

KNOX COUNTY RETIREMENT AND PENSION BOARD

August 24, 2020

The Knox County Retirement and Pension Board met in an electronic session on Monday, August 24, 2020, at 3:00 P.M. via electronic means and broadcast live at: <https://knoxcounty.zoom.us/2165259583> (by phone: 1-646-558-8656, Meeting ID 216 525 9583).

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

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross, Ms. Brenda Trollope, Mr. Ralph Leeman and Mr. Edward Bronkhorst

Legal Counsel: Mr. Bill Mason, Ms. Ashley Trotto, 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. Allen Sheets, Nationwide, and Ms. Cindy Pionke, Human Resources

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order. Chairman Caldwell read the official public notice for holding this electronic meeting, then asked for a motion determining the necessity of such meeting.

"Pursuant to Executive Order of the Governor No. 16, executed on March 20, 2020, extended by the Governor's Executive Order No. 34 and effective through 11:59 p.m. CDT on June 30, 2020, further extended on June 29, 2020, by the Governor's Executive Order No. 51 and effective through 11:59 p.m. CDT on August 29, 2020, and pursuant to recommendations from the Tennessee Comptroller of the Treasury, issued on March 20, 2020, and other applicable laws in effect, governing bodies are temporarily allowed to amend or rescind portions of the Tennessee Open Meetings Act due to public safety concerns. The next meeting of the Knox County Retirement and Pension Board ("Board") will be held electronically, and members of the Board will participate and vote electronically by roll call. The meeting of the Board shall be held electronically on the 24th day of August, 2020, beginning at 3:00 PM EDST via electronic means and broadcast live at: <https://knoxcounty.zoom.us/j/2165259583> , or will be available to the public by audio or video recording two (2) business days after the meeting and accessible at: www.knoxcounty.org/retirement or in person according to the Board's Open Records Policy. The agenda of said meeting is available at: www.knoxcounty.org/retirement or in person according to the Board's Open Records Policy."

Commissioner Smith made a motion to approve the electronic meeting. The motion was seconded by Commissioner Jay. A roll call vote was taken. The motion passed.

IN RE: AMENDMENTS TO AGENDA

Ms. Schroeder stated that there were no amendments to the agenda.

IN RE: APPROVAL OF MINUTES OF JULY 27, 2020

Chairman Caldwell presented the minutes for July 27, 2020. Commissioner Anders made a motion to approve the minutes for July 27, 2020, as written. The motion was seconded by Mr. Mullinax. A roll call vote was taken. The motion passed.

IN RE: RECOGNITION OF OUTGOING BOAD MEMBERS

Ms. Schroeder recognized the outgoing board members: Commissioner Anders, Commissioner Nystrom and Commissioner Smith.

IN RE: APPOINTMENT OF NOMINATION COMMITTEE

Chairman Caldwell appointed the nomination committee who will consist of Mr. Gabe Mullinax, Ms. Jennifer Hemmelgarn and Commissioner Larsen Jay.

IN RE: APPLICATIONS FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN

The following applications for disability were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>DATE OF RECOMMENDATION FROM REEDGROUP</u>
Rex Armstrong	Sheriff	August 12, 2020
Dwight Hundley	Schools	August 12, 2020

A motion was made by Commissioner Nystrom to approve the applications for disability. The motion was seconded by Commissioner Smith. A roll call vote was taken. The motion passed.

Commissioner Larsen recommended that the disability committee be notified when disability benefits have been approved by Reed Group.

IN RE: APPLICATION 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>
Margaret Johannigmeier	Schools	28 years 11 months	August 1, 2020

A motion was made by Ms. Hemmelgarn 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. A roll call vote was taken. The motion passed.

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>
Denise Bryan	Schools	23 years 1 month	August 1, 2020
Mack Cook	Schools	44 years 0 months	September 1, 2020
Debbie Cummings	CrnCrt	22 years 8 months	September 1, 2020
Betty Ensor	ChanCrt	39 years 6 months	September 1, 2020
Rose Hixson	Schools	23 years 0 months	August 1, 2020
Brenda Houser	Schools	24 years 10 months	August 1, 2020
Donna King	Schools	18 years 8 months	September 1, 2020
Sharon Munson	Schools	12 years 11 months	August 1, 2020
Debra Richards	CrnCrt	35 years 2 months	September 1, 2020
Phyllis Thomas	Schools	17 years 10 months	August 1, 2020
Peggy Thompson	CrnCrt	37 years 7 months	September 1, 2020
Karen Walker-Hatchett	Schools	12 years 11 months	August 1, 2020

A motion was made by Ms. Hemmelgarn 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 Mr. Mullinax. A roll call vote was taken. The motion passed.

