

## **KNOX COUNTY RETIREMENT AND PENSION BOARD**

**DECEMBER 19, 2016**

The Knox County Retirement and Pension Board met in regular session on Monday, December 19, 2016, at 2:00 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 Hugh Nystrom, Commissioner John Schoonmaker, Commissioner Bob Thomas, Mr. Chris Caldwell, representing Mayor Tim Burchett, and Ms. Ashley Huffaker. Also present at the meeting were: Mr. Bob Cross, USICG, Mr. William Mason, Mr. John Owings, Mrs. Stephanie Coleman, Legal Counsel, Mr. Ed Shouse, Trustee, Mr. Ted Holtz, Pugh & Co, Mr. Greg Gass, Knox County Sheriff's Office, Mr. Brian Johannsen, Mr. David Lance, Mr. Ron Dancu, First Tennessee Bank, and Retirement staff, Mrs. Kim Bennett, Mrs. Jennifer Schroeder, Ms. Nyla Breshears, Mrs. Terri Chase, Mrs. Janet Rowan, and Mrs. Mitzi Stooksbury.

### **IN RE: APPROVAL OF MINUTES OF NOVEMBER 21, 2016**

Consideration of approval of the minutes of the previous meeting of November 21, 2016, was presented. A motion was made by Mr. McBride that the minutes be approved as presented. The motion was seconded by Commissioner Brantley and unanimously approved.

### **IN RE: INTRODUCTION OF FIRST TENNESSEE BANK TRUST REPRESENTATIVES.**

Mr. Cross, USICG, introduced the following representatives from First Tennessee Bank, the successor Trustee for the Defined Contribution Plans: Mr. Brian Johannsen, Mr. David Lance, and Mr. Ron Dancu.

### **IN RE: REPORT OF UOPP VACATION COMMITTEE**

Chairman Trott requested a report of the UOPP Vacation Subcommittee.

Commissioner Nystrom reported the Committee met on December 13<sup>th</sup> and the UOPP provisions and Sheriff's Office vacation policy issues presented by Sgt. Gass's appeal were discussed in detail. However, he stated that he would like to propose deferment of any decision on Sgt. Gass's appeal to a future meeting once the full Board had a work session to review this matter. Commissioner Nystrom stated it's very important for all sides of this that we give the diligence that is due.

Mrs. Bennett confirmed this would be a work session for the entire Board.

Commissioner Nystrom then moved to defer consideration of Sgt. Gass's appeal to a future meeting of the Board pending a designated workshop for the entire Board. The motion was seconded by Commissioner Schoonmaker and unanimously approved.

Commissioner Brantley asked does this prohibit Mr. Gass from retiring as of January 1, 2017, and Commissioner Nystrom confirmed it did not.

Mrs. Bennett stated Sgt. Gass has been given a letter from the Retirement Office that advises him that his retirement will not be held and that he will be paid based on the current Pension Office calculation. She stated if there are any excess vacation cash out adjustments to his retirement calculation, they will be made once a final decision of Retirement Board has been made.

Commissioner Thomas added, for those who were not in the Vacation Committee Meeting, there was no true consensus of what the members felt should be done.

**IN RE: APPLICATION FOR RETIREMENT – DEFINED BENEFIT PLAN, LUMP SUM DISTRIBUTION AND CREDITED SERVICE BENEFIT BASED ON COMPLETED YEARS OF SERVICE**

The following applications for retirement along with the lump sum benefit and the credited service benefit based upon completed years of credited service at the date of 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>
Dale R Helms	Schools	32 years	January 1, 2017

After review, a motion was made by Commissioner Thomas to approve the application for retirement under the Defined Benefit Plan as presented and to authorize the Trustee, State Street Bank, to make disposition of the benefits. The motion was seconded by Commissioner Brantley and unanimously approved.

