

KNOX COUNTY RETIREMENT AND PENSION BOARD

April 24, 2023

The Knox County Retirement and Pension Board met in regular session on Monday, April 24, 2023, 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 Richie Beeler, Secretary, Commissioner Terry Hill, Mr. Chris Simons, Mr. Zac Fullerton and Mr. Jim Snowden. Commissioner Kyle Ward and Mr. Matthew Schlosshan were absent.

Also present at the meeting were:

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

Legal Counsel: Ms. Ashley Trotto, Mr. Bill Mason, Ms. Stephanie Coieman and Ms. Sarah Jarrard

Retirement Staff: Ms. Jennifer Schroeder, Ms. Savannah Russell, Ms. Nyla Breshears and Ms. Terri Chase

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 MARCH 27, 2023

Commissioner Jay presented the minutes for the board meeting held on March 27, 2023. Mr. Snowden made a motion to approve the minutes for March 27, 2023, as written. The motion was seconded by Mr. Simons. All members present voted in favor. The motion passed unanimously.

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>
Tammy Thomas	Schools	32 years 5 months	May 1, 2023

A motion was made by Mr. Snowden to approve the applications for retirement under the Defined Benefit 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 and lump sum benefit. The motion was seconded by Commissioner Beeler. 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>
Martha Adkins	Schools	17 years 4 months	May 1, 2023
Theodore Baehr Jr.	CommSvcs	44 years 2 months	May 1, 2023
Robert Campbell	Schools	19 years 7 months	May 1, 2023
Herbert Donaldson Jr.	Schools	14 years 6 months	May 1, 2023
Edward Hibbert	JuvSvcs	28 years 2 months	May 1, 2023
Larry Hurst	Sheriff	10 years 3 months	May 1, 2023
Alva May	Schools	23 years 0 months	May 1, 2023
James Seay	EPW	7 years 1 month	May 1, 2023
Janey Word	Comm Svcs	16 years 5 months	May 1, 2023

A motion was made by Mr. Simons 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>
Michael Parker	Sheriff	28 years 5 months	May 1, 2023

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 Commissioner Hill. All members present voted in favor. The motion passed unanimously.

IN RE: APPROVAL OF THE ACTUARIAL VALUATIONS:

- **Knox County Board of Education Retirement Plan** – Mr. Cross presented the valuation for the Knox County Board of Education Retirement Plan. A motion was made by Mr. Simons to approve the valuation for the Knox County Board of Education Retirement Plan. The motion was seconded by Commissioner Hill. All members present voted in favor. The motion passed unanimously.
- **Knox County Closed Defined Benefit Plan** - Mr. Cross presented the valuation for the Knox County Closed Defined Benefit Plan. A motion was made by Commissioner Beeler to approve the valuation for the Knox County Closed Defined Benefit Plan. The motion was seconded by Mr. Snowden. All members present voted in favor. The motion passed unanimously.
- **Knox County Closed Uniformed Officers Pension Plan** - Mr. Cross presented the valuation for the Knox County Closed Uniformed Officers Pension Plan. A motion was made by Commissioner Jay to

approve the valuation for the Knox County Closed Uniformed Officers Pension Plan. The motion was seconded by Mr. Snowden. All members present voted in favor. The motion passed unanimously.

Commissioner Jay commented on the UOPP valuation presentation, noting the increased contributions required to keep up with UOPP absent the 30% increase in Officer salaries proposed by the Sheriff. Commissioner Jay noted that the proposed salary increase would be accomplished via a contested salary suit filed by the Sheriff. Mr. Snowden asked about the effect of the proposed salary increases. Chairman Caldwell responded that any raise greater than 3% would increase UOPP's Actuarially Determined Contributions ("ADC"). Chairman Caldwell stated and Mr. Cross confirmed that the proposed 30% increase would result in an additional \$60 million in County contributions over the next 20 years. Mr. Cross stated that the County is legally obligated to fund 100% of the ADC each year. In response to Chairman Caldwell's question, Mr. Cross stated that UOPP's funded status, based on market values, would likely drop below 60% if the proposed salary increases were implemented. He reminded the Board that a plan that is less than 60% funded cannot make benefit enhancements without state approval. Commissioner Jay stated that property taxes would likely need to be increased to cover the proposed salary increases and the additional funding required for UOPP.

After further discussion, Chairman Caldwell asked legal counsel if it would be advisable to further discuss the impact the proposed salary increase might have on UOPP and the Board's responsibilities related thereto prior to the next regularly scheduled Board meeting. Mr. Mason responded that the Board should consider a range of options to address the impact of the proposed salary increase and suggested that a special Board meeting be called to discuss options for safeguarding the actuarial and/or financial stability of UOPP. To avoid delay, Mr. Mason suggested that the Board adopt a motion authorizing the Executive Director to give public notice of a first reading of a UOPP amendment at the May Board meeting. Provision of the notice does not obligate the Board to amend UOPP in May but would allow the Board to act if it determines that an Amendment is desirable.

