

**KNOX COUNTY RETIREMENT AND PENSION BOARD**

**September 25, 2023**

The Knox County Retirement and Pension Board met in regular session on Monday, September 25, 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 Terry Hill, Commissioner Richie Beeler, Mr. Chris Simons, Mr. Zac Fullerton, Mr. Jim Snowden and Mr. Matthew Schlosshan. Commissioner Kyle Ward was absent.

Also present at the meeting were:

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

Legal Counsel: Ms. Ashley Trotto and Ms. Sarah Jarrard

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

Others in attendance: Debbie Cox, FOP Vice President

**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 no amendments to the agenda.

**IN RE: APPROVAL OF MINUTES OF August 28, 2023**

Chairman Caldwell presented the minutes for the board meeting held on August 28, 2023. Commissioner Beeler made a motion to approve the minutes for August 28, 2023, as written. The motion was seconded by Commissioner Hill. 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>
Marvin Wagoner	Schools	36 years 3 months	October 1, 2023
Gene McKissic	Schools	34 years 11 months	October 1, 2023

Apprv'd 09.01.2023

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 Mr. Fullerton. 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>
Alan Dyer	Schools	8 years 9 months	10.01.2023
Jenice Hardwick	Schools	19 years 6 months	10.01.2023
Idella Jones	Schools	26 years 1 month	10.01.2023
Mike Loy	Schools	19 years 1 month	10.01.2023
Mary Nesbitt	CoClk	44 years 0 months	10.01.2023
Cheryl Patterson	JuvClk	13 years 1 month	10.01.2023
Debra Risner	Schools	11 years 5 month	10.01.2023
Steve Russell	PBA	13 years 1 month	10.01.2023

A motion was made by Mr. Fullerton 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>
Robert Cook	Sheriff	26 years 0 months	October 1, 2023

A motion was made by Commissioner Hill 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 Beeler. All members present voted in favor. The motion passed unanimously.

**IN RE: REPORT OF EXECUTIVE DIRECTOR**

Ms. Schroeder reminded the Board of the Disability Committee meeting on September 26, 2023. Reed group will be present to give an annual review.

- **Medical and Dental Retiree Open Enrollment Oct. 23, to November 17, 2023** – Ms. Schroeder reported the dates for Medical and Dental Retiree open enrollment are set. They will occur at the same time as the County's open enrollment period. The mailing for dental will be sent in October, which will be around the same time the medical mailing is sent.

- **Required Minimum Distributions Letters will be mailed by September 29, 2023** –Ms. Schroeder stated the letters are expected to be mailed before the end of September.
- **UOPP Amendment Communication and SPD emailed to all Officers on August 29, 2023-** Ms. Schroeder sent a communication piece to Mr. Schlosshan and Ms. Allison Rogers regarding the UOPP amendment implementing the 3% salary cap, which will be emailed to all officers in the Sheriff's office.
- **Audit Update** – The onsite audit is complete. Ms. Schroeder reported positive preliminary reports. The final report and presentation should be available at the November Board meeting.
- **RFP for Defined Contributions Services Update** – Ms. Schroeder sent a draft of the RFP to Matt Myers in County procurement. Ms. Schroeder is awaiting comments regarding the draft. She is projecting to send the RFP out in October.
- **Update on New Office Furniture** – The Retirement office received most of their furniture. The office is awaiting a few items that are on backorder. Those items are expected to be received in October.

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

**Document Committee Summary from September 21, 2023**– The Document Committee discussed ways to align STAR with the Asset Plan. The Document Committee recommended changing the vesting period from 10-year cliff to 5 year graded under STAR, as well as adding the 457 match for STAR participants on the same schedule and at the same percentages as under the Asset Plan. In addition, the Committee recommended that the plans be amended and restated in accordance with the Secure Act , as noted in the attached Committee recommendation, including increasing the RMD age and the mandatory distribution limit from \$5,000 to \$7,000. It was also recommended including a general in-service distribution option in the Asset and STAR plans. Such distributions would be limited to the lesser of \$5,000 or 50% of a participant's account balance, would only be available to fully vested participants, and no more than one distribution would be allowed in a three-year period. Unlike the distribution options provided under the Secure Act, the recommended in-service distributions would not be eligible for repayment. Other recommendations would include housekeeping changes, such as reference changes, typos, etc. Mr. Schlosshan asked if the 457 will still be voluntary for STAR. Ms. Schroeder confirmed it will be voluntary, but it will add the match.

