

KNOX COUNTY RETIREMENT AND PENSION BOARD

March 25, 2019

The Knox County Retirement and Pension Board met in regular session on Monday, March 25, 2019, at 3:00 P.M. in the County Commission Conference Room 640, City-County Building, Knoxville, Tennessee.

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

Also present at the meeting were:

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

Legal Counsel: Mr. Bill Mason and Mr. John Owings

Retirement Staff: Ms. Kim Bennett, Ms. Jennifer Schroeder, Mr. Zack Cole, Ms. Mitzi Stooksbury and Ms. Savannah Russell

Others in attendance: Mr. Wayne Sellers, Nationwide

IN RE: CALL TO ORDER

Commissioner Nystrom, Vice Chairman, presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Ms. Bennett stated there were some revisions to the draft of the February Board minutes which had been circulated with the meeting agenda. A revised copy was presented to the board members for approval.

Commissioner Hugh Nystrom presented the minutes for February 25, 2019. Commissioner Anders made a motion to approve the minutes for February 25, 2019. The motion was seconded by Commissioner Jay and approved by Commissioner Hugh Nystrom, Ms. Tracy Foster, Commissioner Randy Smith, Commissioner Larsen Jay, Commissioner Brad Anders, and Ms. Jennifer Hemmelgarn.

IN RE: OATH OF OFFICE FOR NEW BOARD MEMBERS

Legal counsel, Mr. John Owings, swore in the following new Board members: Ms. Janet Samar and Mr. Gabe Mullinax.

Commissioner Nystrom appointed the committees as follows:

- **Disability Committee:** Commissioner Larsen Jay, Chairman of Disability Committee, Commissioner Hugh Nystrom, Ms. Tracy Foster, Ms. Jennifer Hemmelgarn and Mr. Gabe Mullinax
- **Document Committee:** Ms. Jennifer Hemmelgarn, Chairman of Document Committee, Mr. Chris Caldwell, Commissioner Brad Anders, Mr. Gabe Mullinax and Ms. Janet Samar
- **Investment and Actuarial Committee:** Commissioner Hugh Nystrom, Chairman of Investment Committee, Mr. Chris Caldwell, Ms. Tracy Foster, Commissioner Randy Smith and Commissioner Larsen Jay

IN RE: APPROVAL OF MINUTES OF FEBRUARY 25, 2019

Minutes were previously approved.

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>
Clyde E. Cowan	Sheriff	34 years 10 months	April 1, 2019
Dorothy M. Hurt	Sheriff	25 years 1 month	April 1, 2019
Gregory H. Stanley	Sheriff	26 years 3 months	April 1, 2019

A motion was made by Commissioner Anders 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. Mullinax 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>
John Autry	EPW	28 years 3 months	April 1, 2019
Michael Brown	Schools	11 years 1 month	April 1, 2019
Gene Farmer	Health	31 years 8 months	April 1, 2019
Linda Helms	ComSvc	19 years 0 months	April 1, 2019
Blanca Simonian	Health	16 years 6 months	April 1, 2019

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 Ms. Foster and approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

Ms. Bennett reported on the following:

- **Retirement Luncheon** – The retiree luncheon will be held on April 10, 2019, at Rothchild's.
- **NCPERS Conference in May** – NCPERS conference will be in May in Austin, TX. Commissioner Smith asked about the cost of the trip. Ms. Foster stated that it varies. Ms. Schroeder said a cost estimate can be done.
- **USI Education Meeting** – The USI money manager funds meeting will be held in Knoxville on October 3 to October 4, 2019.
- **Disability Committee Meeting** – Disability committee will meet April 15, 2019 at 3 p.m.

- **Document Committee Meeting** – The document committee will be setting up a time to meet to review the sunset provisions.

IN RE: PROPOSED OPERATING BUDGET FY 20

Ms. Bennett presented the proposed FY 20 operating budget. The budget was reviewed by the board. A motion was made by Commissioner Jay to defer voting on the budget until April's board meeting. The motion was seconded by Commissioner Anders and approved.

