

KNOX COUNTY RETIREMENT AND PENSION BOARD

May 29, 2018

The Knox County Retirement and Pension Board met in regular session on Tuesday, May 29, 2018, at 1:30 P.M. in the Large Assembly Room, City-County Building, Knoxville, Tennessee.

The following members were present: Chairman Chris Caldwell, Proxy for Mayor Burchett, Commissioner Hugh Nystrom, Vice Chairman, Ms. Tracy Foster, Secretary, Commissioner Ed Brantley, Commissioner John Schoonmaker, Commissioner Bob Thomas, Ms. Jennifer Hemmelgarn and Mr. Zack Webb. Mr. Garrett Raiden was absent.

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross, Mr. Adam Davies

Legal Counsel: Mr. Bill Mason, Ms. Ashley Trotto, Ms. Stephanie Coleman

Attorney: Mr. Jonathan Reed

Retirement Staff: Ms. Kim Bennett, Ms. Jennifer Schroeder, Ms. Terri Chase, Mr. Zack Cole, Ms. Savannah Russell and Ms. Mitzi Stooksbury

Others in attendance: Mr. Wayne Sellers, Nationwide, Nick McBride, Register of Deeds Office, Ed Shouse, Trustee's Office, Commissioner Evelyn Gill, and members of the public

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Ms. Bennett stated Ms. Tracy Foster requested to report on the NCPERS convention seminar she recently attended and if there was no objection would be added to the end of the agenda and without objection that discussion item was added to the end of the agenda.

IN RE: APPROVAL OF MINUTES OF APRIL 23, 2018

Chairman Caldwell presented the minutes for April 23, 2018. Commissioner Nystrom made a motion to approve the minutes for April 23, 2018. The motion was seconded by Mr. Webb and approved.

IN RE: APPLICATION FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN

- **PAUL S. WALDROOP**, employee of Schools, 15 years 9 months of credited service. Letter received from UNUM dated May 17, 2018 recommending approval of disability.

Chairman Caldwell presented the application for disability for Paul S. Waldroop. Commissioner Thomas made a motion to approve the application for Paul S. Waldroop. The motion was seconded by Commissioner Brantley and approved.

IN RE: APPLICATIONS FOR RETIREMENT – DEFINED CONTRIBUTION 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>
Dora Compton	Finance	17 years 11 months	June 1, 2018
F. Yvonne Cox	PBA	12 years 0 months	June 1, 2018
Ann Dedrick	Health Dept	5 years 9 months	June 1, 2018
Connie Melhorn	Crn Crt	36 years 11 months	June 1, 2018
Angela Mobley	Schools	6 years 6 months	June 1, 2018
Marcia Moneymaker	Com Svcs	25 years 11 months	June 1, 2018
Kevin Tarbell	Schools	5 years 10 months	June 1, 2018
Bertha Tate	Schools	24 years 9 months	June 1, 2018
Virginia Workman	Sess Crt	36 years 6 months	June 1, 2018

A motion was made by Ms. Hemmelgarn 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 the Trustee, State Street Bank, to make payment of the credited service benefit. The motion was seconded by Commissioner Nystrom and approved.

IN RE: FIRST READING FOR AMENDMENT AND RESTATEMENT OF THE SYSTEM

Mr. Mason presented the first reading of the proposed amendment and restatement of the System document. The amendment provides for the loan program, scheduled to sunset June 30, 2018, to extend indefinitely, for the incorporation of the past practice of treating one completed school year of service as one full year of credited service for school employees being paid other than on a 12-month schedule, and to make other housekeeping revisions.

In discussion, Ms. Bennett stated the resolution authorizing the plan amendments described by Mr. Mason was voted on and approved at the previous board meeting. Ms. Bennett referenced the USI letter explaining the plan amendments would have no adverse actuarial impact on any plan.

A motion was made by Commissioner Brantley to adopt the amendment and restatement of the System on first reading. The motion was seconded by Mr. Webb. Chairman Caldwell asked for public comment and saw none. The item was unanimously approved.

IN RE: FIRST READING FOR AMENDMENT AND RESTATEMENT OF THE SHERIFF TOTAL ACCUMULATION PLAN (STAR)

Mr. Mason presented the first reading of the amendment and restatement of STAR. The amendment provides for the loan program, scheduled to sunset June 30, 2018 to extend indefinitely, for the incorporation of the practice of treating one completed school year of service as one full year of credited service for school employees being paid other than on a 12-month schedule, and to make other housekeeping revisions. Chairman Caldwell asked for public comment and saw none.

