

**KNOX COUNTY RETIREMENT AND PENSION BOARD**

**AUGUST 22, 2016**

The Knox County Retirement and Pension Board met in regular session on Monday, August 22, 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, Mr. Nick McBride, Vice Chairman, Ms. Robin Moody, Secretary, Commissioner Ed Brantley, Commissioner Sam McKenzie, Commissioner Jeff Ownby, Commissioner Bob Thomas, Mrs. Ashley Huffaker, and Mr. Chris Caldwell, representing Mayor Tim Burchett. Also present at the meeting were: Commissioner John Schoonmaker, Mr. Bob Cross, USICG, Mr. William Mason, Mr. John Owings, Mrs. Stephanie Coleman, Legal Counsel, Mr. David Buuck, Chief Deputy Law Director, Mr. Scott Bolton, Knox County Schools, and Retirement staff, Mrs. Kim Bennett, Mrs. Terri Chase, Mrs. Jennifer Schroeder, and Mrs. Janet Rowan.

**IN RE: APPROVAL OF MINUTES OF PREVIOUS MEETING**

Consideration of approval of the minutes of the previous meeting of July 25, 2016, was presented. A motion was made by Mr. McBride that the minutes be approved as presented. The motion was seconded by Commissioner Ownby and unanimously approved.

**IN RE: APPLICATION FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN**

The application for disability benefits for **SERENA A JOHNSON**, employee of the Sheriff's Dept, and a participant in the Uniformed Officers Pension Plan, was presented. Ms. Johnson has 15 years of credited service. Notification was received from UNUM dated August 9, 2016, recommending approval of a disability benefit for Ms. Johnson.

After discussion, a motion was made by Mr. McBride to accept the recommendation of UNUM and approve the request of Ms. Johnson for disability benefits as presented and authorize the Directed Custodian, Wells Fargo Bank, to make disposition of the benefits in accordance with the terms of the Plan upon certification from USI. 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:

<b><u>NAME</u></b>	<b><u>DEPARTMENT</u></b>	<b><u>CREDITED SERVICE</u></b>	<b><u>EFFECTIVE DATE</u></b>
Janice A Anderson	Schools	5 years 1 month	September 1, 2016
Mary E Anderson	Schools	28 years	September 1, 2016
Donald R Bell	Schools	5 years	September 1, 2016
Patricia L Bell	Schools	5 years	September 1, 2016
Claudia A Bland	Schools	5 years 1 month	September 1, 2016

Elizabeth J Brimi	Schools	29 years 2 months	September 1, 2016
Sherry A Carter	Schools	28 years 1 month	September 1, 2016
William C Clark Jr	Schools	16 years 11 months	September 1, 2016
Dennis E Crookston	Schools	7 years 9 months	September 1, 2016
Vickie M Henderson	Schools	24 years 1 month	September 1, 2016
Linda G Jones	Comm Svcs	5 years 10 months	September 1, 2016
Debra J Martin	Schools	31 years 1 month	September 1, 2016
Jean M Macmillan	Schools	11 years 7 months	September 1, 2016
Pamela H Neely	Schools	16 years 10 months	September 1, 2016
Rose B Parker	Schools	21 years	September 1, 2016
Judy S Roach	Schools	19 years	September 1, 2016
Carol H Rousseau	Schools	15 years 7 months	September 1, 2016
Charlotte Sands	Schools	14 years 7 months	September 1, 2016
Cathy N Treadwell	Schools	22 years 8 months	September 1, 2016
Margaret A Wade	Schools	17 years 6 months	September 1, 2016
Karen L Waldrop	Schools	7 years 11 months	September 1, 2016

After review, a motion was made by Mr. McBride 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 McKenzie and unanimously approved.

#### **IN RE: REPORT OF EXECUTIVE DIRECTOR**

Ms. Bennett reported 17 dispatchers currently reporting to the Sheriff's Office are being transferred to E911, a separate employer, distinct from the County. She stated with this transfer employees will receive an increase in salary with medical, dental and life insurance benefits remaining the same; however, E911 retirement contributions to its plan are less than the County. Ms. Bennett stated those transferring will be fully vested in the Knox County Plan and accounts will automatically be rolled over to E911 Plan based on Plan Document.

Ms. Bennett stated Pugh & Co auditors have been in the office since August 15<sup>th</sup> and the audit field work is progressing.

Ms. Bennett reported the open enrollment schedule of meetings for active employees has been received from Human Resources. She stated the County Insurance Committee is to set rates for medical insurance by the end of September at which time the Retirement Office will communicate with the retirees and schedule meetings. Ms. Bennett stated the retiree dental insurance premium is increasing 2 ½% for 2017.

