

Minutes
Meeting of the Trustees of Utrust
May 6, 2016

Trustees of Utrust met May 6, 2016 at the Utrust offices. Attending the meeting were: Chairman David Jones, Trustees: Roger Greene, Joey Cooper, Jasper Taylor, Regina Waller and Norma Tate. Trust Attorney Dewey Branstetter; staff members: Dr. Dan Tollett, Trust Administrator, Kristi Coleman, Director of Finance & Administration and Dameron Johnson, Communications Specialist; and Mike Hill from SunTrust Investment Firm participated in a portion of the meeting by phone. Special guests from Station Camp Elementary were: Pam Andrews, Brittany Gillespie and Spencer Sparkman. Trustee, Don Weathers was absent.

Chairman David Jones called the meeting to order at 2:00 p.m. He welcomed all participants and requested a motion for adoption of the consent agenda.

Greene/Cooper Motion to adopt the consent agenda. **Motion carried unanimously.**

Administrator's Report

Dr. Tollett expressed appreciation to the trustees for their faithful attendance and participation. He said that we are all very sad that Don Weathers has decided not to run for his local board in Wilson County and therefore will no longer be able to serve on the Utrust board. He reported that Don is out-of-state today. A summary of his report follows:

Mini Grants. Utrust has created a lot of friends, primarily classroom teachers whose mini grant proposals were funded with the \$900,000 trustees made available last year. Many of the grants went to purchase items that teachers desperately need to teach effectively. It is incredulous that our state spends a hundred million dollars on testing when basic classroom needs are not being met. He compared it to a farmer using all his money to buy high priced scales to weigh his livestock and having nothing left to buy feed. Lake County has not applied for the \$5400 set aside for them and Sweetwater applied for \$1400 less than what had been set aside for them.

Unemployment Claims. To our knowledge only two systems, Putnam County and Johnson County, continue to have snow day claims. The staff has spoken to both systems about it and are hopeful that they will adopt our recommended policies.

Website. The Utrust website is a continuous work in progress that demands considerable time and attention to keep it up-to-date and useful. Members have found it to be a great resource and that it is in constant use.

Employee Appreciation Program. Many exciting and rewarding things are happening in the Employee Appreciation Program this year. Some schools are knocking it out of the park with activities that positively impact staff morale in a time when it is so desperately needed. The staff has held workshops for principals in DeKalb, Johnson, Anderson and Hawkins Counties.

Goals and objectives. The goals and objectives for this year have been met and that our mission is clear and that our course is fairly well established but you will have an opportunity to add goals or strategies to our plan for next year.

Investment Report

Mike Hill reported the Utrust portfolio declined slightly less than 1% for the fiscal year to date period ending

March 31, 2016, positive by 0.81% for the 1Q2016 period and +5.30% in the month of March. The recent prior period has volatile driven by commodities and international markets. The return was largely impacted by the sell off and volatility during the first quarter of 2016, a period when the US equity market recorded its worst start to a calendar in history. The overall portfolio performed well with positive attribution generated by the asset allocations and detraction coming from short-term underperformance in some domestic equities.

We remain confident in the overall allocation and the selection of managers. The return outlook for the remainder of 2016 remains mixed with more positive prospects visible in the US and varying degrees of potential areas of setback as we move around the globe. We continue to expect returns to be more modest relative to gains generated over the past 7-9 years. The bull market is maturing and the economy is longer into its current cycle. Based on expectations of 2-2.5% GDP Growth in the US with slight to modest inflation increases, equity returns appear to have a base case return assumption of about 3-5% for the year, outliers on either side could vary widely. Fixed income returns should settle around 2% for the year as a base case.

Cooper/Tate

Motion to approve investment report. **Motion carried unanimously.**

Financial Report

Kristi Coleman presented the financial report for March 31, 2016. She reported that since the beginning of the fiscal year, there have been several fluctuations in the valuation of the investments. As a result, the income is significantly less than anticipated causing a large deficit as of March 31.

She said the claims have been less than projected for the year and are hopeful this trend continues for the remainder of the fiscal year. She reported the expenses were well under budget totaling 66.4% as of March 31.

Greene/Waller

Motion to approve the financial report as of March 31, 2016. **Motion carried unanimously.**

Premium Proposal

Kristi Coleman presented a premium proposal based upon the current bylaws. She said that the bylaws state that premiums will be the average claims for the past four and a half years plus dividends or average claims plus dividends since 1990 depending on the experience rating for that system.

Taylor/Cooper

Motion to approve proposed premiums for 2016/17. **Motion carried unanimously.**

Trustee Interaction Activity

Trustees were asked to express their preference among several options on three charts that were mounted on the walls. The charts dealt with the annual Utrust Member Appreciation Dinner, investments/reserve and mini grants. Each trustee was given a green dot and asked to go to the charts and place the dot under the statement which best represented their position on the matter. The activity was only to provide a picture of trustee preferences on these three issues. All green dots indicated a preference for keeping ah the Member Appreciation Dinner on Saturday night even though the venues are limited. Five of the green dots showed support for planning to dedicate \$1 million each year in mini grants and one favored basing mini grants on whatever was available for that year without striving to dedicate \$1 million each year. Half the green dots showed support for increasing the reserve by dedicating smaller amounts to mini grants for a few years to build the reserve. Half the green dots showed support for simultaneously building the reserve bag dedicating smaller amounts too many grants for a few years and slightly increasing the amount of risk in investments.

