

KNOX COUNTY RETIREMENT AND PENSION BOARD

May 28, 2019

The Knox County Retirement and Pension Board met in regular session on Tuesday, May 28, 2019, at 2:30 P.M. in the County Commission Conference Room 640, City-County Building, Knoxville, Tennessee.

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

Also present at the meeting were:

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

Legal Counsel: Mr. Bill Mason, Ms. Ashley Trotto, Mr. John Owings and Sarah Jarrard.

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

Others in attendance: Ms. Krysta Baig, Benefits, Wayne Sellars, Nationwide.

IN RE: CALL TO ORDER

Chairman Chris Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Ms. Bennett stated there were no revisions to the meeting agenda.

IN RE: APPROVAL OF MINUTES OF APRIL 22, 2019

Chairman Chris Caldwell presented the minutes for April 22, 2019. Commissioner Anders made a motion to approve the minutes for April 22, 2019, as written. The motion was seconded by Ms. Hemmelgarn and approved.

IN RE: APPLICATION OF DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN

ROBERT L. COX – Chairman Caldwell presented the application of disability for Robert Cox. Commissioner Jay made a motion to approve disability for Robert Cox. The motion was seconded by Ms. Hemmelgarn and approved.

CYNTHIA TURNER – Chairman Caldwell presented the application of disability for Cynthia Turner. Ms. Hemmelgarn made a motion to approve disability for Cynthia Turner. The motion was seconded by Commissioner Jay 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>
Lynne Fugate	Schools	8 years 0 months	June 1, 2019

Blenza Love	Schools	7 years	7 months	June 1, 2019
Paul Loy	PBA	26 years	0 months	June 1, 2019
Anniebell Ramsey	Schools	13 years	10 months	June 1, 2019
Virginia Shiverdecker	Schools	13 years	4 months	June 1, 2019

A motion was made by Commissioner Anders 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. Hemmelgarn and approved.

IN RE: OVERVIEW OF NCPERS CONFERENCE – JENNIFER SCHROEDER & JANET SAMAR

Ms. Schroeder reported on the NCPERS conference that was held in Austin, Texas. This conference focuses on public plans and trustee educational seminars. Ms. Schroeder stated that the conference is recommended for board members and trustees. They covered topics such as investment policies, asset allocation and benchmarking, as applied to governmental plans.

IN RE: CHAIRMAN’S DISCUSSION OF APPLICATION FOR VWRP

Chairman Caldwell stated the terms of the VWRP and the purpose of reducing payroll and positions. He stated that every elected official's office was given the opportunity to opt into the VWRP and every office chose to do so. Chairman Caldwell notified the Board of Ms. Bennett's application for the VWRP and discussed the succession plan for her position. He noted that the Board must opt into the VWRP for Ms. Bennett to participate. After brief statements by Ms. Bennett and Ms. Schroeder, they were asked to leave the meeting with the retirement office staff while the Board discussed Ms. Bennett's application and the proposal that Ms. Schroeder succeed her as Executive Director. After discussion, Chairman Caldwell asked for the Board's pleasure on the adoption and participation in the VWRP. Commissioner Anders made a motion to approve the adoption of VWRP for the retirement office. The motion was seconded by Commissioner Smith and approved.

The Board deferred the decision to approve or deny any VWRP applications from the retirement office staff, including Ms. Bennett's, until the June meeting, to give eligible employees in the retirement office an opportunity to apply.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Voluntary Workforce Reduction Program impact on Workload for Staff** – Ms. Bennett reported on the increased workload of the staff due to VWRP. Retirement calculations are being done by plan administrators and more applicants are wanting to review those calculations with plan advisors. There are 72 DC and 64 DB estimates for retirement related to VWRP. Commissioner Smith asked if estimates are available online.
- **Status on Disability Suspension Process** – Ms. Schroeder reported that eleven participants have had benefits suspended. Out of the eleven, three have been reinstated. Four are soon to be permanently terminated for failure to turn in required medical information.

