



## Pension Board

Regular Meeting

~ Minutes ~

917B E. Fifth Ave.  
Knoxville, TN 37917  
[www.knoxvillepensionboard.org](http://www.knoxvillepensionboard.org)

THURSDAY, January 8, 2015

9:00 a.m.

Pension Board Conference Room

### ORDER OF BUSINESS

#### 1. CALL TO ORDER

Mayor Rogero called to order the January 8, 2015 meeting of the City of Knoxville Pension Board at 9:02 a.m. in the Pension Board Conference Room.

#### WELCOME TO MR. DENNIS OWEN – Exhibit 1

Mayor Rogero introduced and welcomed Mr. Dennis Owen to the Board, who along with Ms. Linda Gay Blanc, were appointed by the Mayor and confirmed by City Council at their January 6, 2015 council meeting. Mayor Rogero distributed to the Board background information on both Mr. Owen and Ms. Blanc and advised the Board that Mr. Owen would observe at this morning's meeting. In addition, Mayor Rogero advised the Board that both Mr. Owen and Ms. Blanc would be in attendance and serving on the Board beginning at the February meeting.

#### 2. ROLL CALL

Attendee Name	Title	Status	
Mayor Rogero	Mayor	Present	
Greg Coker	Police Representative	Present	
Jim York	Finance Director	Present	
Joe Hackney	Fire Representative	Absent	
Stephen King	General Government Representative	Present	
Michael Paseur	General Government Representative	Present	
Finbarr Saunders	City Council Representative	Present	
Kathy Aslinger	Legal Counsel	Present	
Kristi Paczkowski	Executive Director	Present	

Others present: Dr. William Lyons – Deputy to the Mayor and Chief Policy Officer; Lt. Cheri Matlock – Knoxville Police Department; Mr. Ed Kingsbury - Knoxville Police Officer; Mr. Mark Taylor – Knoxville FOP Association; Ms. Meghan Boehnke – Knoxville News Sentinel; Mr. Dennis Owen, newly appointed Board Member as an observer.

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**3. APPROVAL OF REGULAR MEETING MINUTES FOR DECEMBER 11, 2014**

Mr. Saunders made a motion to approve the minutes of the December 11, 2014 meeting. Mr. Coker seconded the motion. The motion passed 6-0.

**4. APPROVAL OF REVISED AGENDA – Exhibit 2**

Mr. Saunders made a motion to accept the Revised Agenda. Mr. Coker seconded the motion. The motion passed 6-0.

**5. ADMINISTRATIVE MATTERS****a) ELECTION OF OFFICERS – CHAIR, VICE-CHAIR & SECRETARY FOR 2015**

**Motion:** Mr. Saunders nominated Mayor Rogero as Chair of the Pension Board. Mr. York seconded the motion. The motion passed 5-0 with Mayor Rogero abstaining on the vote.

**Motion:** Mr. York nominated Mr. Coker as Vice-Chair of the Pension Board. Mr. Saunders seconded the motion. The motion passed 5-0 with Mr. Coker abstaining on the vote.

**Motion:** Mr. Saunders nominated Mr. York as Secretary of the Pension Board. Mr. Coker seconded the motion. The motion passed 5-0 with Mr. York abstaining on the vote.

**b) Elect Personnel Committee Members and elect Officers**

**Motion:** Mr. York nominated Mr. Paseur to serve on the Personnel Committee. Mr. Coker seconded the motion. The motion passed 5-0 with Mr. Paseur abstaining on the vote.

**Motion:** Mr. York nominated Mr. Saunders to serve on the Personnel Committee. Mr. Coker seconded the motion. The motion passed 5-0 with Mr. Saunders abstaining on the vote.

The Personnel Committee advised the full Board they would elect Officers at a later date.