**Amendment and Restatement Resolution**– Following discussion, a motion was made by Mr. Snowden to approve the resolution to authorize the amendment and restatement of the System, UOPP, and STAR, to incorporate the Document Committee's recommendations and to allow STAR Officers to participate in MERP (attached hereto). The motion was seconded by Mr. Simons and passed unanimously.

Mr. Schlosshan commented and asked the Board to consider opening MERP to UOPP members as well. Ms. Schroeder stated the Board would need to discuss this change and that Mr. Cross is prepared to complete an impact statement for that purpose.

Mr. Simons asked for clarification on the use of the Medical Expense Retirement Plan. Ms. Schroeder clarified that the intention of the plan was to help retirees with their medical expenses when they retire because the costs are higher. For tax code purposes, the plan is a 401(a) plan, and it works just like the Asset or STAR plan. Once an employee retires, they are able to use the money for anything, not just medical expenses. Commissioner Jay expressed he is open to the idea of allowing UOPP Officers to participate in MERP, however, he would like to know the cost impact prior to deciding. Ms. Schroeder noted that the change would require Commission approval. The Board determined that they would discuss Mr. Schlosshan's proposal to allow UOPP Officers to participate in MERP at the October Board meeting, following receipt of the impact statement.

Commissioner Hill asked if employees were educated on the voluntary retirement plans. Ms. Schroeder answered affirmatively and explained that before COVID, retirement seminars were held. The seminar required everyone to attend. After COVID, a few seminars have been held, which are uploaded onto the USI website and will be added to the retirement website as well. In addition, a mass email is sent to all participants each year, explaining any increases and basic information about the plans and their benefits.

#### **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**

- **Owings, Wilson, & Coleman**– There was no report.
- **Kennerly, Montgomery** – There was no report.

#### **IN RE: REPORT OF ACTUARY**

- **GASB Report**– Mr. Cross presented the GASB report and rates of return. A motion was made by Commissioner Jay to accept the GASB report as summarized. The motion was seconded by Commissioner Hill. The motion passed.

**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 SEPT 2023 For FY 24 (Legal Invoices are approved for the previous Months Expense)	Fiscal 24 YTD Approved 8/31/2023	Invoices For Approval	Fiscal 24 YTD Approved 9/30/2023	FY 24 Budget vs. Actual 9/30/2023
BENXL				Budget \$50,000.00
Invoice # 103021		\$19,200.00		Expenses -\$19,200.00
<b>TOTAL BENXL</b>	\$0.00	\$19,200.00	\$19,200.00	Remaining Budget \$30,800.00
KENNERLY, MONTGOMERY & FINLEY, P.C.				QDRO* \$2,000.00
Invoice # 232007		\$500.00		Rec'd from Participant \$0.00
Invoice #		\$0.00		Expenses \$500.00
<b>TOTAL KENNERLY, MONTGOMERY &amp; FINLEY, P.C.</b>	\$0.00	\$500.00	\$500.00	\$1,500.00
Owings, Wilson & Coleman				Budget \$125,000.00
Invoice # 9993M Rathbone		\$4,109.55		
Invoice # 9942M Etters		\$0.00		
Invoice #		\$0.00		Expense -\$10,960.35
<b>*** TOTAL OWINGS, WILSON &amp; COLEMAN</b>	\$6,850.80	\$4,109.55	\$10,960.35	Remaining Budget \$114,039.65
USI CONSULTING GROUP				
Invoice # 90086135		\$36,977.50		
Invoice #		\$0.00		Budget \$475,000.00
Invoice #		\$0.00		Expense -\$54,104.00
<b>TOTAL USI CONSULTING GROUP</b>	\$17,126.50	\$36,977.50	\$54,104.00	Remaining Budget \$420,896.00
<b>Invoices for SEPT 2023 For FY 24</b>	<b>\$23,977.30</b>	<b>\$60,787.05</b>	<b>\$84,764.35</b>	
<b>*** Retainer not included in approved billings for the Board</b>			<b>Fiscal 24 YTD</b>	
Owings, Wilson & Coleman Retainer	\$4,000 per month		\$16,000.00	
Kennerly Montgomery Retainer	\$12,000 per month		\$36,000.00	
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter		\$0.00	
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 Commissioner Jay that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Beeler. All members present voted in favor. The motion passed unanimously.