IN RE: REPORT OF INVESTMENT COMMITTEE

Commissioner Nystrom reported on the following items:

- **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.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings asked for an executive session with the Board, to follow completion of the rest of the items on today's agenda, to advise on threatened litigation.

Mr. Mason had no report.

IN RE: REPORT OF ACTUARY

Mr. Cross presented the actuarial valuation results.

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. Bennett:

FEE SCHEDULE

Invoices for FEB 2019 (Legal Invoices are approved for the previous Months Expense)	Fiscal 19 YTD Approved Invoices 01/31/2019	FEB Invoice For Approval	Fiscal 19 YTD Approved Invoices 02/28/2019
BENXL Invoice # 102845		\$3,200.00	
TOTAL BENXL	\$0.00	\$3,200.00	\$3,200.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #			
***TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$0.00	\$0.00	\$0.00
Owings, Wilson & Coleman Invoice #		\$0.00	
*** TOTAL OWINGS, WILSON & COLEMAN	\$254,918.41	\$0.00	\$254,918.41
JUSTICE, NOEL & BURKS Invoice #		\$0.00	
TOTAL JUSTICE, NOEL & BURKS	\$46,613.23	\$0.00	\$46,613.23
LEWIS THOMASON (Mary Ann Stackhouse) Invoice # 341604		\$0.00	
TOTAL LEWIS THOMASON	\$41,290.00	\$0.00	\$41,290.00
USI CONSULTING GROUP Invoice # 90027482 Invoice # 90026574		\$73,220.50 \$41,359.60	
TOTAL USI CONSULTING GROUP	\$284,857.67	\$114,580.10	\$399,437.77
Invoices for FEB 2019	\$563,639.45	\$117,780.10	\$746,459.41

*** Retainer not included in approved billings for the Board		<u>Fiscal 19 YTD</u>
Owings, Wilson & Coleman Retainer	\$4,000 per month	\$32,000.00
Kennerly Montgomery Retainer	\$12,000 per month	\$96,000.00
USI Quarterly Fee	\$37,000 per quarter	\$74,000.00
Court Reporter for Hearings		\$1,503.20
Fees Received from QDRO Participants	\$500 (DC Fee) \$2,000 (DB Fee)	\$1,500.00 \$0.00

*QDRO fee is Paid to Retirement Office which off sets the legal fee

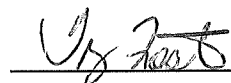
After review of the statement of accounts and invoices, a motion was made by Commissioner Anders that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Jay and approved.

ADJOURNMENT

After the executive session, Commissioner Nystrom asked if there was a motion to adjourn. Commissioner Anders made a motion to adjourn, which was seconded by Ms. Hemmelgarn, and the meeting was adjourned.



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



MS. TRACY FOSTER, SECRETARY

Attachments:

1. Oath of Office, Janet Samar
2. Oath of Office, Gabe Mullinax
3. Board Committees
4. USI Actuarial Valuation Presentation

OATH


Knox County Retirement and Pension Board

STATE OF TENNESSEE

COUNTY OF KNOX

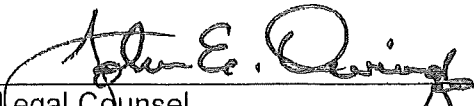
I, Janet Samar, having been selected to the Knox County Retirement and Pension Board, do solemnly swear that I will perform with fidelity the duties of a Board Member without prejudice, partiality or favor to the best of my skill and ability, so help me God.

Witness my hand this 25th day of March 2019



Janet Samar

Subscribed and sworn to before me
This 25th day of March 2019



Legal Counsel
Knox County Retirement and Pension Board

OATH

Knox County Retirement and Pension Board

STATE OF TENNESSEE

COUNTY OF KNOX


I, Gabe Mullinax, having been selected to the Knox County Retirement and Pension Board, do solemnly swear that I will perform with fidelity the duties of a Board Member without prejudice, partiality or favor to the best of my skill and ability, so help me God.