**IN RE: APPLICATION FOR RETIREMENT – UNIFORMED OFFICERS PENSION PLAN**

The following applications for retirement, as provided in the Uniformed Officers Pension Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Arlene V Preston, Beneficiary of Phillip E Preston	Sheriff	27 years 6 months	January 1, 2017
Trinette Blake	Sheriff	25 years 5 months	January 1, 2017
Terry L Branson Sr	Sheriff	26 years 6 months	January 1, 2017
Michael V Brooks	Sheriff	30 years	January 1, 2017
Roger J Cook	Sheriff	30 years	January 1, 2017
Ashley W Coulter	Sheriff	30 years	January 1, 2017
Kevin C Crawford	Sheriff	26 years 1 month	January 1, 2017
Dale A Dantzler	Sheriff	27 years 4 months	January 1, 2017
Lee E Dunn	Sheriff	25 years 11 months	January 1, 2017
George L Edlund	Sheriff	30 years	January 1, 2017
Lee D Edwards	Sheriff	29 years 10 months	January 1, 2017
Gregory A Gass	Sheriff	30 years	January 1, 2017
Kenneth G Gibson	Sheriff	27 years 9 months	January 1, 2017

Charles F Grey II	Sheriff	30 years	January 1, 2017
Larry W Hart	Sheriff	30 years	January 1, 2017
John W Hopkins	Sheriff	29 years 5 months	January 1, 2017
David V Lawson	Sheriff	25 years 9 months	January 1, 2017
Stephen D Matthews	Sheriff	30 years	January 1, 2017
Sheila F Palmer	Sheriff	29 years 6 months	January 1, 2017
Huette D Perkins	Sheriff	30 years	January 1, 2017
Ronald W Sexton	Sheriff	30 years	January 1, 2017
Richard A Trott	Sheriff	27 years 3 months	January 1, 2017
Michael E Upchurch	Sheriff	30 years	January 1, 2017
Hugh S Williams	Sheriff	27 years 3 months	January 1, 2017
Richard D Wilson	Sheriff	27 years	January 1, 2017

After review, a motion was made by Mr. Caldwell to approve the applications for retirement under the Uniformed Officers Pension Plan as presented and authorize the Trustee, State Street Bank, to make disposition of the 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:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Craig A Leuthold	Ppty Assessor	21 years 8 months	December 1, 2016
Larry Arter	Schools	9 years	January 1, 2017
Phyllis A Barnes	Com Svc	13 years 11 months	January 1, 2017
George M Cigany	PBA	11 years 6 months	January 1, 2017
Teresa L Clapp	County Clerk	11 years	January 1, 2017
Charles E Cook	PBA	12 years 2 months	January 1, 2017
Tina M Harness	Schools	23 years	January 1, 2017

Alvin U See	EPW	29 years 5 months	January 1, 2017
Charles W Smith	IT	23 years 4 months	January 1, 2017
Phyllis K Varner	Schools	24 years 5 months	January 1, 2017
Lorenda K Wolfe	Health	27 years 8 months	January 1, 2017
Sharon D Womack	Schools	22 years 8 months	January 1, 2017

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

**IN RE: REPORT OF EXECUTIVE DIRECTOR**

Mrs. Bennett reported receipt of the Investment Management Contract for CenterSquare that will be sent to legal counsel for review before signed.

Mrs. Bennett reported end of year tasks, such as cost of living adjustments, disability participant verification letters, and minimum required distributions are all in process.

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

**Asset Accumulation Plan**

Total number of loans September 1-December 16, 2016	166
Total number of participants eligible for loans	2,500
Percentage of loans processed	12%
Total value of all loans as of November 18, 2016	\$2,800,000
Average Loan Balance	\$17,250

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

Mrs. Bennett stated the volume of applications processed each week has decreased since implementation.

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

Distributions processed in November	65
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**IN RE: PUGH & COMPANY – AUDIT REPORT**

Mr. Holtz presented the audit report on the Knox County Retirement & Pension Board as of June 20, 2016. A copy of the report and the auditor's required communication was distributed to the Board Members and is included in the official record of the minutes of the meeting. He stated there were no material adjustments or findings and that the auditors encountered no difficulties in completing their work.

Mr. Holtz said that, as a management comment, Pugh's review suggested that Pension Office benefit calculations and supporting documentation should be further reviewed for accuracy by knowledgeable personnel prior to submission to the actuary. He reported as of December 1, 2016 a Pension Office practice has been implemented that will assure benefit calculations and supporting

documentation are reviewed by another knowledgeable staff member prior to submission to the actuary and that such submission now includes a comparison to source documents including payroll data.

Mr. Caldwell requested Pugh & Company, as a special procedure, to look at the workflow and best practices of the Retirement office including staffing and compensation and provide recommendations to the Executive Director and Board. He stated the County Finance department will pay for this special procedure by Pugh of the Retirement Office.

Commissioner Nystrom asked about Pugh's experience in handling such a review. Mr. Holtz stated Pugh does conduct workflow and best practices reviews and said it would take approximately two weeks to complete.