Member Appreciation Event

Dr. Tollett stated the Titans Stadium, for the first time in almost five years, was available for the dinner. Since it has been one of our top sites to consider for so many years, we felt certain the trustees would want us to select that venue. Because it required an early commitment to ensure we could host our event at this location, we visited the site and secured the location. He recommended that the trustees approve that location for the Member Appreciation Dinner.

Cooper/Tate

Motion to hold the membership appreciation dinner at the Titans Stadium. **Motion carried unanimously.**

Chairman Jones recessed the meeting at 3:30 p.m. He called the meeting back to order at 3:40 p.m.

Update on Employee Appreciation Program

Dameron Johnson introduced the coordinators from Station Camp Elementary, a local elementary school that serves as a model school for the Employee Appreciation Program. The coordinators present were Pam Andrews, music teacher; Brittany Gillespie, fourth grade teacher and Spencer Sparkman, fifth grade teacher. Brittany and Spencer serve as co-coordinators. Before they spoke, they showed a video they created to thank Utrust for sponsoring the EAP and making it available to their school. The principal and staff members of Station Camp were featured along with the Director of Schools, Dr. Del Phillips.

Brittany Gillespie said the program at their school is working well because they have implemented Utrust's mantra "Everyone does a little so no one does a lot". Spencer Sparkman said it is changing the culture of their school. Students even bend down to pick up trash without being asked. And Pam Andrews gave a wonderful visual presentation using a glass filled with punch to show how teachers empty themselves slowly throughout the year with all the demands and responsibilities. Appreciation fills them back up and causes them to bubble over. All three gave great insight into what a successful program does to both the staff and students, individually and collectively, in a school.

Changes in the Intergovernmental Agreement

Dewey Branstetter presented the changes to the intergovernmental agreement. He said during the previous revision, there were some changes that had been inadvertently left out in the last paragraph of the document, Article X, Section 2, which currently reads as follows:

Section 2. RESPONSIBILITIES OF THE MEMBER. The member agrees that it will:

- (a) Enroll in the Tennessee School Boards Unemployment Compensation Trust for an initial 24-month period.
- (b) Continue to participate in the program on a year-to-year basis after the initial 24-months participation, except that Member may discontinue participation at any annual renewal after the initial 24-months provided that at least 90 days notice has been given in writing to the UCT prior to the next effective annual renewal date;
- (c) Make quarterly contributions to the UCT, by the 10th calendar day of each succeeding month, at a rate established by the trustees.
- (d) Be governed by the terms of this Agreement, bylaws, and decisions of the Trustees.

The recommendation is to delete the above language in its entirety and substitute instead, the following:

Section 2. RESPONSIBILITIES OF THE MEMBER. The member agrees that it will:

- (a) Pay an annual premium based upon the member's claims as established by the trustees. Membership in Utrust is automatically forfeited if annual premium is not received on or before July 31.
- (b) Give 30 days written notice prior to the end of the fiscal year ending June 30 if it chooses to discontinue its membership in Utrust.
- (c) Be governed by the terms of this Agreement, bylaws, and decisions of the Trustees.

Taylor/Greene

Motion to accept the changes to the intergovernmental as recommended. **Motion carried unanimously.**

Report of Progress of 2015-16 Goals

Dr. Tollett gave a brief report of accomplishment of goals and objectives for the 2015-16 year. He commented on the progress made toward each goal. A copy of that report summarizing the progress toward each goal adopted by the Board of Trustees is attached.

Annual Goals & Objectives

Dr. Tollett said that the staff had prepared and agreed upon the proposed goals and objectives for 2016-17. He said the staff would welcome additional goals that board members might suggest but in the absence of such, he recommended adoption of the goals as presented.

Tate/Cooper

Motion to approve annual goals and objectives. **Motion carried unanimously.**

Proposed Budget

Dr. Tollett presented an overview of the 2016-17 proposed budget. He said that budget notes were included to explain each budget item. He encouraged comments and questions about the budget and he and/or Kristi Coleman responded to each question.

Greene/Waller

Motion to approve proposed budget. **Motion carried unanimously.**

Report of the Nominating Committee

David Jones, chair of the nominating committee which included Roger Greene and Jasper Taylor reported that the committee was pleased to unanimously recommend the re-election of Joey Cooper for the West Tennessee position and Norma Tate for the East Tennessee position.

Greene/Waller

Motion to nominate Norma Tate as the East Tennessee Representative on the Utrust Board of Trustees for a three-year term and Joey Cooper as the West Tennessee representative on the Utrust Board of Trustees for a seven-year term.

Election of Officers

Chairman Jones called for the election of officers.

Taylor/Waller

Motion to re-elect David Jones as chairman and Joey Cooper as vice-chairman.

Resolution Honoring Don Weathers

Cooper/Tate

Motion to adopt the resolution (attached) drafted by the staff honoring Don Weathers.

Meeting Date

The next trustee meeting was set for October 7, 2016 at the Utrust offices.

Meeting Adjourned

David Jones, Chairman

Dan Tollett, Trust Administrator