**IN RE: PUBLIC COMMENT**

There was no public comment.

**ADOURNMENT**

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



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MAYOR GLENN JACOBS, CHAIRMAN  
BY PROXY, CHRIS CALDWELL



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COMMISSIONER RICHIE BEELER, SECRETARY

Attachments:

1. Document Committee Recommendation
2. Resolution

## Document Committee Recommendations

### Summary of Proposed Amendments to the System, STAR, UOPP, and Loan Programs

#### 1. System Restatement

- a. Increase RMD commencement age in accordance with SECURE 2.0
- b. Amend the Asset Plan to include an in-service distribution provision on the following conditions: (i) limited to \$5,000; (ii) participant must be fully vested; (iii) no more than 1 distribution within a 3-year period; and distributions may not be repaid
- c. Amend 457 Plan to conform to SECURE 2.0 removal of first day of the month rule
- d. Amend 457 Plan to allow for Participant certification that he/she has experienced an Unforeseeable Emergency
- e. Increase upper limit for employer-initiated transfer of former employee's account to IRA from \$5,000 to \$7,000
- f. Specify that a surviving spouse may elect to be treated as the deceased employee for RMD purposes
- g. Make certain housekeeping changes

#### 2. STAR Restatement

- a. Increase RMD commencement age in accordance with SECURE 2.0
- b. Adopt in-service distribution provision on the following conditions: (i) limited to \$5,000; (ii) participant must be fully vested; (iii) no more than 1 distribution within a 3-year period; and distributions may not be repaid
- c. Increase upper limit for employer-initiated transfer of former employee's account to IRA from \$5,000 to \$7,000
- d. Specify that a surviving spouse may elect to be treated as the deceased employee for RMD purposes
- e. Adjust vesting from 10-year cliff to 5-year graded (same as Asset Plan) – will require Commission approval
- f. Add 457 Plan match (same as Asset Plan) – will require Commission approval
- g. Make certain housekeeping changes

#### 3. UOPP Restatement

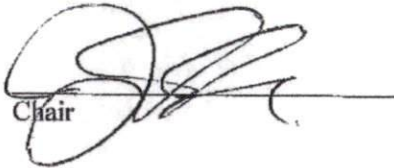
- a. Increase RMD commencement age in accordance with SECURE 2.0
- b. Provide for a final 30-day window in the first quarter of 2024 for active Officers to apply to purchase prior military service credit (active or reserve) at its present actuarial value
- c. Increase upper limit for employer-initiated transfer of former employee's account to IRA from \$5,000 to \$7,000
- d. Specify that a surviving spouse may elect to be treated as the deceased employee for RMD purposes
- e. Make certain housekeeping changes

#### 4. Loan Programs (Asset Plan and STAR)

- a. Account for changes to STAR vesting
- b. Revise to be more proactive in assisting participants avoid default (e.g., Schools employees on 21 pay period contracts)
- c. Make certain housekeeping changes