**c) 1<sup>st</sup> Amendment to 2013 Supplemental Plan Provisions – Exhibit 3**

Attorney Aslinger reviewed with the Board the 1<sup>st</sup> Amendment to the 2013 Supplemental Plan Provisions which had been revised per the Board's December 11, 2014 discussion. In her review Attorney Aslinger specifically addressed the following:

**1. Article I - Beneficiary**

Ms. Aslinger advised the Board the definition of disabled dependent for purposes of qualifying as a beneficiary for benefits payable in the form of a joint and survivor annuity is tied to the Internal Revenue Code definitions of "dependent" and "disability." Mr. King advised the Board that he does not agree or support this provision as it now eliminates the ability to name a non-spouse as a beneficiary under the joint and survivor annuities.

**2. Article I – "Refund Interest Rate"**

Attorney Aslinger advised the Board that there were no changes to this section from the previous draft reviewed in December.

3. Article III – Alternative Adjustment for Individual Account

Attorney Aslinger advised the Board that there were no changes to this section from the previous draft reviewed in December. Both Mr. York and Mr. King disclosed they were affected by this provision. Mr. York abstained from voting on this particular article of the SPP's.

4. Article IV -- Actuarial Factors

Attorney Aslinger reminded the Board that the Board's actuary, Mr. Pennington, had provided updated actuarial factors tables to be included for recommendation to City Council that take into consideration the 3% annual cost of living increases.

**Motion: Mr. Saunders made a motion to approve the 1<sup>st</sup> Amendment to the 2013 Amended and Restated Supplemental Plan Provisions as proposed. Mr. York seconded the motion, while noting that he was abstaining from voting on Article III – Alternative Adjustment for Individual Account, because he was affected by that provision. The motion as a whole passed 5-1, with Mr. York noting his abstention on Article III. Mr. King voted no.**

6. EXECUTIVE DIRECTOR COMMENTS: None

7. CONTRACTS: None

8. ENROLLMENTS

The following General Government employees have filed applications to become members of the Plan H pension system:

Clifford L. Boyle  
Phillip L. Crawford  
Stephanie R. Guptail  
Geoffrey R. Heidenerich  
Stephen M. Thompson

**Motion: Mr. York made a motion to approve these applications for enrollment in Plan H of the Pension System. Mr. Coker seconded the motion. The motion passed 5-0.**

Mr. King left the meeting briefly and was not present at the vote.

9. WITHDRAWALS

The following employees have filed applications to withdraw employee pension contributions plus 4% interest and the supplemental retirement account as applicable to each participant's respective plan.

Robert A. Hutchens, General Govt. – Plan G2, vested

**Motion: Mr. Paseur made a motion to approve these applications for withdrawal of employee contributions. Mr. Coker seconded the motion. The motion passed 5-0.**

Mr. King left the meeting briefly and was not present at the vote.

**10. APPLICATION FOR RETIREMENT: PLAN A  
CHARTER SECTION 1360.12**

Donald R. Cox, Schools Non-Certified

Option A-9  
100% with reinstatement

Date of birth, December 14, 1952: 62 years of age  
Total credited service: 40 years 8 months (combined City & County)  
Average base earnings for 3 years:  $\$400.00 \times .75\% = \$3.00$   
Average excess earnings for 3 years:  $\$3,417.75 \times 1.50\% = \$51.27$   
making a total of  $\$54.27$  benefit per year of service.  $\$54.27 \times 40.6667 =$   
 $\$2,206.98$  Total benefit  
1,530.43 Minus County benefit  
 $676.55 \times .8505$  (J&S – 100% with reinstatement to Teresa Cox) =  
 $\$575.37$  City pension effective January 1, 2015.

**Motion: Mr. Paseur made a motion to approve this application for Normal retirement payable under Option A-9. Mr. Coker seconded the motion. The motion passed 5-0.**

Mr. King left the meeting briefly and was not present at the vote.

