

Minutes
Utrust Trustee Meeting
October 7, 2016

Trustees of the Unemployment Compensation Trust met October 7, 2016 at the Utrust offices. Attending the meeting were: Chairman David Jones, Vice Chairman Joey Cooper; trustees: Roger Greene, Jasper Taylor, Norma Tate and Regina Waller; Dewey Branstetter, Trust Attorney and Hunter Branstetter; Investment Adviser Mike Hill from SunTrust; Auditors Amanda Cromwell and Sharon Evins from Dempsey, Vantrease & Follis; staff members: Dr. Dan Tollett, Trust Administrator, Kristi Coleman, Director of Finance & Administration and Dameron Johnson, Communications Specialist. Auditor Dan Canter participated by phone from Canter & Company.

Chairman David Jones called the meeting to order at 2:00 p.m.

COOPER/TATE: Motion to approve the consent agenda. **Motion carried unanimously.**

Administrator's Report

Dr. Tollett thanked trustees for their attendance and their faithfulness. He said that investments were creeping toward \$20 million which he called an important threshold.

He said that even though the audit report has a letterhead from Dempsey, Vantrease and Follis, PLLC, Dan Cantor was involved as the overseer of the audit but did not personally perform the audit.

He reported that the employee appreciation program has picked up momentum with the beginning of this school year. He said the Utrust Coordinators Facebook page has been extremely busy with photos and summaries for bus driver appreciation day.

He reported that until today the state had not billed for claims for the last 5 months.

He discussed the appreciation dinner and the responsibilities of trustees and commended them for the excellent job they did last year. He pointed out that after the amount dedicated to mini-grants is determined in today's meeting and letters would be prepared for distribution at the appreciation dinner to inform each system the amount dedicated for mini grants.

He reminded them that Don Weathers would be honored at the dinner this evening at the Palm Restaurant and that each might want to make short comments about his service to Utrust.

Investment Report

Mike Hill reported the Utrust portfolio performance continues to exceed benchmark goals and is ahead 6.7% year to date through September 2016. Over the longer term, the Utrust portfolio generated annualized returns of 9.9% over the past 5 years and 9.53% since inception in February 2009. Driving returns was a combination of active manager performance and the portfolio allocation favoring U.S. domestic large cap equities, an underweight to international equities and a focus on high quality, intermediate duration fixed income.

The portfolio has responded well to the slow, but continued recovery in the U.S. along with excess liquidity provide by global monetary policy. The near term outlook recognizes the positive seasonality heading into the final months of the year tempered with a volatile election period and the prospects of a Federal Reserve rate hike at year end

GREENE/WALLER:

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

Audit Report

Amanda Cromwell and Dan Canter discussed the audit report. They said the financials as of June 30, 2016 were presented in a fair and accurate manner and therefore the Trust received a very favorable opinion. No adjustments were necessary.

COOPER/TAYLOR:

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

Financial Report

Kristi Coleman reviewed the financial report for August 31, 2016. She reported that the investments had increased in value since the beginning of the fiscal year by over \$645,000 and that is the reason for the significant net gain year to date.

She reported there were no claims payments listed on the financial statements due to technical problems from a computer program update the state did several months ago. As a result, we have received no bills for unemployment claims since April. She stated the State had just sent the May claims that day. However, based on the past three years claims history, claims aren't expected to exceed \$200,000 for the months of July and August.

COOPER/WALLER:

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

Employee Appreciation Program

Trustees participated in an interactive activity stating how board members can best express appreciation to various groups of employees. Trustees wrote responses on flip chart papers around the room. Responses were discussed at length. Then, trustees participated in a Family Feud-like game where they gave answers to questions such as name 3 ways you show employees in these groups you appreciate them and name 3 groups that can impact employee performance by expressing appreciation to them.

To end the session, Trustees responded to the question, "What kind of legacy do you want to leave?" Dameron shared the idea that the Employee Appreciation Program is a great way to leave a legacy of love, honor and appreciation.

Membership Appreciation Dinner

The agenda for the evening was discussed with trustees volunteering for specific responsibilities.

Recess. Chairman Jones called a recess at 3:50 p.m. He called the meeting back to order at 4:00 p.m.

Report of Legal Counsel

Dewey Branstetter presented some statistics related to unemployment compensation in Tennessee.

TAYLOR/COOPER: Motion to ask Mr. Branstetter to look up reserving the name of Utrust. **Motion carried unanimously.**

Selection of Replacement Trustee

Dan Tollett reported since Don Weathers' decision to not seek re-election, the Board of Trustees needed to elect a replacement trustee to fulfill Don's unexpired term.

He said Dawn Fry, a member and former chairman of the Putnam County Board of Education, was highly recommended for this position by her superintendent. Dawn is an attorney and adjunct professor at Tennessee Tech. She is the mother of high school age twins—a boy and a girl.

David Jones said that he had a good discussion with her about Utrust. He said she had several thoughtful questions about Utrust and that she wanted only to be a part of organizations with missions and accomplishments that are worthwhile. He recommended her as a trustee to represent Middle Tennessee and complete the unexpired term of Don Weathers.

GREENE/WALLER: Motion to elect Dawn Fry to fulfill the unexpired term of Don Weathers', Middle Tennessee Representative. **Motion carried.**

Mini-Grants

The staff presented three options for distribution of Utrust Mini-Grants. The options included distribution of dividends through mini-grants in the amount of \$600,000, \$750,000 and \$900,000.

GREENE/COOPER: Motion to approve the third option of \$900,000 for distribution of dividends through mini-grants. **Motion carried.**

Auditor Selection

Staff shared with the board that auditor Dan Canter is looking to retire in the next few years but has agreed to work with the board in an advisory capacity for next year. The staff recommended using him in an advisory capacity for the 2017 audit and bringing a proposal for potential auditing firms for the 2018 audit at the next trust meeting for consideration.

TAYLOR/WALLER:

Motion to use Dan Canter as an auditor in an advisory capacity with Dempsey, Vantrease & Follis doing the field work. **Motion carried.**

Date of Next Meeting

The next trustee meeting was set for May 5, 2017.

GREENE/COOPER:

Motion to adjourn. **Motion carried unanimously.**

David Jones, Chairman

Dan Tollett, Trust Administrator