



Pension Board

Regular Meeting

~ Minutes ~

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

THURSDAY, November 10, 2016

9:00 a.m.

Pension Board Conference Room

ORDER OF BUSINESS

1. CALL TO ORDER

Mr. Paseur called to order the November 10, 2016 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 | Represented by Proxy | |
| Linda Gay Blanc | Mayoral Appointment | Present | |
| Mark Fortner | Police Representative | Present | |
| Jim York | Finance Director | Present | |
| Dennis Owen | Mayoral Appointment | Absent | |
| Stephen King | General Government Representative | Present | |
| Michael Paseur | General Government Representative | Present | |
| Finbarr Saunders | City Council Representative | Present | |
| John Tillett | Fire Representative | Present | |
| Kathy Aslinger | Legal Counsel | Present | |
| Kristi Paczkowski | Executive Director | Present | |

Others present: Mr. Charles Swanson – City of Knoxville Law Director attended as Mayor Rogero’s designated representative as authorized by T.C.A. § 6-54-112 and the mayor’s letter of designation dated November 9, 2016; Mr. Eric Vreeland – City of Knoxville Communications Manager; Ms. Savannah Maupin – City Recorder’s Office; Mr. Nick Della Volpe – City Council Member; Mr. Stan Sharp – Fire Department Chief; Mr. Mark Wilbanks – Fire Officer; Mr. Bart Bradley – Master Firefighter and Injury In Line of Duty applicant; Mr. Kevin Faddis – Firefighters’ Association President; Mr. Mark Parker – City Employee; Mr. Roger Byrd – Fire Department Uniformed Retired member; Ms. Anita Cash – General Government Retired member; Mr. Roland Register – City resident; Mr. Phineas Troy & Mr. Matthew Jelinek– Summit Strategies.

3. APPROVAL OF REGULAR MEETING MINUTES FOR OCTOBER 13, 2016.

Mr. Saunders made a motion to approve the minutes of October 13, 2016. Mr. York seconded the motion. The motion passed 6-0.

4. APPROVAL OF REVISED AGENDA – Exhibit 1

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

Mr. King arrived at 9:03 a.m.

Mr. Saunders made a motion to move to Agenda Item # 10 now. Mr. York seconded the motion. The motion passed 7-0.

**10. APPLICATION FOR INJURY IN LINE OF DUTY: PLAN C
CHARTER SECTION 1390.11**

Bart S Bradley, Fire Dept - Uniformed No Option
Date of birth, February 24, 1971: 45 years of age
Total credited service: 16 years 25 days
Average monthly salary for 2 highest 12 month periods, \$4,284.45 x .50 =
\$114.00 x 26.66667
\$2,142.23 pension effective December 1, 2016

Motion: Mr. York made a motion to approve this application for Injury In Line of Duty based on the medical records and the Executive Director's recommendation. Mr. Saunders seconded the motion. The motion passed 7-0.

Ms. Blanc arrived at 9:06 a.m.

5. ADMINISTRATIVE MATTERS**Post Retirement Benefit Adjustment Resolution - Exhibit 2**

Ms. Paczkowski reviewed with the Board the cost of living adjustments effective January 1, 2017.

Motion: Mr. Saunders made a motion to approve the Post Retirement Benefit Adjustment Resolution as presented by the Executive Director. Mr. Tillett seconded the motion. The motion passed 8-0.

6. EXECUTIVE DIRECTOR COMMENTS**Seat B Representative Elections (Fire/General Govt)**

Ms. Paczkowski updated the Board on the on-going elections in the General Government and Fire Department – Seat B representatives to the Board.

7. CONTRACTS: None**8. ENROLLMENTS**

| | | |
|-------------------------------------------------------------|--------|---------|
| Northern Trust – Custodial/Benefit (3rd Qtr – 2016) | 41,445 | 86,636 |
| Acadian Asset Man. – Money Manager (3rd Qtr – 2016) | 62,022 | 117,488 |
| Wm Blair – Money Manager (3 rd Qtr 2016) | 29,628 | 57,744 |
| Eagle Capital – Money Manager (3 rd Qtr 2016) | 87,191 | 170,216 |
| IRM – Money Manager (3 rd Qtr 2016) – TIPS Fund) | 1,586 | 3,154 |
| IRM – Money Manager (3rd Qtr. 2016 – Core Fund) | 23,845 | 47,237 |
| Penn Capital – Money Manager (3 rd Qtr 2016) | 42,579 | 83,230 |
| Standish – Money Manager (3rd Qtr – 2016) | 13,636 | 26,995 |
| Tortoise Capital – Money Manager (3 rd Qtr 2016) | 42,718 | 84,359 |
| | | 728,486 |

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. Ms. Blanc seconded the motion. The motion passed 8-0.

13. INVESTMENT MATTERS:

Phineas Troy – Summit Strategies

3Q 2016 Performance Report

Mr. Troy and Mr. Jelinek made a presentation of the 3rd Quarter 2016 Performance Report. Copies of the report are on file in the Pension Office.

After the presentation, a discussion ensued between the Board, the Executive Director, the Investment Consultant and the public members in attendance, regarding passive versus active investing and the Board's use of a combination of each. After the discussion, Mr. Paseur informed those in attendance of the regularly scheduled Investment Committee meetings the first Tuesday of each month at 3:00 p.m. and invited the public visitors to attend.

14. OTHER:

Ms. Paczkowski informed the Board that the charter amendments were approved by the voters during last Tuesday's election.

15. PUBLIC COMMENTS: See Investment Matters discussion and Attorney Comments discussion.

16. ATTORNEY COMMENTS:

Chattanooga Decision

Attorney Aslinger reviewed for the Board the recent 6th Circuit Court of Appeals decision regarding the City of Chattanooga Fire and Police Pension Fund in which the 6th Circuit ruled in favor of the City in a challenge to the City's replacement of its fixed three-percent cost of living adjustment with a lower, variable annual increase. The 6th Circuit ruled that that the City was not prohibited in amending the fixed COLA under the Contract Clause of the United States Constitution because the COLA is neither vested nor accrued within the meaning of the City Code. Attorney Aslinger further explained that while this federal ruling applies to Chattanooga only, its reasoning will likely be applied to permit other governments to make similar changes to their pension plans.

Ms. Paczkowski informed the Board that any change to the City employees' cost of living adjustments would take a Charter change with the first possible opportunity being two years from now in 2018.

Councilman Nick Della Volpe stated the need to examine the cost of living adjustment provisions for the City of Knoxville.

17. ADJOURNMENT:

There being no further business, the meeting was adjourned by Mr. Paseur at 10:18 a.m.

Chair

Date