Ms. Bennett stated the DD214's for military service under the Uniformed Officer Pension Plan will be submitted to legal counsel for review and communications will be made to those employees by the end of September.

Ms. Bennett explained that the first reading of the Amendments to the Asset Accumulation and STAR Plans for participant loans must be approved again as adequate public notice was not provided for the readings at the July Board Meeting.

Chairman Trott called a Special Board Meeting on Tuesday, August 30<sup>th</sup> at 9:00 a.m. for second and final reading of the Amendments to the Asset Accumulation and STAR Plans for the Loan Program.

Ms. Bennett stated there are two members of the Board that are not able to attend the September 26<sup>th</sup> board meeting and, with appointment of officers scheduled for that month, wanted to know if there was desire to change the date of the meeting.

After discussion by the Board Members, a motion was made by Commissioner Brantley to change the September Board Meeting to Thursday, September 22<sup>nd</sup> at 1:00 p.m. The motion was seconded by Mr. McBride and unanimously approved. Ms. Bennett stated she would send electronic notice of change of the meeting on August 23, 2016.

Ms. Bennett stated New Board Member Orientation will be scheduled the week of September 12<sup>th</sup>.

#### **IN RE: REPORT OF INVESTMENT COMMITTEE**

Mr. McBride stated the Investment Committee met on August 16<sup>th</sup> and recommends the participant loan interest rate be set at 4%.

After discussion by the Board Members, a motion was made by Mr. McBride to accept the Investment Committee recommendation of loan interest rate at 4%. The motion was seconded by Commissioner Thomas and unanimously approved.

Mr. McBride presented the rates of return for the Defined Contribution Plans as of July 31, 2016, from USI that were distributed to the Board Members.

Mr. McBride reported there are several funds on the watch list to be discussed at the November Investment Committee meeting. He advised if action needs to be taken prior to the November meeting, there would be a special called Investment Committee meeting.

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

Mrs. Bennett reviewed the proposed Amendment and Restatement of the Knox County Employee Benefit System. She gave the following summary of the proposed amendment to the System as recommended by the Document Committee:

- **ONLY** Online initiation of Loan
- Must be paid back within 5 years with after tax dollars
- Amortization schedule is put together by USI and sent to the Retirement Office to input into payroll
  - If loan payments are missed by payroll and not made up, loan balance must be reported as income and 1099-R issued (may be subject to taxes and penalty) at the end of the calendar quarter following the calendar quarter in which the default occurred.

- Repayments can be suspended for employees performing military service and the period of time extended for the period on military leave. FMLA can be suspended but 5 yr. maximum term limit still applies.
- Plan Transfers by employees must be communicated so disruptions don't occur (i.e. transfer from Asset to STAR; or STAR to Asset)
- Termed participants must report outstanding loan balances as income, if it's not paid off by the end of the calendar quarter following employment termination date
- Loans can be paid off early in a lump sum via certified check. Partial pre-payments are not accepted.
- Participant must be fully vested to be eligible for loan
- \$5,000 minimum loan
- Maximum = lesser of 25% of employee account balance or \$50,000 (in accordance with IRS rules)
- 1 loan outstanding at a time
- Payback period up to 5 years
- Interest Rate – 4% (Fixed Rate determined by Board within the Interest Rate /Loan Program)
- 1 year waiting period between loans
- Participant must remain on a payroll frequency that continues 12 months out of the year
- Fees
  - Loan initiation - \$50.00
  - Processing Payroll Deduction Payments - \$17.50 semi-annually (June and December)
- Loan Pilot Program – September 1, 2016 thru June 30, 2018. Knox County Only (including all depts./fee offices paid on the Knox County (Munis) Payroll System)
  - Knox County Schools, E911, Metro. Drug Commission, and Charter Schools are not part of the Pilot Program

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 Mr. McBride to approve the amendment and restatement of the Knox County Employee Benefit System. The motion was seconded by Mr. Caldwell and unanimously approved.

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

Mrs. Bennett summarized the comparable proposed amendment 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 Mr. McBride to approve the amendment and restatement of the Sheriff's Total Accumulation Retirement Plan. The motion was seconded by Mr. Caldwell and unanimously approved.

