

**KNOX COUNTY RETIREMENT AND PENSION BOARD**

**August 22, 2022**

The Knox County Retirement and Pension Board met in regular session on Monday, August 22, 2022, at 3:00 P.M. in Room 640, City-County Building, Knoxville, Tennessee.

The following members were present: Chairman Chris Caldwell, Proxy for Mayor Jacobs, Commissioner Larsen Jay, Vice Chairman, Commissioner Randy Smith, Secretary, Commissioner Charles Busler, Mr. Chris Simons, Mr. Kevin Clark and Mr. Jim Snowden. Commissioner Kyle Ward and Ms. Janet Samar were absent.

Also present at the meeting were:

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

Legal Counsel: Ms. Ashley Trotto, Mr. Bill Mason and Ms. Stephanie Coleman

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

**IN RE: CALL TO ORDER**

Chairman Caldwell presided and called the meeting to order.

**IN RE: AMENDMENTS TO AGENDA**

Chairman Caldwell reported that there were amendments to the agenda.

**IN RE: APPROVAL OF MINUTES OF JULY 25, 2022**

Chairman Caldwell presented the minutes for the board meeting held on July 25, 2022. Commissioner Busler made a motion to approve the minutes for July 25, 2022, as written. The motion was seconded by Commissioner Jay. All members present voted in favor. The motion passed unanimously.

**IN RE: REPORT OF THE DISABILITY COMMITTEE REGARDING ANTHONY RATHBONE'S APPEAL**

Commissioner Jay reported on the disability committee meeting regarding Mr. Rathbone's appeal. He reviewed the committee's discussion concerning "five points of interest" that summarized the issues raised by Mr. Rathbone regarding his disability benefit. He also summarized the disability committee's discussion and recommendation. In response to a question by Mr. Snowden, Mr. Mason confirmed that Mr. Rathbone could seek judicial review of the Board's final decision.

Commissioner Jay then made a motion, based on the recommendation of the disability committee, to take no further action regarding Mr. Rathbone's appeal and to affirm the Retirement Office's fair, accurate, and consistent calculation of Mr. Rathbone's Worker's Compensation offset, determination of his Disability Benefit Payment Commencement Date, and application and communication of the Plan's re-certification requirements, among other items. The motion was seconded by Mr. Simons. All members present voted in favor. The motion passed unanimously.

**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>
Patti Bounds	Schools	8 years 0 months	September 1, 2022
Mary Brown	Schools	22 years 5 months	September 1, 2022
Sandra DeFord	Schools	6 years 1 month	September 1, 2022
Paul Dirl	CoClerk	28 years 1 month	September 1, 2022
Carolyn Garner	Schools	18 years 9 months	September 1, 2022
Justina Glaze	Schools	30 years 0 months	September 1, 2022
Marlene Kinny	Schools	28 years 8 months	September 1, 2022
Robert Millsaps	EPW	13 years 2 months	September 1, 2022
Susan Owen	Schools	24 years 9 months	September 1, 2022
Vickie Romines	Schools	21 years 5 months	September 1, 2022
Mark Wright	PBA	8 years 3 months	September 1, 2022

A motion was made by Commissioner Busler to approve the applications for retirement under the Defined Contribution Plan as presented and to authorize the Directed Custodian, Charles Schwab, 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. Snowden. All members present voted in favor. The motion passed unanimously.

**IN RE: APPLICATIONS FOR RETIREMENT – UNIFORMED OFFICERS PENSION PLAN**

The following applications for retirement, as provided in the Uniformed Officers Pension Plan, were presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>	<u>EFFECTIVE DATE</u>
Julia Blevins	Sheriff	26 years 0 months	September 1, 2022

A motion was made by Commissioner Jay to approve the application for retirement under the Uniformed Officers Pension Plan as presented and to authorize Trustee, State Street Bank, to make payment of the monthly benefits. The motion was seconded by Mr. Snowden. All members present voted in favor. The motion passed unanimously.

**IN RE: REPORT OF EXECUTIVE DIRECTOR**

- **Fiduciary Insurance Renewal** – Ms. Schroeder stated that, if approved by the Board, the renewed fiduciary insurance policy will take effect September 1, 2022. The new policy has a premium increase of \$397. Commissioner Smith made a motion to approve and renew fiduciary insurance. The motion was seconded by Commissioner Busler. All members present voted in favor. The motion passed unanimously.
- **Final FY22 Budget** – Ms. Schroeder presented the final FY22 budget. There was a cost savings of approximately \$365,000. Commissioner Jay asked if the Retiree luncheon was cancelled indefinitely. Ms. Schroeder replied that it was unless the Board desired to bring back the luncheon

and add it to the budget.

