

KNOX COUNTY RETIREMENT AND PENSION BOARD

August 26, 2019

The Knox County Retirement and Pension Board met in regular session on Monday, August 26, 2019, at 2:30 P.M. in the County Commission Conference Room 640, City-County Building, Knoxville, Tennessee.

The following members were present: Chairman Chris Caldwell, Proxy for Mayor Jacobs, Commissioner Hugh Nystrom, Vice Chairman, Ms. Tracy Foster, Secretary, Commissioner Randy Smith, Commissioner Larsen Jay, Commissioner Brad Anders, Ms. Jennifer Hemmelgarn, Ms. Janet Samar and Mr. Gabe Mullinax.

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross and Ms. Brenda Fiddler

Legal Counsel: Mr. Bill Mason, Mr. John Owings and Ms. Stephanie Coleman

Retirement Staff: Ms. Jennifer Schroeder, Ms. Terri Chase, Mr. Zack Cole, Ms. Mitzi Stooksbury, Ms. Nyla Breshears and Ms. Savannah Russell.

Others in attendance: Mr. Ted Holtz, Pugh & Co

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Ms. Schroeder stated there were revisions to the meeting agenda. The amended agenda was passed out to the Board.

IN RE: APPROVAL OF MINUTES OF JULY 22, 2019

Chairman Caldwell presented the minutes for July 22, 2019. Commissioner Nystrom made a motion to approve the minutes for July 22, 2019, as written. The motion was seconded by Commissioner Jay and approved.

IN RE: APPLICATIONS FOR RETIREMENT – EMPLOYEE DISABILITY PLAN

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Jerry Burchell	Parks & Rec	20 years 7 months	August 9, 2019
Tony Crowe	Finance	25 years 11 months	August 14, 2019

A motion was made by Ms. Foster to approve the applications for disability. The motion was seconded by Commissioner Nystrom and approved.

Commissioner Nystrom mentioned these were the first people to go through ReedGroup and asked how the process went. Ms. Schroeder replied that the process was smooth and ReedGroup provided the service to satisfaction. Commissioner Jay when a quarterly report would be given. Ms. Schroeder replied that the quarterly report would be scheduled shortly in the future.

IN RE: APPLICATIONS FOR RETIREMENT – DEFINED BENEFIT PLAN, LUMP SUM DISTRIBUTION AND AUTHORIZATION OF CREDITED SERVICE BENEFIT BASED ON COMPLETED YEARS OF SERVICE

The following applications for retirement, the lump sum benefit, and the credited service benefit based upon completed years of credited service at the date of retirement, as provided in the Defined Benefit Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Jeffrey Oglesby	Juvenile Svcs	33 years 11 months	September 1, 2019

A motion was made by Commissioner Nystrom to approve the applications for retirement under the Defined Benefit Plan as presented and to authorize the Directed Custodian, Wells Fargo Bank, to make disposition of the benefits upon certification from USI and to authorize the Trustee, State Street Bank, to make payment of the credited service benefit and lump sum benefit. The motion was seconded by Commissioner Anders and approved.

IN RE: APPLICATIONS FOR RETIREMENT – DEFINED CONTRIBUTION PLAN AND AUTHORIZATION OF CREDITED SERVICE BENEFIT BASED ON COMPLETED YEARS OF SERVICE

The following applications for retirement and the credited service benefit based upon completed years of credited service at the date of retirement, as provided in the Defined Contribution Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Teresa Barnes	Schools	30 years 0 months	August 1, 2019
Gloria Deathridge	Schools	8 years 0 months	September 1, 2019
Teresa Harrell	Schools	31 years 0 months	September 1, 2019
Evelyn Johnson	Schools	26 years 0 months	September 1, 2019
Glenda Keith	Schools	11 years 9 months	September 1, 2019
Stacy McKinney	Schools	9 years 10 months	September 1, 2019
William Owens	PBA	5 years 2 months	September 1, 2019
Judy Parker	PBA	22 years 11 months	September 1, 2019
Ralph Shofner	Parks & Rec	34 years 0 months	September 1, 2019
Maria Warren	Schools	7 years 1 month	September 1, 2019

A motion was made by Commissioner Nystrom to approve the applications for retirement under the Defined Contribution Plan as presented and to authorize the Directed Custodian, Wells Fargo Bank, to make disposition of the benefits upon certification from USI and to authorize the Trustee, State Street Bank, to make payment of the credited service benefit. The motion was seconded by Ms. Hemmelgarn and approved.

IN RE: FIDUCIARY INSURANCE RENEWAL

Ms. Schroeder informed the board of the agreement filed in the packet. The budget increase anticipated an estimate renewal fee of \$20,000. After meeting with underwriters, finance director, USI and the insurance company, the actual renewal fee will be \$10,000 which leads to a savings in the budget.

