



Pension Board

Regular Meeting

~ Minutes ~

917B E. Fifth Ave.
Knoxville, TN 37917
www.knoxvillepensionboard.org

FRIDAY, April 10, 2015

9:00 a.m.

Pension Board Conference Room

ORDER OF BUSINESS

1. CALL TO ORDER

Mayor Rogero called to order the April 10, 2015 meeting of the City of Knoxville Pension Board at 9:00 a.m. in the Pension Board Conference Room.

2. ROLL CALL

Attendee Name	Title	Status
Mayor Rogero	Mayor	Present
Linda Gay Blanc	Mayoral Appointment	Present
Greg Coker	Police Representative	Present
Jim York	Finance Director	Present
Dennis Owen	Mayoral Appointment	Present
Stephen King	General Government Representative	Present
Michael Paseur	General Government Representative	Absent
Finbarr Saunders	City Council Representative	Present
John Tillett	Fire 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, Investigators Richard Giammarino and Rhett Carter – Knoxville Police Department; Mr. Ed Kingsbury, appellant from Knoxville Police Department for military buyback; Mr. Don Bosch, Attorney representing Mr. Kingsbury; Retired plan members, Mr. Roger Byrd, Mr. Boyce McCall and Mr. Bill Warwick; Ms. Meghan Boehnke and Ms. Amy Burgess – Knoxville News Sentinel; Mr. David Kelly – Court reporter with Gibson Court Reporting.

3. APPROVAL OF REGULAR MEETING MINUTES FOR MARCH 12, 2015

Mr. Saunders made a motion to approve the minutes of the March 12, 2015 meeting. Mr. King seconded the motion. The motion passed 8-0.

4. APPROVAL OF REVISED AGENDA – Exhibit 1

Ms. Blanc made a motion to accept the Revised Agenda. Mr. Saunders seconded the motion. The motion passed 8-0.

5. ADMINISTRATIVE MATTERS

WELCOME TO MR. JOHN TILLET

Mayor Rogero introduced and welcomed newly elected Fire Department Representative, Mr. John Tillett to the Board.

a) Supplemental Plan Provisions

Ms. Paczkowski informed the Board that the Supplemental Plan Provisions effective July 1, 2015, submitted to City Council for second reading passed at their March 17, 2015 council meeting. Ms. Paczkowski also advised the Board of the notices which had been mailed to all plan members affected by the changes.

Disabled Dependents

Ms. Paczkowski informed the Board of a meeting she attended where Attorney Victoria Tillman explained how leaving a lifetime benefit to a disabled relative may hinder their ability to maintain certain federal and state programs which could be detrimental to their care. Employee benefits and the pension administration will be working to provide information regarding other options for their family members to employees who have a dependent disabled relative.

b) Personnel Committee

Ms. Paczkowski advised the full Board that she would be scheduling a personnel committee meeting as preparation for the new fiscal budget.

c) Office Space

Ms. Paczkowski informed the Board of the possible need to locate alternative office space for the Pension Office.

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:

Michael W. Murray
James B. Runions

Motion: Mr. Saunders made a motion to approve these applications for enrollment in Plan H of the Pension System. Mr. Owen seconded the motion. The motion passed 8-0.

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 Bolen, Fire Dept. – Plan C, non-vested
 Douglas Cole, General Govt. – Plan G1-vested (defined benefit and defined contribution)
 Eric Gass, Fire Dept. – Plan C, vested

Motion: Mr. Saunders made a motion to approve these applications for withdrawal of employee contributions. Mr. King seconded the motion. The motion passed 8-0.