**11. APPLICATION FOR PARTICIPATION IN THE DELAYED RETIREMENT OPTION PROGRAM (DROP): PURSUANT TO CHARTER SECTION 1390.22 – PLAN C. The following employees have chosen a Delayed Retirement Option and will receive a one-time payment of the accumulated monthly benefits on termination of employment with the City of Knoxville.**

a) Joseph T. Cox, Police Dept. - Uniformed

Option A-6  
100% without reinstatement

Date of birth, July 23, 1949: 65 years of age  
Total credited service: 39 years 9 months 29 days  
Average monthly salary for 2 highest 12 month periods,  $\$4,696.91 \times .025 =$   
 $*\$117.42 \times 30.0 = \$3,522.60$ . Mr. Cox chose Option A-4 – 50% Joint and Survivor without  
reinstatement to Helen Smithwich Cox, spouse.  $\$3,522.60 \times .8731$   
 $\$3,075.58$  pension effective January 1, 2015  
DROP complete December 31, 2016.  
\*30 years maximum credited service per Charter Section 1390.8

**Motion: Mr. Coker made a motion to approve this application for DROP retirement payable under Option A-6. Mr. Saunders seconded the motion. The motion passed 5-0.**

b) Ricky J. Faubion, Police Dept. - Uniformed

No Option

Date of birth, March 8, 1954: 60 years of age  
Total credited service: 26 years 11 months 8 days  
Average monthly salary for 2 highest 12 month periods,  $\$4,683.63 \times .025 =$   
 $\$117.09 \times 26.93858$   
 $\$3,154.24$  pension effective January 1, 2015.  
DROP complete December 31, 2016.

**Motion: Mr. Coker made a motion to approve this application for DROP retirement. Mr. Saunders seconded the motion. The motion passed 5-0.**

- c) Virgil R. Hubbard, Police Dept. - Uniformed Option A-8  
75% with reinstatement
- Date of birth, February 15, 1958: 56 years of age  
 \*Total credited service: 33 years 1 month 15 days  
 Average monthly salary for 2 highest 12 month periods,  $\$6,120.74 \times .025 =$   
 $\$153.02 \times 30 = \$4,590.60$ . Mr. Hubbard chose Option A-8 – 75% Joint and Survivor with  
 reinstatement to Susan E. Hubbard, spouse.  $\$4,590.60 \times .9501 =$   
 $\$4,361.53$  pension effective January 1, 2015  
 DROP complete December 31, 2016.  
 \*30 years maximum credited service per Charter Section 1390.8

**Motion: Mr. Coker made a motion to approve this application for DROP retirement payable under Option A-8. Mr. Saunders seconded the motion. The motion passed 5-0.**

- d) Gary C. Williams, Fire Dept. - Uniformed No Option
- Date of birth, April 12, 1955: 59 years of age  
 Total credited service: 26 years 8 months 19 days  
 Average monthly salary for 2 highest 12 month periods,  $\$4,543.99 \times .025 =$   
 $\$113.60 \times 26.71872 =$   
 $\$3,035.25$  pension effective January 1, 2015.  
 DROP complete December 31, 2016.

**Motion: Mr. Coker made a motion to approve this application for DROP retirement. Mr. Saunders seconded the motion. The motion passed 5-0.**

Mr. King left the meeting briefly and was not present at the vote.

## 12. APPLICATION FOR PARTICIPATION IN THE DELAYED RETIREMENT OPTION PROGRAM (DROP): PURSUANT TO CHARTER SECTION 1371.8 – PLAN G.

**The following employees have chosen a Delayed Retirement Option and will receive a one-time payment of the accumulated monthly benefits on termination of employment with the City of Knoxville.**

- a) William J. Householder, General Government – Plan G2 Option A-9  
100% with reinstatement
- Date of birth, November 4, 1937: 77 years of age  
 Total credited service: 23 years 1 month 20 days  
 Average monthly salary for 2 highest 12 month periods,  $\$3,483.30 \times .021 =$   
 $\$73.15 \times 23.13813 = \$1,692.55$ . Mr. Householder chose Option A-9 – 100% Joint and Survivor with  
 reinstatement to William Francis Householder, son.  $\$1,692.55 \times .5029532 =$   
 $\$851.27$  pension effective January 1, 2015.  
 DROP complete December 31, 2016.

**Motion: Mr. Paseur made a motion to approve this application for DROP retirement payable under Option A-9. Mr. Saunders seconded the motion. The motion passed 5-0.**

- Janice C. Marston, General Government – Plan G2 No Option
- Date of birth, February 14, 1951: 63 years of age  
 Total credited service: 29 years 2 months 26 days  
 Average monthly salary for 2 highest 12 month periods,  $\$4,730.05 \times .021 =$

$\$99.33 \times 29.23790 =$   
 $\$2,904.20$  pension effective January 1, 2015.  
 DROP complete December 31, 2016.