**Recommendations:** The Document Committee recommends that the Board consider and approve:

1. A resolution at the September meeting to authorize preparation of the proposed amendment and restatement of the System document to incorporate the changes summarized in Section 1 above, to be considered on two readings at the November and December Board meetings, following public notice, to be effective January 1, 2024.
2. A resolution at the September meeting to authorize preparation of the proposed amendment and restatement of the STAR document to incorporate the changes summarized in Section 2 above, to be considered on two readings at the November and December Board meetings, following public notice, and, where required due to cost, considered by Commission at its December meeting, to be effective January 1, 2024.
3. A resolution at the September meeting to authorize preparation of the proposed amendment and restatement of the UOPP document to incorporate the changes summarized in Section 3 above, to be considered on two readings at the November and December Board meetings, following public notice, to be effective January 1, 2024.
4. Authorization of the proposed amendments to the Asset Plan and STAR Loan Programs to incorporate the changes summarized in Section 4 above, to be considered by the Board at the December Board meeting (conditioned on Commission approval of STAR amendments), to be effective January 1, 2024.

  
Chair



**A RESOLUTION OF THE KNOX COUNTY RETIREMENT AND PENSION BOARD TO  
AMEND AND RESTATE THE KNOX COUNTY EMPLOYEE BENEFIT SYSTEM,  
UNIFORMED OFFICER'S PENSION PLAN, AND SHERIFF'S TOTAL ACCUMULATION  
RETIREMENT PLAN ("PLANS")**

Authorization for Proposed Amendment and Restatement of the Plans

**WHEREAS**, as provided in Knox County Charter, Knox County Government has adopted the Knox County Employee Benefit System, including the Asset Accumulation Plan ("Asset Plan") and Deferred Compensation Plan ("457 Plan"), the Uniformed Officer's Pension Plan ("UOPP"), and Sheriff's Total Accumulation Retirement Plan ("STAR"), as subsequently amended;

**WHEREAS**, the Knox County Retirement and Pension Board (the "Board") has the right at any time to modify, alter or amend the Plans, in whole or in part, by instrument in writing duly executed, in accordance with the provisions of the Knox County Charter and the Plans, with approval by the Knox County Commission where any such amendment would increase the funding or financial obligations of the County;

**WHEREAS**, the Board wishes to (1) amend and restate the Plans to incorporate provisions of the SECURE Act and SECURE Act 2.0; (2) amend and restate UOPP to provide for a final window for Officers to apply to purchase prior military service credit; (3) amend and restate STAR to adjust the vesting schedule from 10-year cliff vesting to 5-year graded vesting; (4) amend and restate STAR and the 457 Plan to provide the same 457 Plan match to STAR Officers as provided to general government employees participating in the Asset Plan; and (5) make certain other confirming, clarifying and housekeeping amendments to the Plans.

**WHEREAS**, having considered the effect of the proposed amendments to STAR and the 457 Plan, as described in (3) and (4) above, and the Actuary's advice that such proposed amendments will have an actuarial impact on the County or the Plans, the Board concludes that those proposed amendments will need to be considered and approved by the Knox County Commission by resolution, following adoption of such amendment by the Board; and

**WHEREAS**, having considered the effect of the proposed amendments to the Plans, as described in (1) and (2) above, and the Actuary's advice that such proposed amendments will have no adverse actuarial impact on the County or Plans, the Board concludes that those proposed amendments will not increase the funding or financial obligations of the County within the meaning of Knox County Charter Section 7.04E; and

**NOW THEREFORE BE IT RESOLVED** that the Board hereby authorizes and directs the Executive Director, in coordination with the Document Committee and counsel, to prepare proposed amendments and restatements of the Plans to accomplish the foregoing purposes, the proposed amendments and restatements to be considered by the Board, after appropriate public notice, for adoption on two readings at regularly scheduled Board meetings.

**WE HEREBY CERTIFY** that the foregoing Resolution was duly adopted pursuant to the provisions of the Charter and the Plans on September 25, 2023.

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Chairman, Knox County Retirement &  
Pension Board

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Secretary, Knox County Retirement &  
Pension Board

\_\_\_\_\_  
Date

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Date