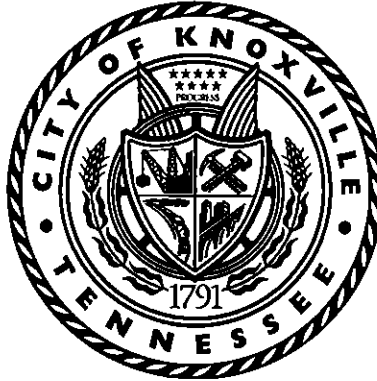


Exhibit 6
Pension Task Force Report
to Knoxville's City Council



Memorandum

TO: Pension Task Force
FROM: Larry Martin
DATE: October 25, 2011

Thank you for the opportunity on October 20th to respond to your questions concerning the City's pension plans.

In the spirit of our discussion, it is important for the Task Force to understand the Administration's view of the challenge.

The unfunded liability of approximately \$130mm as of 7/1/11 and the growing required City contribution to the plans are real. In today's world the features of our plans are rich. Moreover, given our understanding of the Blackwell case law no changes can be made that would adversely affect retirees or vested active employees. Consequently, the City, and ultimately the tax payers, will have to fund these current and future liabilities. Thinking that our strong Fund Balance is the solution to the challenge is incorrect. The Fund Balance represents non-recurring funds while the City's required contribution to the pension is recurring. An excess fund balance should be used for limited purposes such as infrastructure improvements and in uses that reduce future operating costs.

The key point here is that we need to seriously consider alternative retirement plans that do not add to the existing and future burden of our existing pension plans. Both the private and public sectors have got to find ways to limit or eliminate full responsibility for market risk.

Further it is our opinion that alternative retirement plans such as a defined contribution plan would not necessarily weaken our ability to recruit and retain uniformed and general government employees. The University of Tennessee has such a plan and is able to recruit and retain talented faculty.

The serious financial challenge we have today is not the result of a "perfect storm" that won't happen again. Again our plan features are rich; our unfunded liabilities are real and there will be continued market risk. For the current and future Administrations and Councils to ignore this pension issue would be irresponsible.

That is why you have an important responsibility to consider all the facts and provide the Administration and Council with well thought-out recommendations.

If you would like to discuss any of the points contained in this memorandum, I would be happy to meet with you again.

Thank you for serving on the Task Force.

cc: Mayor Dan Brown
Charles Swanson
Bill Lyons
Jim York