**Motion: Mr. Paseur made a motion to approve this application for DROP retirement. Mr. Saunders seconded the motion. The motion passed 5-0.**

Mary E. Stuart, General Government – Plan G2

Option A-7  
 50% with reinstatement

Date of birth, April 3, 1948: 66 years of age  
 Total credited service: 14 years 5 months 30 days  
 Average monthly salary for 2 highest 12 month periods,  $\$3,151.33 \times .021 =$   
 $\$66.18 \times 14.49886 = \$959.53$ . Ms. Stuart chose Option A-7 – 50% Joint and Survivor with  
 reinstatement to Jeffrey Cole Stuart, son.  $\$959.53 \times .8021049 =$   
 $\$769.64$  pension effective January 1, 2015.  
 DROP complete December 31, 2016.

**Motion: Mr. Paseur made a motion to approve this application for DROP retirement payable under Option A-7. Mr. Saunders seconded the motion. The motion passed 5-0.**

Mr. King left the meeting briefly and was not present at the vote.

### 13. APPROVAL OF INVOICES FOR PROFESSIONAL SERVICES:

	Inv. Amount	FYTD Total
Bryan, Pendleton, Swats & McAllister – Actuary (November)	20,958.00	86,506
Kennerly, Montgomery & Finley – Attorney (General December)	9,822.50	51,114
		137,620

Ms. Paczkowski, Executive Director, has reviewed the bills and certifies that they are consistent with the services provided and are within the budgeted figures of the system's financial plan.

**Motion: Mr. Saunders made a motion to pay the invoices as presented. Mr. Coker seconded the motion. The motion passed 5-0.**

Mr. King left the meeting briefly and was not present at the vote.

**14. INVESTMENT MATTERS****Investment Policy Recommendation – Exhibit 4**

Ms. Paczkowski discussed with the Board the summary of changes in the Investment Policy statement for the City of Knoxville Pension System she had prepared for their review and consideration before submitting to City Council. In addition, Ms. Paczkowski advised the Board that both the Investment Committee and Summit Strategies recommended the changes which would be presented to City Council at a later date.

**Motion: Mr. Saunders made a motion to accept the Investment Policy as presented for recommendation to City Council. Mr. Coker seconded the motion. The motion passed 6-0.**

Mayor Rogero called for a recess at 9:50 a.m. and called the meeting back in to order at 9:57 a.m.

**15. OTHER:****Military Buyback – Exhibits 5a, 5b**

Attorney Aslinger reviewed with the Board a request from Police Department, uniformed employee, Mr. Edward Kingsbury, to purchase prior military service at the rate he would have paid when he was first hired as a City Officer as creditable service for pension purposes. The Board had a lengthy discussion of the issues involved and considered various options as prepared by Attorney Aslinger in her letter and separate memorandum to the Board dated January 6, 2015.

After much consideration and examination of the request, the following motion was made:

**Motion: Mr. Paseur made a motion to recognize that an error had been made by a lack of notification of the availability of the benefit and to remedy the error by Option 4 as presented in Attorney Aslinger's letter to the Board dated January 6, 2015, as follows:**

- (4) Allow employees to purchase military service credit at the amount they would have paid when hired, adjusted for inflation**

**Mr. King seconded the motion. The motion failed 3-2. Mr. Paseur, Mayor Rogero and Mr. King voted yes. Mr. Saunders and Mr. York voted no. Mr. Coker did not vote as he disclosed he was personally affected by the matter.**

Mr. Kingsbury was advised of his appeal rights which would be mailed to him formally in a letter.

**Refunds**

Mr. Paseur made an inquiry about accelerating an employee's application for a refund but Attorney Aslinger advised that all refunds require Board's approval before refund payments could be processed.

**16. PUBLIC COMMENTS: None****17. ATTORNEY COMMENTS: None**

**18. ADJOURNMENT:**

**There being no further business, the meeting was adjourned by Mayor Rogero at 11:35 a.m.**

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Date