years 11 months	September 1, 2014
Sandra H Lusby	Schools	7 years	September 1, 2014
Nancy Mlekodaj	Sheriff	10 years 2 months	September 1, 2014
Martha M Parker	Schools	5 years	September 1, 2014

Judy D Pittman	Schools	7 years	September 1, 2014
Linda S Popham	Juv Courts	15 years 3 months	September 1, 2014
Patricia A Ramsay	Schools	22 years 7 months	September 1, 2014
Ranee K Randby	Health	6 years	September 1, 2014
Linda G Robison	Juv Ct	16 years 6 months	September 1, 2014
Janice A Short	Crmct	13 years 4 months	September 1, 2014
Peggy F Thomas	Schools	8 years 10 months	September 1, 2014
Brenda Jo Walker	Schools	14 years 4 months	September 1, 2014
Janet Y Wampler	Schools	22 years	September 1, 2014
Linda H Wright	Schools	26 years 11 months	September 1, 2014
Linda M Wright	Juv Svcs	27 years 6 months	September 1, 2014
Judy D Yardley	Sessions Ct	15 years 4 months	September 1, 2014

After review, a motion was made by Ms. Hill to approve the applications for retirement under the Defined Contribution Plan as presented and authorize the Directed Custodian, Wells Fargo Bank, to make disposition of the benefits upon certification from USI. The motion was seconded by Commissioner Norman and unanimously approved.

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:

Sandra D McRae	Ruby L Norwood
Walter M Ellison	Barbara T Garner
Elizabeth B Haun	Trevia L Hobby
Kathryn W Houser	Connie L Lane
Sandra H Lusby	Nancy Mlekodaj
Martha M Parker	Linda S Popham
Patricia A Ramsay	Ranee K Randby
Linda G Robison	Janice A Short
Peggy F Thomas	Brenda Jo Walker
Linda H Wright	Linda M Wright

ACTUARIAL VALUE:

Bessie M Carr	Hilda A Lones
Carol A Bean	Christine L Benton
William E Blanton	Connie D Bohanan
Perryn K Fouk	Marcella A Kenney
Phyllis E Lambdin	Deborah A Lawson
Jeanne M Lee	Judy D Pittman
Janet Y Wampler	Judy D Yardley

After review, a motion was made by Mr. Caldwell to approve the requests as presented as provided by the Plan. The motion was seconded by Commissioner Norman and unanimously approved.

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

The request for authorization for payment of lump sum benefits as provided in the Defined Benefit Plan, based upon completed years of credited service at the date of termination, for the following participants was presented for consideration:

Bessie M Carr	Hilda A Lones
Sandra D McRae	Ruby L Norwood

After review, a motion was made by Mr. McBride that the Retirement Board approve the request for lump sum distributions as listed above and authorize the Master Trustee, State Street Bank, to make disposition of the benefits as provided by the Plan. The motion was seconded by Commissioner Norman and unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Mrs. Bennett presented the summary for the final fiscal year 2014 budget versus actual. She advised the Board of increases in Benxl Programming due to STAR, Disability Conversion and Calculation and USICG Valuations and GASB67/68 reporting.

Mrs. Bennett also reported the auditors from Pugh & Co are currently in the office this week performing field work for the fiscal year audit and will return in October to finalize.

IN RE: FIDUCIARY INSURANCE - RENEWAL

Mrs. Bennett advised the fiduciary liability insurance renewal quote has been received, coverage in the amount of \$10 million, with an annual premium cost increasing from \$53,500 to \$58,967 due to increase in assets, and with the extended coverage to expire August 31, 2015. This fiduciary insurance covers the Retirement Board members, Retirement Staff and the System's over \$½ billion in assets. Mrs. Bennett asked for authorization to renew the fiduciary insurance.

After review, a motion was made by Mr. McBride that the Retirement Board authorize Mrs. Bennett to approve the renewal of the fiduciary insurance. The motion was seconded by Commissioner Norman and unanimously approved.