- **Update on Schools Communication for Classified Employees in the Asset Plan** – Ms. Schroeder stated that a communication piece is being drafted in coordination with Schools and will be sent to current classified employees in the Asset plan. Group presentations will be held in the next few months. One-on-one meetings can be requested by the employees with the retirement office, Schools, USI and TCRS. All current Schools employees in the Asset plan will need to make an irrevocable election to either stay in the Asset plan or move to TCRS by January 31, 2023. Elections will be effective July 1, 2023.
- **Update on STAR Communication** – Ms. Schroeder stated that she and Zack had met with 40 to 50 officers at the detention center to discuss 457 and STAR plan changes. There is a scheduled meeting next week at the juvenile detention center. Additional group meetings are being scheduled by the Sheriff's department.
- **Auditors from Pugh and Company** – Ms. Schroeder informed the Board that the auditors will be in the office from August 22<sup>nd</sup> until September 16<sup>th</sup>. This is an extension of one week from the previous date of September 9<sup>th</sup>.
- **Office Staffing** – Ms. Schroeder reported that Debbie Slagle, a former Retirement Office employee, has been re-hired in a part time position. Ms. Schroeder said she would follow up with the Board in early 2023 regarding any required changes to the budget for that position.
- **Trustee Office Voluntary Workforce Reduction** – Ms. Schroeder informed the Board that the Trustee's office has extended a voluntary severance package to all 27 full-time employees.

#### **IN RE: REPORT OF INVESTMENT COMMITTEE**

- **Update on Investment Committee Meeting on August 9, 2022** – Commissioner Smith reported on the investment committee meeting on August 9<sup>th</sup>. There was no change in the fee structure or to the Disability Plan fund lineup and the recommendation is to send this matter back to the investment committee for further discussion at a special called meeting in October.
- **Monthly Rates of Return** – Commissioner Smith presented the rates of return for the Defined Contribution and Defined Benefit Plans and stated the overall rates of return are in line with respective markets.

Mr. Cross reported that experience studies will be available in the October board meeting.

#### **IN RE: REPORT OF LEGAL COUNSEL**

Ms. Coleman presented a proposed disability indemnification contract with USI in connection with the withholding of FICA tax on disability benefits (copy attached hereto). She reminded the Board that it had authorized the Executive Director to negotiate adding check writing to ReedGroup's scope of services and stated that a difference of practice was discovered between USI and ReedGroup with respect to FICA withholding. In light of the difference in practice, USI has agreed to indemnify the Board in the event its handling of FICA withholding results in future liability to the Board. Mr. Snowden made a motion to approve

the disability indemnification contract. The motion was seconded by Mr. Simons. All members present voted in favor. The motion passed unanimously.

Ms. Coleman provided an update on the Etters lawsuit and Allianz class action lawsuit.

Mr. Mason had no report.

**IN RE: REPORT OF ACTUARY**

Mr. Cross had no report.

**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 2022 For FY 23 <small>(Legal Invoices are approved for the previous Months Expense)</small>	Fiscal 23 YTD Approved Invoices 07/31/2022	AUG Invoices For Approval	Fiscal 23 YTD Approved 8/31/2002	FY 23 Budget vs. Actual 8/31/2002
<b>BENXL</b>				Budget \$50,000.00
Invoice #		\$0.00		From FY21 \$50,000.00
<b>TOTAL BENXL</b>	\$0.00	\$0.00	\$0.00	Expenses \$0.00
				Remaining Budget \$100,000.00
<b>KENNERLY, MONTGOMERY &amp; FINLEY, P.C.</b>				QDRO* \$2,000.00
Invoice #		\$0.00		Rec'd from Particip. \$0.00
<b>TOTAL KENNERLY, MONTGOMERY &amp; FINLEY, P.C.</b>	\$0.00	\$0.00	\$0.00	Expenses \$0.00
				-\$2,000.00
<b>Owings, Wilson &amp; Coleman</b>				Budget \$125,000.00
Invoice #		\$0.00		
Invoice #		\$0.00		
Invoice # 9942M Knox County vs. Etters		\$150.00		Expense -\$150.00
<b>*** TOTAL OWINGS, WILSON &amp; COLEMAN</b>	\$0.00	\$150.00	\$150.00	Remaining Budget \$124,850.00
<b>USI CONSULTING GROUP</b>				Budget \$475,000.00
Invoice # 90070568		\$23,492.25		Expense -\$23,492.25
Invoice #		\$0.00		
<b>TOTAL USI CONSULTING GROUP</b>	\$0.00	\$23,492.25	\$23,492.25	Remaining Budget \$451,507.75
<b>Invoices for AUG 2022 For FY 23</b>	<b>\$0.00</b>	<b>\$23,642.25</b>	<b>\$23,642.25</b>	
<b>*** Retainer not included in approved billings for the Board</b>			<b>Fiscal 22 YTD</b>	
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 & UOPP 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 Mr. Snowden that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Busler. All members present voted in favor. The motion passed unanimously.

