



**Pension Board**  
**Regular Meeting**  
**~ Minutes ~**

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

THURSDAY, May 10, 2018

9:00 a.m.

Pension Board Conference Room

**ORDER OF BUSINESS**

**1. CALL TO ORDER**

Mr. Paseur called to order the May 10, 2018 meeting of the City of Knoxville Pension Board at 9:05 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	Absent	
Mark Fortner	Police Representative	Absent	
Jim York	Finance Director	Present	
Sam Bills	Mayoral Appointment	Present	
Stephen King	General Government Representative	Present	
Michael Paseur	General Government Representative	Present	
Finbarr Saunders	City Council Representative	Present	
John Tillett	Fire Representative	Absent	
Kathy Aslinger	Legal Counsel	Present	
Kristi Paczkowski	Executive Director	Present	

Others Present: Mr. Charles Swanson – City of Knoxville Attorney attended as Mayor Rogero's designated representative as authorized by T.C.A. § 6-54-112 and the mayor's letter of designation dated May 1, 2018; Ms. Savannah Maupin – City Recorder's Office; Mr. Nicholas Della Volpe – City Council Retiree; Mr. Phineas Troy and Mr. Matt Jelinek – Summit Strategies.

**3. APPROVAL OF REGULAR MEETING MINUTES FOR APRIL 13, 2018.**

Mr. Saunders made a motion to approve the minutes of the April 13, 2018 meeting. Mr. Bills seconded the motion. The motion passed 6-0.

#### 4. APPROVAL OF REVISED AGENDA – Exhibit 1

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

#### 5. ADMINISTRATIVE MATTERS

##### **Financial Plan 2018-2019 – Exhibit 2**

Ms. Paczkowski presented the Board the 2018-2019 proposed financial plan for the Pension System noting the only increases were for salaries due to the 3%, instead of 2 ½%, salary increase effective July 2018 and for additional salary expense for the three month overlap of Pension Benefit Administrator positions due to Nancy Curnutt's upcoming DROP end date.

**Motion: Mr. Swanson seconded the motion from the Personnel Committee to approve the financial plan. The motion passed 6-0.**

##### **Personnel Committee Recommendation - Pension Benefit Administrator Positions – Exhibit 3**

Ms. Paczkowski informed the Board regarding the plan developed by the Personnel Committee to restructure the current Pension Benefit Administrator position and the current Pension Assistant position by combining the job duties of both into the Pension Benefit Administrator position and creating two Pension Benefit Administrator positions instead of one. Once combined, the new Pension Benefit Administrator positions would be filled by two individuals and the job functions would be effectively split by uniformed bodies and general government.

**Motion: Mr. Swanson seconded the motion from the Personnel Committee to approve the Pension Benefit Administrator Positions. The motion passed 6-0.**

#### 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-GG pension system:**

Christopher Goforth

**Motion: Mr. Saunders made a motion to approve these applications for enrollment in Plan H-GG of the pension system. Mr. Swanson seconded the motion. The motion passed 6-0.**

#### 9. WITHDRAWALS

**The following employees have filed applications to withdraw employee pension contributions plus 0.72% interest and the supplemental retirement account as applicable to each participant's respective plan.**

Shelby Stennes, Plan H – Non-vested

**Motion: Mr. Saunders made a motion to approve this application for withdrawal of employee contributions. Mr. King seconded the motion. The motion passed 6-0.**

**10. APPLICATION FOR NORMAL RETIREMENT: PLAN C  
CHARTER SECTION 1390.6**

James A Marcum, Police Dept No Option  
Date of birth, January 20, 1954: 64 years of age  
Total credited service: 36 years 5 months 13 days  
Average monthly salary for 2 highest 12 month periods, \$5,455.49 x .025 =  
\$136.39 x 30 =  
\$4,091.70 pension effective May 1, 2018

**Motion: Mr. King made a motion to approve this application for Normal retirement. Mr. Saunders seconded the motion. The motion passed 6-0.**

**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.**

Jeffrey L Cunningham, Police Dept. - Uniformed No Option  
Date of birth, September 9, 1963: 54 years of age  
Total credited service: 25 years 1 month 13 days  
Average monthly salary for 2 highest 12 month periods, \$5,328.39 x .025 =  
\$133.21 x 25.11895 =  
\$3,346.10 pension effective May 1, 2018  
DROP complete April 30, 2020.

**Motion: Mr. King made a motion to approve this application for DROP retirement. Mr. Saunders seconded the motion. The motion passed 6-0.**

**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.**

Buford Barnard, General Government – Plan G2 No Option  
Date of birth, April 27, 1956: 62 years of age  
Total credited service: 12 years 9 months  
Average monthly salary for 2 highest 12 month periods, \$3,501.88 x .021 =  
\$73.54 x 12.75 =  
\$937.64 pension effective May 1, 2018.  
DROP complete April 30, 2020.

