

**Minutes
Utrust Trustee Meeting
September 28, 2018**

Trustees of the Unemployment Compensation Trust met September 28, 2018 at the Utrust offices. Attending the meeting were: Chairman David Jones, Vice Chairman Joey Cooper; trustees: Roger Greene, Dawn Fry and Regina Waller; Dewey Branstetter, Trust Attorney; Investment Adviser Mike Hill from SunTrust participated by phone; Auditor Rich Lockwood from Blankenship; staff members: Dr. Dan Tollett, Trust Administrator, Kristi Coleman, Director of Finance & Administration and Dameron Johnson, Communications Specialist. Norma Tate and Jasper Taylor were absent.

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

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

Administrator's Report

Dr. Tollett expressed appreciation to the trustees for their attendance and support. He said that Utrust is working in everything we are doing and said that considerable evidence of that will be presented today.

Audit. He said the first audit report by Blankenship CPA Group had been completed. Rich Lockwood is here today to summarize the report and respond to questions.

Staff Visits. He reported that the staff had visited several school systems including Henry County (3), Paris (2), Lexington, Hamblen, Decatur, Hawkins, Hancock, Jackson County and Greene Counties.

Parking Lot. He reported that Hunt Club Association finally did something about our parking lot problem and water standing in front of our building. After involving Dewey and threatening to sue, they finally hired a pavement contractor to add blacktop to the area in front of our offices. Unfortunately, they made the problem worse because they didn't extend the pavement far enough.

Utrust Appreciation Program. He said that as a result of a East Tennessee System Coordinators meeting, all schools in Greene County have come aboard, as well as several schools in Hamblen County and Claiborne County. A few schools in Tipton and Henry County are also participating this year.

Mini grants. He said that teachers across the state have shared stories, photos and videos about how the Utrust mini grants have helped their teaching and their students learning. He showed several photos and videos from a Utrust Facebook page to illustrate the difference the Utrust mini grants are making.

He concluded that Utrust is much more than an Unemployment Compensation Trust. We are enabling teachers to enhance student learning. And through our Appreciation Program we are

making schools happier places by improving morale, improving attitudes and relationships, making students and staff want to come to school and improving performance.

Investment Report

Mr. Hill reported the Utrust plan is ahead 4.14% for the first 2 months of the 2019 Fiscal year and ahead 1.08% for the trailing year ending August 31, 2018. Strong returns have resulted from active equity managers predominantly in the US equity sectors which have been led by large cap growth stocks. Additional return drivers were underweight allocations to international equity and fixed income. The portfolio market value increased to just over \$22.6mm to end the August 2018 period.

Robust growth in the US economy on the heels of tax reform and continued GDP growth improvement have more than offset the slowdown in international economies and the effects of interest rate hikes by the Fed. Expectations for a pick up in volatility were forecast coming into calendar year 2018 and have been increased with threats of tariffs combined with mid-term elections. We expect the Fed to stay on path for 4 rate hikes in 2018 and up to 3 additional increases in 2019. GDP growth domestically is expected to remain robust driving US growth ahead of international to close out the year.

GREENE/FRY:

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

Audit Report

Rich Lockwood discussed the audit report. He said the financials as of June 30, 2018 were presented in a fair and accurate manner and therefore the Trust received a very favorable opinion. No adjustments were necessary.

COOPER/FRY:

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

Financial Report

Kristi Coleman reviewed the financial report for July 31, 2018. She reported that the investments had increased in value since the beginning of the fiscal year attributing to the net gain for the fiscal year to date of a little over \$447,000.

She reported the claims for July were half of the cost compared to the same time last year. Interestingly, last year we had a significant hike in premiums for July but then saw a decline as the year progressed resulting in one of the lowest years for claims.

She stated the August claims had come in the day before and while they were almost \$10,000 less than the same time last year, we are hopeful the trend for claims will decline since school is back in session.

WALLER/GREENE:

Motion to approve the financial report as of July 31, 2018. **Motion carried unanimously.**

Employee Appreciation Program

Dameron Johnson presented information about the UAP to the Trustees. She said the new appreciation year began in September with Bus Driver Appreciation Day with the Wright Brothers theme. She showed several outstanding Bus Driver videos and photos from various schools around the state including some from the Trustees' systems. She read aloud some AWESOME notes and reminded the Trustees the winners of the Awesome Notes and Lucky Star drawings get \$100 for their A-Teams (Lucky Star) or to the honorees (Awesome Notes). Dameron also recapped the visits and workshops conducted during the summer, and plans being made to host a System Coordinator workshop for West Tennessee. She also expressed excitement about the upcoming brainstorming session for next year's appreciation day themes.

Membership Appreciation Dinner

The agenda for the Membership Appreciation Dinner at The Oz of Nashville was discussed. Trustee responsibilities were discussed and agreed upon.

Recess. Chairman Jones called a recess at 3:35 p.m. He called the meeting back to order at 3:45 p.m.

Legal Update

Dewey Branstetter gave an update on the status of the pavement issue in front of the office building with the Hunt Club Association. He stated the process to address the problem had been very lengthy and as of today not been completely resolved. He reported the association plans, in the near future, to have an engineer come and examine the repair that made the situation even worse in the near future. He said he was hopeful this issue would soon be resolved completely.

Program Briefing G-Force

As part of an effort to ensure that trustees understand every facet of Utrust's operation, a brief session on the G-Force was held. The purpose and function of the G-Force component of the Utrust Appreciation Program was discussed with an interactive session for trustees to get a better sense of what students are being asked to do as part of their role in the appreciation program.

Bylaw Change

Staff presented the following addition to the bylaws for Article II: Membership of the Utrust bylaws:

Withdrawal. Any member who discontinues membership in Utrust will be responsible for all claims billed after their exit date from the Trust.

COOPER/FRY:

Motion to approve the addition to the bylaws regarding withdrawal. **Motion carried unanimously.**

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 \$750,000, \$900,000 and \$1,000,000.

JONES/COOPER:

Motion to approve the third option of \$1,000,000 for distribution of dividends through mini-grants. **Motion carried.**

Date of Next Meeting

The next trustee meeting was set for May 3, 2019.

David Jones, Chairman

Dan Tollett, Trust Administrator