A motion was made by Commissioner Nystrom to adopt the amendment and restatement of STAR. The motion was seconded by Ms. Hemmelgarn and was unanimously approved.

IN RE: FIRST READING FOR AMENDMENT AND RESTATEMENT OF THE DISABILITY PLAN

Mr. Mason presented the first reading of the amendment and restatement of the Disability Plan. The amendment provides for incorporating the practice of treating one completed school year of service as one full year of credited service for school employees paid other than on a 12-month schedule. Mr. Mason informed the Board all prior amendments will also be incorporated into one document to assist in the transition to the Reed Group, effective July 1, 2018.

Chairman Caldwell asked for public comment and saw none. A motion was made by Ms. Hemmelgarn to adopt the amendment and restatement of the Disability Plan. The motion was seconded by Commissioner Brantley and unanimously approved.

IN RE: PENSION BOARD BUDGET FY19

Ms. Bennett presented the budget for the fiscal year 2019. After discussion, a motion was made by Ms. Foster to approve the FY19 budget. The motion was seconded by Commissioner Nystrom and was unanimously approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Ms. Bennett reported on the following items:

- **Updating the Summary Plan Descriptions (SPDs) for Plan Amendments**
– Ms. Bennett reported the Summary Plan Descriptions are in the process of being updated. SPDs communicate the various plans and amendments to the programs within those plans.
- **Knox County Insurance Holiday Plan** – Ms. Bennett reported Knox County Government extended their insurance holiday for people who go on disability. The sunset date was June 30, 2018 and was extended to June 30, 2022. This is to allow someone who has been approved to have single coverage for the first six months of disability at no cost.
- **Scanning Project** – All scanned documents have been transferred into the Retirement Office’s internal system from outside vendors.

IN RE: REPORT OF DISABILITY COMMITTEE

- **Discussion of Frank Brown, Jr. appeal** – Commissioner Thomas reported on the appeal of Mr. Frank Brown Jr. and the hearing he requested before the disability committee to address his denial of disability. The committee heard his case and testimony from his coworkers and supervisor. Commissioner Thomas reported the committee came to the conclusion that they wanted Mr. Brown to have every opportunity to have his case reviewed. Commissioner Thomas made the motion to have the Retirement and Pension Board allow Reed Group, its new independent disability claims administrator, to review Mr. Frank Brown Jr. medical records and to give the Retirement Board its recommendation on his disability status. The motion was seconded by Commissioner Brantley and was unanimously approved.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Monthly Rates of Return** – Commissioner Brantley presented the rates of return for the Defined Contribution Plans as of April 30, 2018 and stated that they were down due to recent market volatility, however the overall rates of return are in line with the investment objectives.
- **Nationwide Information Status** – Commissioner Brantley provided an update on the Investment Committee meeting from May 15, 2018. He stated that The Committee had no recommendation for the Board on Nationwide's proposed Investment revisions. Commissioner Brantley then recognized Mr. Wayne Sellers of Nationwide to discuss further details of their proposal or to ask questions regarding the recent meeting. Mr. Sellers inquired as to the details of moving forward with the seminars discussed on May 15 and described in the letter received from Kim Bennett and how those seminars would be deemed successful. Commissioner Brantley stated that this would be a matter to discuss with Ms. Schroeder in the Retirement office. Mr. Sellers indicated that Nationwide will be presenting its first seminar on Social Security but that no date and time had been settled on. Ms. Bennett informed Mr. Sellers that in order to schedule the date and time he would need to contact PBA, and that any additional details would be upon Mr. Sellers to work out. Commissioner Nystrom stated that the Investment Committee had actually adopted a unanimous recommendation to decline the investment changes proposed by Nationwide. After confirming the minutes, Ms. Bennett stated that the motion was made to decline the changes proposed by Nationwide and that motion passed. Since the Investment Committee was not recommending a change, no vote was needed by the Board.
- **Status of State Street settlement for errors** – Ms. Bennett provided an update on State Street Bank's investment timing error and a handout was distributed to each board member detailing the recent communications with State Street (attached). Ms. Bennett explained that State Street Bank will be reimbursing the plans approximately \$100,981.36 for errors made by State Street during the recent investment changes and allocations to the Defined Benefit Plans. Commissioner Nystrom questioned whether a vote would need to be taken in order to accept the funds from State Street Bank and referred this question to legal counsel. Ms. Coleman explained that in this instance a vote would not need to be taken to accept the funds, but that if The Board chose to do so a vote would not hurt anything at this time. Commissioner Thomas inquired as to whether or not USI Advisors agreed with the amount of funds State Street would be paying. Mr. Adam Davies explained that they do agree and that his own calculations were very close to the number State Street is proposing. Commissioner Schoonmaker asked once the funds are accepted how long would it take for them to be deposited into the accounts. Ms.