**Motion: Mr. Saunders made a motion to approve this application for DROP retirement. Mr. King seconded the motion. The motion passed 6-0.**

Deborah C Moore, General Government – Plan G1 No Option  
 Date of birth, February 20, 1960: 58 years of age  
 Total credited service: 40 years 9 months 27 days  
**Plan A benefit:** Average base salary for 2 highest 12 month periods,  $\$400.00 \times .0081\% = \$3.24 \times 19.91667 = \$64.53$  plus average excess salary for 2 highest 12 month periods,  $\$4,127.90 \times .0162\% = \$66.87 \times 19.91667 = \$1,331.83$ ; Total A benefit =  $\$64.53 + \$1,331.83 = \mathbf{\$1,396.36}$ .  
**Plan G1 benefit:** Average monthly salary for 2 highest 12 month periods,  $\$4,527.9014 \times .0115\% = \$52.07 \times 20.90730 = \mathbf{\$1,088.64}$ . Plan A benefit  $\$1,396.36$  + Plan G1 benefit  $\$1,088.64 = \mathbf{\$2,485.00}$  pension effective May 1, 2018.  
 DROP complete April 30, 2020.

\*Defined benefit only – employee elected to receive the value of the defined contribution account (supplemental retirement account) in a one time, lump sum payment pending the March 31, 2018 valuation.

**Motion: Mr. Saunders made a motion to approve this application for DROP retirement. Mr. King seconded the motion. The motion passed 6-0.**

David W Welch, General Government – Plan G2 Option A-8  
75% with reinstatement  
 Date of birth, February 11, 1950: 68 years of age  
 Total credited service: 43 years 6 months 17 days  
 Average monthly salary for 2 highest 12 month periods,  $\$2,992.60 \times .021 = \$62.84 \times 43.54658 = \$2,736.47$ . Mr. Welch chose Option A-8– 75% with reinstatement to Carolyn Sue Welch, spouse.  $\$2,736.47 \times .8058 = \mathbf{\$2,205.05}$  pension effective May 1, 2018.  
 DROP complete April 30, 2020.

**Motion: Mr. Saunders made a motion to approve this application for DROP retirement payable under Option A-8. Mr. King seconded the motion. The motion passed 6-0.**

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

	Inv. Amount	FYTD
Bryan, Pendleton, Swats & McAllister – Actuary (Mar)	1,638	61,505
Kennerly, Montgomery & Finley – Attorney (General - April)	6,625	45,149
Wm Blair – Money Manager (1st Qtr 2018)	34,816	106,421
Eagle Capital – Money Manager (1st Qtr 2018)	90,095	278,587
IRM – Money Manager (1st Qtr 2017) – TIPS Fund)	2,392	6,185
IRM – Money Manager (1 <sup>st</sup> Qtr 2017 – Core Fund)	29,038	81,478
Pinnacle – Money 1 <sup>st</sup> Qtr – 2018)	22,861	75,308
Schroders (Money Manager – 1st Qtr – 2018)	42,703	126,552
Tortoise Capital – Money Manager (1st Qtr 2018)	53,025	162,520
		943,705

Ms. Paczkowski, Executive Director, has reviewed the bills and certifies that they are consistent with 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. Bills seconded the motion. The motion passed 6-0.**

**14. INVESTMENT MATTERS:****Phineas Troy & Matt Jelinek – Summit Strategies**

1<sup>st</sup> Qtr 2018 Performance Report

Mr. Troy and Mr. Jelinek made a presentation of the 1st Quarter 2018 Performance Report. Copies of the report are on file in the Pension Office.

**Investment Committee Recommendations – Exhibit 4**

Private Equity

**Motion: Mr. Saunders seconded a motion of the Investment Committee to commit \$6 million to Adams Street Partners' U.S. Small Buyout II Fund in order to maintain the Pension System's private equity portfolio at a 5% target of the System's portfolio and based on the recommendation of Summit Strategies, 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. The motion passed 6-0.**

Manager Recommendation

**Motion: Mr. Swanson seconded a motion from the Investment Committee to terminate the client relationship with Emerging Market Debt Manager Pictet and to passively invest the funds in the amount of \$26M in a combination of cash and Barclay's Aggregate Bond Index Fund for the short term until a complete evaluation of a successor manager is performed and finalized. The motion passed 6-0.**

**15. OTHER: None**

**16. PUBLIC COMMENTS: None**

**17. ATTORNEY COMMENTS:**

Charter Update

Attorney Aslinger updated the Board on the progress made to date on the draft reorganization of the pension charter provisions and recommended, due to the scope of the task, that the project to be pushed to the 2020 referendum.

**18. ADJOURNMENT:**

**There being no further business, the meeting was adjourned by Mr. Paseur at 9:49 a.m.**

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Date