**IN RE: RECOGNITION OF OUTGOING BOARD MEMBERS**


Chairman Caldwell recognized the service of Commissioner Charles Busler and Commissioner Randy Smith on the Retirement and Pension Board.

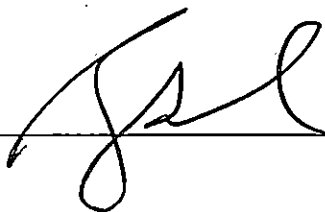
**IN RE: APPOINTMENT OF NOMINATING COMMITTEE FOR OFFICERS**

Chairman Caldwell appointed Commissioner Jay, Mr. Simons and Mr. Clark for the nominating committee for officers.

**ADJOURNMENT**

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

  
\_\_\_\_\_  
CHAIRMAN

  
\_\_\_\_\_  
SECRETARY

Attachment:

- 1.) Indemnification Agreement with USI

## **INDEMNIFICATION AGREEMENT**

This Indemnification Agreement ("Agreement") is between USI Consulting Group, Inc. ("USICG"), located at 95 Glastonbury Boulevard, Suite 102, Glastonbury, Connecticut 06033 and the Knox County Retirement and Pension Board ("KCRPB"), together referred to as the "Parties", and each, a "Party".

WHEREAS, USICG provides certain retirement plan and benefit consulting and recordkeeping services to the Knox County Plan(s) and Trust(s), including but not limited to the County's Disability Plan ("Disability Plan"); and

WHEREAS, USICG performs certain administrative functions with respect to the Disability Plan, including but not limited to instructing the custodian to distribute disability payments when directed to do so by KCRPB; and

WHEREAS, USICG maintains that all instructions and distributions regarding the disability benefit payments were proper and appropriate given the available information and documentation it had within its possession at the time with respect to the Disability Plan, including information regarding the taxation and withholding such payments are or were subject to; and

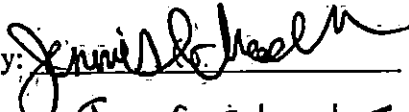
WHEREAS, based on the actions it took with respect to the Disability Plan payments, USICG believes it is reasonably prudent and necessary to contractually obligate itself to indemnify KCRPB in order to continue to provide retirement plan and benefit consulting and recordkeeping services to the KCRPB and to alleviate any undue concern, and KCRPB desires to continue its relationship with USICG;

NOW, THEREFORE, in consideration of the foregoing, and in exchange for other good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged, USICG and KCRPB hereby agree as follows:

1. USICG hereby agrees to indemnify and hold harmless KCRPB and its departments, agencies and instrumentalities and all of their respective officers, members, employees and directors from and against any and all claims, demands, liabilities, losses, costs or expenses, including attorneys' fees, due to liability resulting from the performance, or any act omission on the part of USICG with respect to disability payments from the Disability Plan.
2. Each Party acknowledges that they have full power and authority to sign this Indemnification Agreement.

IN WITNESS WHEREOF, the Parties pursuant to the above representations and warranties have executed this Agreement as of the date written below.

**KNOX COUNTY RETIREMENT AND PENSION BOARD**

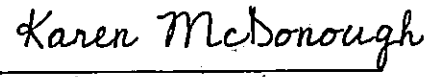
By: 

Name: Jennifer Schraeder

Title: Executive Director

Date: 8/22/2022

**USI CONSULTING GROUP**

By: 

Name: Karen McDonough

Title: Chief Legal Officer

Date: June 23, 2022