IN RE: RECOMMENDATION FOR MANDATORY INVESTMENT EDUCATION FOR KNOX COUNTY EMPLOYEES

Mr. Caldwell stated he has had senior County staff come to him regarding investment education to employees to assist with investing retirement funds. Per conversation with Mayor Burchett and Sheriff Jones they have agreed to make this education mandatory for all employees reporting to them. Mrs. Bennett stated her recommendation would be to work out details for County employees and then consider moving on to the Schools employees. After review, a motion was made by Mr. Caldwell that a Committee be set up to work out details of Retirement and Investment Education for employees. The motion was seconded by Commissioner Norman and unanimously approved.

IN RE: RFP COMMITTEE REPORT

Mrs. Bennett stated the notifications have been sent to all vendors that bid on the RFP.

She stated that for CountyBank, there is no need to amend the current contract since they have been providing Trustee services.

Mrs. Bennett stated the contract with State Street will need to be amended. Mr. Mason agreed to assist in the process of executing appropriate amendments to the contract with State Street for the defined benefit plans. Mr. Mason stated performance standards have been added to the draft contract being discussed with State Street.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Mason advised the six qualified Plans are pending determination letters with the IRS which should be received this fall. Mr. Mason stated the Disability Trust, 501(c)(9) VEBA, which was filed in January is still waiting to be reviewed by IRS.

Mr. Owings stated he will be very responsive during the transition with the firm and will be participating in training of the new Board Members.

IN RE: REPORT OF ACTUARY BOB CROSS

Mr. Cross stated the GASB67/68 reports are in process of preparation and finalization at this time. The reports will be presented at the September Board Meeting.

IN RE: REPORT OF INVESTMENT COMMITTEE

Commissioner Shouse advised the Investment Committee met on Tuesday, August 19, 2014, at 1:00 p.m.

After discussion, a motion was made by Commissioner Shouse to accept the recommendation of Wilshire to replace Cap Guardian with SSgA MSCI EAFE Index Fund in the Defined Benefit and Teachers Plans. The motion was seconded by Mr. McBride and unanimously approved to authorize and direct the Executive Director to take all steps necessary or appropriate to complete that transfer. Mrs. Bennett stated this change would be identical to the Uniformed Officers Pension Plan investments.

After discussion, a motion was made by Commissioner Shouse to accept the recommendation of USI Consulting Group to update the Balanced Investment Portfolio of the Defined Contribution Plans to include new asset categories (International Fixed Income 13% and Real Estate 5%) to enhance diversification. The motion was seconded by Mr. Caldwell and unanimously approved.

After discussion, a motion was made by Commissioner Shouse to accept the recommendation of USI Consulting Group to replace Franklin Flex Growth A with JP Morgan Large Cap Growth A in the Defined Contribution Plans. The motion was seconded by Mr. McBride and unanimously approved.

Mrs. Bennett stated the blackout period will be determined with USI Consulting Group and communication will be made to participants.

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

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:

Benxl Invoice #102799	\$10,269.00
Benxl Invoice #102804	\$ 1,600.00
Kennerly, Montgomery & Finley, P.C. Invoice #188988	\$ 7,565.00
Kennerly, Montgomery & Finley, P.C. Invoice #188990	\$ 6,180.00
USI Consulting Group Invoice #90002366	\$35,349.68
USI Consulting Group Invoice #90002553	\$29,481.00
TOTAL FOR AUGUST 2014	\$90,444.68

After review of the statement of accounts and invoices, motion was made by Commissioner Norman 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 unanimously approved.

IN RE: RECOGNITION OF COMMISSIONERS SERVICE WITH THE RETIREMENT & PENSION BOARD

Chairman Trott presented certificates to Commissioner Briggs, Commissioner Hammond, Commissioner Norman and Commissioner Shouse in appreciation for their contributions to the Knox County Retirement & Pension Board.

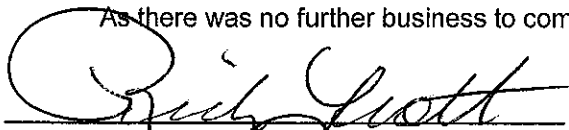
IN RE: APPOINTMENT OF NOMINATING COMMITTEE FOR ELECTION OF OFFICERS

Chairman Trott appointed the following members to serve on the Nominating Committee for election of officers at the September meeting:

Mr. Chris Caldwell, Chairman, Ms. Crystal Hill, and Ms. Robin Moody

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