IN RE: FIDUCIARY INSURANCE RENEWAL – Ms. Schroeder reported that the fiduciary insurance policy is the same as the previous year and that legal counsel is finalizing details. There is a slight increase in premiums of \$385. Mr. Mullinax made a motion to approve the final fiduciary insurance policy contingent on legal counsel's review. The motion was seconded by Commissioner Nystrom. A roll call vote was taken. The motion passed.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Update of COVID-19 Distributions and Loans** – Ms. Schroeder reviewed the data of COVID-19 distributions and loans.
- **Audit** – Ms. Schroeder reported that the auditors were in the office starting August 10th and planned to complete their work around August 28th.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Monthly Rates of Return** – Commissioner Nystrom presented the rates of return for the Defined Contribution and Defined Benefit Plans and stated the overall rates of return are in line with the respective markets.
- **Asset Allocation and Fund Changes** – Mr. Cross presented proposed asset allocation and fund changes (as detailed in the attached Investment Committee Summary and Recommendations). As to the asset allocation changes, Mr. Cross stated that a horizon study is done for 10- and 15-year segments to project better investment performance. Advisory firms look at the projected yield for 5, 10 and 15 years. High, average and low rates of returns are analyzed and USI takes median numbers to create an expectation on a historical basis. These indexed numbers are used to create an estimated rate of return needed to achieve the system's goals which guides the asset allocation strategy. Commissioner Anders made a motion to approve the proposed asset allocation and fund changes, in accordance with the Investment Committee's recommendation. The motion was seconded by Mr. Mullinax. A roll call vote was taken. The motion passed.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings reported on Ethers and the Plaintiff's recently filed motion to amend. Opposing counsel has filed a motion to amend its complaint along with the proposed amended complaint attached. Owings, Wilson and Coleman plan on opposing the motion.

Mr. Mason had no report.

IN RE: REPORT OF ACTUARY

Ms. Trollope reported on the progress of the website capabilities to run online estimates and distributions. The program will be similar to the current online loan process.

IN RE: APPROVAL OF PAYMENT – STATEMENT OF ACCOUNTS

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:

Invoices for AUG 2020 <small>(Legal Invoices are approved for the previous Months Expense)</small>	Fiscal 21 YTD Approved Invoices 07/31/2020	AUG Invoices For Approval	Fiscal 21 YTD Approved Invoices 08/31/2020	FY 21 Budget vs. Actual 8/31/2020
BENXL				Budget \$50,000.00
Invoice #		\$0.00		Expenses \$0.00
TOTAL BENXL	\$0.00	\$0.00	\$0.00	Remaining Budget \$50,000.00
KENNERLY, MONTGOMERY & FINLEY, P.C.				\$0.00
Invoice #		\$0.00		
TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$0.00	\$0.00	\$0.00	-\$3,000.00
Owings, Wilson & Coleman				Budget \$52,000.00
Invoice #9943M Gilman		\$3,705.00		
Invoice # 9947M Glenn		\$0.00		
Invoice # 9942M Knox County vs. Etters		\$23,330.55		Expense -\$27,035.55
*** TOTAL OWINGS, WILSON & COLEMAN	\$0.00	\$27,035.55	\$27,035.55	Remaining Budget \$24,964.45
USI CONSULTING GROUP				Budget \$475,000.00
Invoice # 90041013		\$47,344.84		Expense -\$63,263.09
Invoice # 90041772		\$15,918.25		
TOTAL USI CONSULTING GROUP	\$0.00	\$63,263.09	\$63,263.09	Remaining Budget \$411,736.91
Invoices for AUG 2020	\$0.00	\$90,298.64	\$90,298.64	
*** Retainer not included in approved billings for the Board			Fiscal 21 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)		\$0.00	
	\$2,000 (DB Fee)		\$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 Nystrom that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Ms. Hemmelgarn. A roll call vote was taken. The motion passed.

ADJOURNMENT

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

Chris Caldwell – Approved at Electronic Meeting held on 09/28/2020

MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL

Randy Smith – Approved at Electronic Meeting held on 09/28/2020

COMMISSIONER RANDY SMITH, SECRETARY