A motion was made by Commissioner Nystrom to approve Hudson Insurance Company as the new insurance provider subject to legal counsel's final review. The motion was seconded by Commissioner Anders and approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **State Street Postage Reimbursement** – State Street up charged postage dating back to 2009. The total reimbursement of \$7,371.90 will be allocated to the Defined Benefit, Teacher and Uniformed Officer's Pension Plan trusts.
- **Business Trip to USI in CT** – Ms. Schroeder, Ms. Chase and Mr. Cole are taking a trip to USI corporate to see demonstrations of the DC plans. In an effort to automate the retirement process, participants would be able to go online, fill out basic information and be provided an estimate calculation of retirement benefits. Also, participants could go online to fill out distribution paperwork and get the distribution with the retirement office's final approval. The DB plans are a possibility to be automated as well but requires more communication through the systems. The trip is scheduled September 17 through September 19.
- **FY19 Audit** – Pugh & Co is providing the FY19 audit for the retirement office during August 12 through August 30. Preliminary reports will be provided after the audit is complete.
- **UOPP Audit Complete** – The UOPP audit for calculation errors has been completed. Last year, 46 UOPP retirees were audited in a sample selection which yielded 5 calculation errors, 4 accounts missing information, 4 actuary approvals and 3 post-tax corrections. With those findings, an extensive audit was done with the active remaining 71 UOPP retirees. All corrections have been made to any errors found. Commissioner Anders questioned what had been changed to minimize or eliminate those errors. Ms. Schroeder replied that the process has been updated where different people are assigned the task of calculating, verifying and entering. The process also has been updated with a checklist for ensuring all documentation and verification has been done.
- **Final Budget FY19** – The final budget for FY19 was presented to the board. There was a savings in the budget. Commissioner Jay asked if the savings from the budget carried over to next year. Ms. Schroeder replied that the savings does not carry over and stays in that year's budgeted funds. Ms. Schroeder answered questions about specific accounts.
- **Office Renovation** – Office renovation is underway. The renovation does not come out of the retirement budget, but with PBA's. Ms. Schroeder presented an order for new furniture. Commissioner Smith proposed to defer until October or November due to option of relocating the office.

- **Reorganization of Office Staff** – Commissioner Jay added an additional concern to the end of the executive report in regard to the reorganization of the office staff positions. Ms. Schroeder answered that the staff has adjusted to their new roles and responsibilities with minor adjustments being made.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Monthly Rates of Return** – Commissioner Nystrom presented the rates of return for the Defined Contribution Plans and stated the overall rates of return are in line with the respective markets.
- **Special Investment Meetings** – Commissioner Nystrom informed the investment committee will be meeting September 10, 2019 in room 584 and October 15, 2019 in room 640 at 1:30.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings had no legal report.

Mr. Mason had no legal report.

IN RE: REPORT OF ACTUARY

Mr. Cross informed the board that the due diligence meeting is October 3rd and 4th. The meeting will have investment managers and topics will include volatility, global politics, inflation rates and other driving forces for our economy.

IN RE: APPROVAL OF PAYMENT – STATEMENT OF ACCOUNT

The following statement of accounts for professional services was presented for consideration and approval of payment, in accordance with agreements, audits and recommended for payment by Ms. Schroeder:

FEE SCHEDULE

Invoices for AUG 2019 (Legal Invoices are approved for the previous Months Expense)	Fiscal 20 YTD Approved Invoices 07/31/2019	AUG Invoice For Approval	Fiscal 20 YTD Approved Invoices 08/31/2019	FY 20 Budget vs. Actual 8/31/2019
BENXL Invoice #		\$0.00		Budget \$50,000.00
TOTAL BENXL	\$0.00	\$0.00	\$0.00	Expenses \$0.00 Remaining Budget \$50,000.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #				\$0.00
TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$0.00	\$0.00	\$0.00	\$0.00
Owings, Wilson & Coleman Invoice # 9917M-07/31/2019		\$5,264.25		Budget \$25,000.00
*** TOTAL OWINGS, WILSON & COLEMAN	\$0.00	\$5,264.25	\$5,264.25	Expense \$5,264.25 Remaining Budget \$19,735.75
USI CONSULTING GROUP Invoice # 90030282 Invoice # 90031081		\$46,757.92 \$9,892.25		Budget \$476,000.00
TOTAL USI CONSULTING GROUP	\$0.00	\$56,650.17	\$56,650.17	Expense -\$56,650.17 Remaining Budget \$418,349.83
Invoices for AUG 2019	\$0.00	\$61,914.42	\$61,914.42	

*** Retainer not included in approved billings for the Board


	Fiscal 20 YTD
Owings, Wilson & Coleman Retainer	\$4,000 per month \$8,000.00
Kennerly Montgomery Retainer	\$12,000 per month \$24,000.00
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter \$37,000.00
Fees Received from QDRO Participants	\$500 (DC Fee) \$2,000 (DB Fee) \$500.00 \$0.00

*QDRO fee is Paid to Retirement Office which offsets the legal fee

After review of the statement of accounts and invoices, a motion was made by Commissioner Anders that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Ms. Hemmelgarn and approved.

ADJOURNMENT

Chairman Caldwell asked if there was a motion to adjourn. Commissioner Nystrom made a motion to adjourn, which was seconded by Commissioner Jay, and the meeting was adjourned.



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



MS. TRACY FOSTER, SECRETARY