Bennett explained that at this time she has not contacted State Street about the timing of deposit.

IN RE: REPORT OF LEGAL COUNSEL

Ms. Coleman reported on the status of the lawsuits. She stated that the Knox County Retirement and Pension Board was currently involved with three lawsuits and that legal counsel has filed to dismiss those actions due to conflict of interest. Originally, there was a hearing set for last week but that was reset to June 11, 2018 at the request of plaintiff's counsel. She reported that the participants' individual attorneys have adopted the arguments within the Board counsel's motions to dismiss.

Mr. Mason reported that Kennerly Montgomery's work this month has been reflected in the prior items considered by the Board and had nothing else to report.

IN RE: REPORT OF ACTUARY

Mr. Cross had no report.

IN RE: APPROVAL OF PAYMENT – STATEMENT OF ACCOUNT

The following statement of accounts for professional services was presented for consideration and approval of payment, in accordance with agreements and audited and recommended for payment by Ms. Bennett:

FEE SCHEDULE

Invoices for May 2018	Fiscal YTD Approved Invoices 04/30/2018	MAY Invoice For Approval	Fiscal YTD Approved Invoices 06/31/2018
BENXL Invoice #		\$0.00	
TOTAL BENXL	\$35,400.00	\$0.00	\$35,400.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #11699-006 03/31/2018- QDRO*		\$0.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #		\$0.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #		\$0.00	
***TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$2,300.00	\$0.00	\$2,300.00
Owings, Wilson & Coleman Invoice # 9912M - 04/30/2018 Invoice # 9918M - 04/30/2018 Invoice # 9917M - 04/30/2018		\$13,492.67 \$1,076.25 \$1,076.25	
*** TOTAL OWINGS, WILSON & COLEMAN	\$85,500.77	\$15,645.17	\$101,145.94
JUSTICE, NOEL & BURKS Invoice # Jan - April 2018		\$0.00	
TOTAL JUSTICE, NOEL & BURKS	\$25,890.00	\$0.00	\$25,890.00
USI CONSULTING GROUP Invoice # 90021777 Invoice # 90021273		\$19,903.50 \$37,000.00	
TOTAL USI CONSULTING GROUP	\$470,359.26	\$56,903.50	\$527,262.76
Invoices for May 2018	\$619,450.03	\$72,548.67	\$691,998.70

		Fiscal YTD
*** Retainer not Included In approved billings for the Board		
Owings, Wilson & Coleman Retainer	\$4,000 per month	\$44,000
Kennerly Montgomery Retainer	\$12,000 per month	\$132,000
Court Reporter		\$3,977.35
Fees Received from QDRO Participants	\$500 (DC Fee) \$2,000 (DB Fee)	\$1,000 \$2,000

*QDRO fee is Paid to Retirement Office which off sets the legal fee

After review of the statement of accounts and invoices and discussion on the legal fees, a motion was made by Ms. Foster that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Nystrom and unanimously approved.

IN RE: REPORT OF NCPERS CONFERENCE

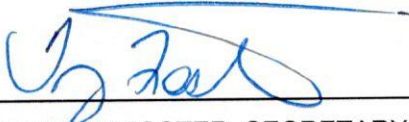
Ms. Foster reported on the NCPERS conference and the topics that were discussed at its various seminars.

ADJOURNMENT

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



MAYOR TIM BURCHETT, CHAIRMAN
BY PROXY, CHRIS CALDWELL



MS. TRACY FOSTER, SECRETARY

Attachments:

- 1.) State Street Letter