10. APPLICATION FOR DEFERRED RETIREMENT: PLAN A CHARTER SECTION 1360.28

Diane L. Darling, Schools Certified

Option A-7
 50% with reinstatement

Date of birth, March 28, 1953: 62 years of age
 Total City credited service: 10 years 8 months
 Total County credited service: 11 years
 Total credited service: 21 years 8 months
 Last date of employment with City: June 1987
 Last date of employment with County: May 1998
 Average base earnings for 4 years, \$400.00 x 75% = \$3.00
 Average excess earnings for 4 years, \$1,180.93 x 1.50% = \$17.71
 making a total of \$20.71 benefit per year of service. $\$20.71 \times 10.66667 =$
 $\$220.91$. Ms. Darling chose Option A-7 – 50% Joint and Survivor with reinstatement to Norman
 Harold Darling, spouse. $\$220.91 \times .9484 =$
 $\$209.51$ pension effective April 1, 2015

The City benefit payment is determined using City only salaries and City service time.
 The City benefit does not include any County service.
 The total amount of the combined City & County benefit is \$1,065.41.

Motion: Mr. York made a motion to approve this application for Deferred retirement payable under Option A-7. Mr. Saunders seconded the motion. The motion passed 8-0.

11. APPLICATION FOR DEFERRED RETIREMENT: PLAN G1 CHARTER SECTION 1360.28

Cathy C. Chesney, General Govt.

Option A-4
 50% without reinstatement

Date of birth, February 8, 1953: 62 years of age
 Total credited service: 8 years 10 days
 Average monthly salary for 2 highest 12 month periods, $\$3,298.46 \times .0115 =$
 $\$37.93 \times 8.02740 = \304.48 . Ms. Chesney chose Option A-4 – 50% with reinstatement to Steven R.
 Chesney, spouse. $\$304.48 \times .9131 =$
 $*\$278.02$ pension effective March 1, 2015

*Defined Benefit only. Ms. Chesney chose to annuitize the supplemental retirement account (defined contribution) applicable in Plan G Option 1 pending the account valuation as of March 31, 2015.

Motion: Mr. York made a motion to approve this application for Deferred retirement. Mr. King seconded the motion. The motion passed 8-0.

12. APPLICATION FOR NORMAL RETIREMENT: PLAN C CHARTER SECTION 1390.6

Donna K. Carter, Police Dept. - Uniformed No Option
 Date of birth, December 31, 1960: 54 years of age
 Total credited service: 26 years 3 months 8 days
 Average monthly salary for 2 highest 12 month periods, \$4,708.67 x .025 =
 \$117.72 x 26.27192
\$3,092.73 pension effective April 1, 2015

Motion: Mr. Coker made a motion to approve this application for normal retirement. Ms. Blanc seconded the motion. The motion passed 8-0.

13. APPROVAL OF INVOICES FOR PROFESSIONAL SERVICES:

	Inv. Amount	FYTD Total
Bryan, Pendleton, Swats & McAllister – Actuary (February)	1,215.00	116,602
Kennerly, Montgomery & Finley – Attorney (General March)	3,508.00	68,286
		184,888

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. Owen made a motion to pay the invoices as presented. Mr. Saunders seconded the motion. The motion passed 8-0.

14. INVESTMENT MATTERS

Index Fund

Ms. Paczkowski advised the Board that the paperwork had been signed to transition assets from Castleark – Large Cap Equity to a Northern Trust Index Fund per the Board's March 12, 2015 motion.

Standish

Ms. Paczkowski informed the Board that negotiations were ongoing with Standish for funding the comingled account per the Board's March 12, 2015 motion.

Action Items

Recommendation from Investment Committee to fund 57 Star and Neuberger Berman

Motion: Mr. York made a motion based upon the recommendation of the Investment Committee and Summit Strategies to transition \$10M from equity investments to private equities by committing to fund 57 Star - \$5M and Neuberger Berman - \$5M subject to the review and recommendation of a satisfactory investment manager's agreement by Attorney Aslinger, and to authorize Ms. Paczkowski to execute the approved agreement and proceed with all action necessary or convenient to properly effect this investment manager's appointment and implement the investment manager's agreement. Mr. Saunders seconded the motion. The motion passed 8-0.