**IN RE: RESOLUTION OF THE KNOX COUNTY RETIREMENT & PENSION BOARD TO ESTABLISH PARTICIPANT LOAN PROGRAM FOR THE KNOX COUNTY RETIREMENT SYSTEM ASSET ACCUMULATION PLAN.**

**WHEREAS**, Knox County Government (the "Employer") has adopted on first reading the Knox County Employee Benefit System ("System") including the Asset Accumulation Plan (the "Plan"), as each has been subsequently amended; and

**WHEREAS**, the Plan has been further amended to allow for Participant Loans from the Plan pursuant to a Participant Loan Program setting forth the specific terms and conditions on which Participant Loans shall be made, including those related to eligibility, interest rate, term, repayment, default, documentation, fees, and delegation of administrative responsibility; and

**WHEREAS**, the Board and Document Committee have considered the recommendation of the Executive Director, with advice of actuarial consultant and counsel, to establish a Participant Loan Program for the Plan in accordance with applicable IRS requirements, as presented to the Board in the form of attached Exhibit A; provided, however, such Participant Loan Program may only be amended or modified hereafter to prospectively change the terms and conditions of new loans with the approval of the Board by resolution; and

**WHEREAS**, the Executive Director is delegated authority and directed to administer the Participant Loan Program and to establish and amend such necessary or appropriate procedures, forms and templates in connection therewith from time to time; and

**RESOLVED** that subject to approval on second reading of the pending amendment to authorize participant loans, the Board hereby establishes the Participant Loan Program in the form attached hereto as Exhibit A and authorizes and directs the Executive Director to execute that Participant Loan Program and to take all steps necessary or appropriate to put the Participant Loan Program into full force and effect and to communicate its terms to eligible Participants.

After discussion by the Board Members, a motion was made by Mr. Caldwell to approve the resolution of the Knox County Retirement & Pension Board to establish Participant Loan Program of the Knox County Retirement System Asset Accumulation Plan. The motion was seconded by Mr. McBride and unanimously approved.

**IN RE: RESOLUTION OF THE KNOX COUNTY RETIREMENT & PENSION BOARD TO ESTABLISH PARTICIPANT LOAN PROGRAM FOR THE KNOX COUNTY SHERIFF'S TOTAL ACCUMULATION RETIREMENT PLAN.**

**WHEREAS**, Knox County Government (the "Employer") has adopted on first reading the Knox County Employee Benefit System ("System") including the Sheriff's Total Accumulation Retirement Plan (the "Plan"), as each has been subsequently amended; and

**WHEREAS**, the Plan has been further amended to allow for Participant Loans from the Plan pursuant to a Participant Loan Program setting forth the specific terms and conditions on which Participant Loans shall be made, including those related to eligibility, interest rate, term, repayment, default, documentation, fees, and delegation of administrative responsibility; and

**WHEREAS**, the Board and Document Committee have considered the recommendation of the Executive Director, with advice of actuarial consultant and counsel, to establish a Participant Loan Program for the Plan in accordance with applicable IRS requirements, as presented to the Board in the form of attached Exhibit A; provided, however, such Participant Loan Program may only be amended or modified hereafter to prospectively change the terms and conditions of new loans with the approval of the Board by resolution; and

**WHEREAS**, the Executive Director is delegated authority and directed to administer the Participant Loan Program and to establish and amend such necessary or appropriate procedures, forms and templates in connection therewith from time to time; and

**RESOLVED** that subject to approval on second reading of the pending amendment to authorize participant loans, the Board hereby establishes the Participant Loan Program in the form attached hereto as Exhibit A and authorizes and directs the Executive Director to execute that Participant Loan Program and to take all steps necessary or appropriate to put the Participant Loan Program into full force and effect and to communicate its terms to eligible Participants.

After discussion by the Board Members, a motion was made by Mr. McBride to approve the resolution of the Knox County Retirement & Pension Board to establish Participant Loan Program 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 stated there was no business to report at this time.

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: 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 August 2016

KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #198361	\$1,000.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #198396	\$540.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #198397	\$814.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #198399	\$17,553.00
USI CONSULTING GROUP Invoice #90012000	\$20,682.75

Invoices for August 2016

\$39,589.75

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 Retirement Plans. The motion was seconded by Commissioner Ownby and approved. Mr. McBride and Commissioner Brantley abstained.

**IN RE: APPOINTMENT OF NOMINATING COMMITTEE FOR ELECTION OF OFFICERS**

Chairman Trott appointed the following members to the Nominating Committee for recommendation of officers: Mr. Chris Caldwell, Chairman, Ms. Ashley Huffaker and Commissioner Bob Thomas.

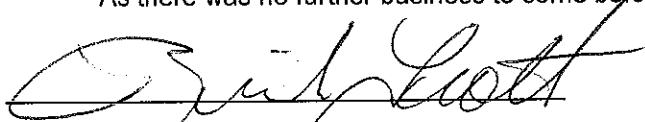
Mr. Caldwell stated the Committee will meet Thursday, September 22, 2016 at 12:55 p.m. to discuss recommendations of officers at the September Board Meeting.

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

Chairman Trott presented certificates to Commissioner McKenzie and Commissioner Ownby in appreciation of their time and service given to the Retirement Board.

**ADJOURNMENT**

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

  
RICK TROTT, CHAIRMAN

  
ROBIN MOODY, SECRETARY