A motion was made by Chairman Caldwell to call a special called Board meeting to discuss options for UOPP in light of the potential impacts of the Sheriff's publicly announced salary suit and to authorize Ms. Schroeder to publish the required notice of a UOPP amendment to be heard on first reading in May. The motion was seconded by Commissioner Jay. All members present voted in favor. The motion passed unanimously.

- **Knox County Employee Disability Plan** - Mr. Cross presented the valuation for the Knox County Employee Disability Plan. A motion was made by Mr. Simons to approve the valuation for the Knox County Employee Disability Plan. The motion was seconded by Mr. Snowden. All members present voted in favor. The motion passed unanimously.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Budget FY24** – Ms. Schroeder presented the FY2024 budget proposal for the Retirement Office. A motion was made by Commissioner Jay to approve the FY 2024 proposed budget. The motion was seconded by Mr. Simons. All members present voted in favor. The motion passed unanimously.

- **Document Committee is May 16, 2023 regarding Appeal of Prior Military Service in UOPP** – Ms. Schroeder scheduled with the members of the Document Committee a meeting to hear the 3 appeals for credit for prior military service. The meeting was scheduled for May 16, 2023 at 1:30. The document committee is comprised of Mr. Jim Snowden, Chairman of Document Committee, Mr. Chris Caldwell, Commissioner Kyle Ward, Mr. Zac Fullerton and Mr. Matthew Schlosshan.
- **Annual Audit with Pugh & Company** - Ms. Schroeder informed the Board that the Pugh and Company audit contract was attached in the Board packet and has been approved by the TN Comptroller's Office. Auditors are scheduled to be in the Retirement Office August 7th through August 25th.
- **Allianz Mutual Fund** – Allianz class action suit is still ongoing. They gave Knox County Retirement and Pension Board \$5,000 to cover legal and miscellaneous expenses. In regard to the board budget, it is itemized to offset legal expenses.
- **Retirement Seminars** – Ms. Schroeder reminded the Board that prior to COVID, retirement seminars were held in 3 phases. The introduction to retirement was the beginning phase for participants interested in learning more about what benefits are provided to them and to get them familiar with the USI website. The second is basics of investing and third is retirement readiness. Presentations will be available on the retirement website and considerations are being made for future in-person presentations.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Monthly Rates of Return** – Mr. Simons 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.

IN RE: REPORT OF LEGAL COUNSEL

Ms. Coleman reported on the Allianz class action lawsuit. The claims period is open until May 8, 2023 and then the calculations period will proceed.

Ms. Trotto reported in September 2022 an application was filed with the IRS requesting an exemption from form 990 filing requirements for the disability trust on the basis that the trust is an affiliate of a governmental unit. The IRS sent a letter of approval so the Board is no longer required to file form 990.

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 April 2023 For FY 23 (Legal Invoices are approved for the previous Months Expense)	Fiscal 23 YTD Approved Invoices 3/31/2023	Invoices For Approval	Fiscal 23 YTD Approved 4/30/2023	FY 23 Budget vs. Actual 4/30/2023
BENXL Invoice #				Budget \$50,000.00
TOTAL BENXL	\$12,000.00	\$0.00	\$12,000.00	Expenses -\$12,000.00 Remaining Budget \$38,000.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # 230412 Invoice # 230413		\$800.00 \$500.00		QDRO* \$2,000.00 Rec'd from Participa \$4,000.00
TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$1,600.00	\$1,300.00	\$2,900.00	Expense \$2,900.00 -\$4,900.00
Owings, Wilson & Coleman Invoice # 9993M Invoice # 9942M Invoice #		\$3,659.84 \$1,705.50 \$0.00		Budget \$125,000.00
*** TOTAL OWINGS, WILSON & COLEMAN	\$55,933.28	\$5,365.34	\$61,298.62	Expense -\$61,298.62 Remaining Budget \$63,701.38
USI CONSULTING GROUP Invoice # 90079487 Invoice # Invoice #		\$32,580.25 \$0.00 \$0.00		Budget \$475,000.00
TOTAL USI CONSULTING GROUP	\$209,435.75	\$32,560.25	\$241,996.00	Expense -\$241,996.00 Remaining Budget \$233,004.00
Invoices for April 2023 For FY 23	\$278,969.03	\$39,225.59	\$318,194.62	

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

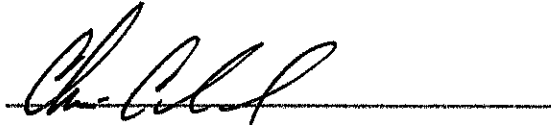
		<u>Fiscal 22 YTD</u>
Owings, Wilson & Coleman Retainer	\$4,000 per month	\$36,000.00
Kennerly Montgomery Retainer	\$12,000 per month	\$108,000.00
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter	\$111,000.00
Fees Received from QDRO* Participants	\$500 (DC Fee) \$2,000 (DB & UOPP Fee)	\$0.00 \$4,000.00

*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 Jay. All members present voted in favor. The motion passed unanimously.

ADJOURNMENT

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

A handwritten signature in black ink, appearing to read "Chris Caldwell", written over a horizontal line.

MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL

A handwritten signature in black ink, appearing to read "Richie Beeler", written over a horizontal line.

COMMISSIONER RICHIE BEELER, SECRETARY