15. OTHER: None

16. PUBLIC COMMENTS:

Boyce McCall

Police Department retired employee, Mr. Boyce McCall, addressed the Board relative to the military appeal.

17. ATTORNEY COMMENTS:

Military Buyback Appeal – Edward Kingsbury

Mayor Rogero reviewed with the Board, in conjunction with Attorney Aslinger, the voting and quorum requirements in view of the expanded Board.

Attorney Aslinger summarized for the Board Mr. Kingsbury's initial request of May 2014, denied at the January 8, 2015 meeting, 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. Attorney representing Mr. Kingsbury, Mr. Don Bosch, spoke to the Board relative to the appeal after which 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.

Motion: Mr. Saunders made a motion that due to the lack of evidence of notification of the opportunity to purchase military service credit to Mr. Kingsbury the Board find that lack of notification was an "other error" that may be corrected pursuant to section 1352.2 of the charter. Mr. Coker seconded the motion. The motion passed 8-0.

Mayor Roger called for a brief recess at 10:15 a.m. and then called the meeting back in to order at 10:20 a.m.

Motion: Mr. Coker made a motion that the Board find that an error caused Mr. Kingsbury to contribute less than he would have had the error not occurred thereby reducing his years of creditable pension service. Mr. King seconded the motion. The motion passed 8-0.

After the above motions were passed the Board had a lengthy discussion of possible remedies for correcting the notification error, including the seven different scenarios as outlined in a memo prepared by the Board's actuary, Mr. Alan Pennington, dated January 29, 2015.

Motion: Mr. Coker made a motion that the Board allow Mr. Kingsbury to purchase military service credit as described in scenario A of Mr. Pennington's January 29, 2015 memo at a cost of \$18,082.36, representing the amount he would have paid when first eligible to purchase the service had he been informed of the opportunity. Mr. King seconded the motion.

Motion: Ms. Blanc made a motion to enter into an Executive Session at 10:55 a.m. Mr. York seconded the motion. The motion passed 7-1. Mr. Coker voted no.

Mayor Rogero called the meeting back in to order at 11:00 a.m.

After the meeting was called back into order, the Board voted on Mr. Coker's above motion made immediately prior to the Executive Session. The motion failed by lack of a majority vote. Mr. Coker, Ms. Blanc, Mr. King and Mr. Tillett voted yes. Mayor Rogero, Mr. Saunders, Mr. York and Mr. Owen voted no.

Mr. Saunders made a motion to approve Mr. Kingsbury's purchase of military service using the actuarial value calculation in the amount of \$74,467.62 per Charter § 1350.9. Mr. Owen seconded the motion. After discussion of the continuing opportunity available to Mr. Kingsbury to purchase credit for his military service at the actuarial value of the benefit, Mr. Saunders eventually withdrew his motion resulting in a denial of Mr. Kingsbury's appeal.

Military Exhibit Packet – Exhibit 2

Attorney Aslinger requested that the military packet provided to the Board in advance of today's hearing be entered as an exhibit in Mr. Kingsbury's appeal. Mr. Bosch noted that he had no objection to the request.

Joseph Huckleby Military Buyback Request

Attorney Aslinger and Ms. Paczkowski informed the Board of Police Department employee Mr. Joseph Huckleby's formal request to purchase four years of his prior military service at what would have been his entry rate cost of \$12,017.10, as calculated by the actuary, Mr. Alan Pennington.

Deferred Members

Fire Department representative, Mr. John Tillett, informed the Board of a call he had received from a former Fire Department employee who is deferring his benefit and had inquired as to whether the military buyback provision would apply to a deferred member if approved by the Board. Attorney Aslinger informed the Board that today's decision only affects Mr. Kingsbury.

18. ADJOURNMENT:

There being no further business, the meeting was adjourned by Mayor Rogero at 11:27 a.m.

Chair

Date