A motion was made by Commissioner Nystrom to accept the proposal for Pugh & Company to conduct a workflow and best practice review of the Retirement office including staffing and compensation of employees. The motion was seconded by Commissioner Brantley and unanimously approved.

A motion was made by Mr. Caldwell to accept Pugh & Company's audit report. The motion was seconded by Commissioner Nystrom and unanimously approved.

**IN RE: REPORT OF ELECTION COMMITTEE**

Mr. Caldwell reported the Election Committee has discussed online voting versus voting machines and the risks involved. Mrs. Bennett stated participation was much better with online voting. Mr. Caldwell stated voting machines are more costly; however, online voting is more risky.

After discussion, it was recommended the February 2017 election would be held via online voting.

**IN RE: REPORT OF LEGAL REVIEW COMMITTEE**

Commissioner Schoonmaker reported the Legal Review Committee met on December 12<sup>th</sup> and reviewed proposals from both firms. He recommended sending both proposals to all Board Members for review. Commissioner Schoonmaker stated combining all legal work to one firm would be a potential savings of \$100,000 per year.

A motion was made by Commissioner Brantley to defer selection of legal counsel until the January Board meeting. The motion was seconded by Commissioner Thomas and unanimously approved.

**IN RE: REPORT OF INVESTMENT COMMITTEE**

Mr. McBride presented the rates of return for the Defined Contribution Plans as of November 30, 2016, from USI that were distributed to the Board Members.

**IN RE: REPORT OF LEGAL COUNSEL**

Mr. Mason stated he met with local attorney, John Dupree, who advised he is representing UOPP Officers Michael Bartleson, James Page, and Raymond Treece, disability retirees, and that he requests to speak to the Board. Mr. Mason reminded the Board that the referendum approved by the voters in 2006 specifically included provision for offset of disability benefits for workers compensation and other benefits provided.

Chairman Trott requested Mr. Mason schedule Mr. Dupree to attend the February Board Meeting.

Mr. Owings 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:

<b>Invoices for December 2016</b>	<b>Fiscal YTD Approved Invoices 11/30/2016</b>	<b>December Invoice For Approval</b>	<b>Fiscal YTD Approved Invoices 12/31/2016</b>
BENXL			
Invoice #		\$0.00	
<b>TOTAL BENXL</b>	<b>\$30,400.00</b>	<b>\$0.00</b>	<b>\$30,400.00</b>
 KENNERLY, MONTGOMERY & FINLEY, P.C.		\$3,724.50	
Invoice # 200022			
 KENNERLY, MONTGOMERY & FINLEY, P.C.		\$2,296.00	
Invoice # 200024			
<b>***TOTAL KENNERLY, MONTGOMERY &amp; FINLEY, P.C.</b>	<b>\$45,919.00</b>	<b>\$6,020.50</b>	<b>\$51,939.50</b>
 ROBERTSON, OVERBEY			
Invoice #		\$0.00	
<b>*** TOTAL ROBERTSON, OVERBEY</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
 USI CONSULTING GROUP		\$15,210.25	
Invoice # 90013522			
<b>TOTAL USI CONSULTING GROUP</b>	<b>\$177,391.64</b>	<b>\$15,210.25</b>	<b>\$192,601.89</b>

<b>Invoices through December 2016</b>	<b>\$253,710.64</b>	<b>\$21,230.75</b>	<b>\$274,941.39</b>
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\*\*\* Retainer not included in approved billings for the Board

		Fiscal YTD
Robertson, Overbey Retainer	\$4,000 per month	\$40,000
Kennerly Montgomery Retainer	\$5,000 per month	\$30,000
Fees Received from QDRO Participants	\$500 (DC Fee)	\$2,000
	\$2,000 (DB Fee)	\$0

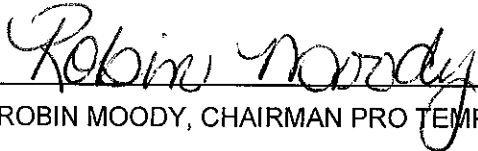
After review of the statement of accounts and invoices, a motion was made by Commissioner Thomas that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Brantley and unanimously approved.

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

In recognition of his retirement, Mrs. Bennett presented a certificate to Mr. Trott in appreciation of his time and service given to the Retirement Board and as its Chair.

**ADJOURNMENT**

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

  
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 ROBIN MOODY, CHAIRMAN PRO TEMPORE

  
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 HUGH NYSTROM, SECRETARY PRO TEMPORE