Witness my hand this 25th day of March 2019



Gabe Mullinax

Subscribed and sworn to before me
This 25th day of March 2019



Legal Counsel
Knox County Retirement and Pension Board

KNOX COUNTY RETIREMENT & PENSION BOARD COMMITTEES

<u>EXECUTIVE COMMITTEE</u>	<u>DISABILITY COMMITTEE</u>	<u>DOCUMENT COMMITTEE</u>	<u>TRUST INVESTMENT & ACTUARIAL STUDY COMMITTEE</u>
MAYOR GLENN JACOBS CHAIRMAN BY PROXY MR. CHRIS CALDWELL	COMMISSIONER LARSEN JAY CHAIRMAN	MS. JENNIFER HEMMELGARN CHAIRMAN	COMMISSIONER HUGH NYSTROM CHAIRMAN
COMMISSIONER HUGH NYSTROM VICE-CHAIRMAN	COMMISSIONER HUGH NYSTROM	MR. CHRIS CALDWELL PROXY FOR MAYOR JACOBS	MR. CHRIS CALDWELL PROXY FOR MAYOR JACOBS
MS. TRACY FOSTER SECRETARY	MS. TRACY FOSTER	COMMISSIONER BRAD ANDERS	MS. TRACY FOSTER
	MS. JENNIFER HEMMELGARN	MR. GABE MULLINAX	COMMISSIONER RANDY SMITH
	MR. GABE MULLINAX	MS. JANET SAMAR	COMMISSIONER LARSEN JAY



2019 CONTRIBUTION REQUIREMENTS

	2018 Actuarially Determined Contribution	2019 Actuarially Determined Contribution	Increase
Board of Education	475,234	754,318	279,084
Closed DB	3,152,605	3,610,832	458,227
UOPP	5,674,613	6,941,767	1,267,154
Disability	503,685	579,290	75,605



2019 CONTRIBUTION REQUIREMENTS

Change in Actuarially Determined Contribution due to:

	Asset	Liability	Mortality	Other	Total
	(Gain)/Loss	Assumption	Table	Assumption	
	(Gain)/Loss	Change	Assumption	Changes	
Board of Education	200,635	(114,848)	369,937	(176,640)	279,084
Closed DB	134,621	(50,842)	407,494	(33,046)	458,227
UOPP	621,360	499,349	1,384,414	(1,237,969)	1,267,154
Disability	194,231	(12,111)	4,282	(110,797)	75,605



UOPP

ALL ASSUMPTIONS FOR 2019 ARE THE SAME AS THOSE USED, AND DOCUMENTED IN THE 2018 VALUATION REPORTS, WITH THE EXCEPTION OF THE FOLLOWING

- * The mortality assumption was modified. The new table is the 140% of SOA RP-2014 Blue Collar Mortality Table, with MP-2018 projection for 6 years for annuitants and the SOA RP-2014 Blue Collar Mortality Table, fully generation with MP-2018 for non-annuitants
- * The retirement assumption was modified to a age/service rate table.
- * The Cola assumption was modified to 3.0% to age 62 and 3.1% after age 62.
- * The funding method was changed to restart the amortization bases at 1/1/2019, amortizing over a 25 year period.



CONSULTING GROUP

CLOSED COUNTY DEFINED BENEFIT PLAN

ALL ASSUMPTIONS FOR 2019 ARE THE SAME AS THOSE USED, AND DOCUMENTED IN THE 2018 VALUATION REPORTS, WITH THE EXCEPTION OF THE FOLLOWING

* The mortality assumption was modified. The new Table is the SOA RP-2014 Blue Collar Mortality Table (102% adjustment for males and 97% adjustment for females), with MP-2018 projection for 6 years for annuitants and the SOA RP-2014 Total Dataset Mortality Table, fully generation with MP-2018 for non-annuitants.



CONSULTING GROUP

BOARD OF EDUCATION

ALL ASSUMPTIONS FOR 2019 ARE THE SAME AS THOSE USED, AND DOCUMENTED IN THE 2018 VALUATION REPORTS, WITH THE EXCEPTION OF THE FOLLOWING

- * The mortality assumption was modified. The new Table is the SOA RP-2014 Blue Collar Mortality Table (102% adjustment for males and 97% adjustment for females), with MP-2018 projection for 6 years for annuitants.
- * The Cola assumption was modified to 2.50% per year.