IN RE: DOCUMENT COMMITTEE

- **Recommendation for Amendment and Restatement of the STAR Plan** – Chairman Caldwell presented the recommendation for the amendment and restatement of the STAR Plan to extend the current sunset date to December 31, 2024, and to make other changes.
- **Recommendation for Amendment and Restatement of the Employee Benefit System Plan** – Chairman Caldwell presented the recommendation for the amendment and restatement of the Employee Benefit System Plan to extend the current sunset date to December 31, 2024, and to make other changes.
- **Recommendation for Amendment and Restatement of the Employee Disability Benefit Plan** – Chairman Caldwell presented the recommendation for the amendment and restatement of the Employee Disability Benefit Plan.
- **Actuary Impact Letter** – Chairman Caldwell presented the actuarial impact letter from USI. The letter concluded that the amendments will not increase current cost and will not have any additional adverse actuarial impact to the County, System or Plans.

IN RE: FIRST READING FOR AMENDMENT AND RESTATEMENT OF SHERIFF'S TOTAL ACCUMULATION PLAN (STAR)

Chairman Caldwell presented first reading for amendment and restatement of the Sheriff's Total Accumulation Plan. A motion was made by Commissioner Anders to approve the first reading for the amendment and restatement of the Sheriff's Total Accumulation Plan. The motion was seconded by Mr. Mullinax and approved.

IN RE: FIRST READING FOR AMENDMENT AND RESTATEMENT OF EMPLOYEE BENEFIT SYSTEM

Chairman Caldwell presented first reading for amendment and restatement of the Employee Benefit System. A motion was made by Commissioner Anders to approve the first reading for the amendment and restatement of the Employee Benefit System. The motion was seconded by Ms. Hemmelgarn and approved.

IN RE: FIRST READING FOR AMENDMENT AND RESTATEMENT OF EMPLOYEE DISABILITY BENEFIT PLAN

Chairman Caldwell presented first reading for amendment and restatement of the Employee Disability Benefit Plan. A motion was made by Ms. Hemmelgarn to approve the first reading for the amendment and restatement of the Employee Disability Benefit Plan. The motion was seconded by Mr. Mullinax and approved.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **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.
- **Invesco Fund Change** – Commissioner Nystrom reported that Invesco has acquired Oppenheimer.

- **Asset Plan Loan Interest Rate Policy** – Commissioner Nystrom reported on the interest rate policy for the asset plan. A motion was made by Commissioner Nystrom to approve the asset plan loan interest policy. The motion was seconded by Commissioner Smith and approved.
- **Change of Interest Rate on Loans from 4% to 6%** - Ms. Bennett presented the investment committee proposal to change the interest rate for participant loans from the Asset Plan and STAR. The future loan interest rate would generally be calculated based upon the prime rate plus 0.5%. The current prime rate is 5.5% thus the interest rate would be 6%, effective July 1, 2019. A motion was made by Commissioner Nystrom to approve the change of interest rate on loan from 4% to 6% effective July 1, 2019. The motion was seconded by Commissioner Smith and approved. The investment committee will review the interest rate on loans in May each year.
- **Recommendation of adding funds from Investment Committee** – Commissioner Nystrom presented the Investment Committee recommendation of adding two additional Vanguard mutual funds to the DC plan investment options effective July 1, 2019:
 - Vanguard Total Stock Market Index Adm (VTSAX – Large Blend)
 - Vanguard Total International Stock Index Adm (VTIAX – Foreign Large Blend)
 A motion was made by Commissioner Smith to add the two Vanguard funds. The motion was seconded by Commissioner Jay and approved.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings had no report.

Mr. Mason had no report.

IN RE: REPORT OF ACTUARY

Mr. Cross had no report.

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 APR 2019 (Legal Invoices are approved for the previous Months Expense)	Fiscal 19 YTD Approved Invoices 04/30/2019	Apr Invoice For Approval	Fiscal 19 YTD Approved Invoices 05/31/2019	FY 19 Budget vs. Actual 5/31/2019
BENXL Invoice # 102942		\$2,200.00		Budget \$50,000.00
TOTAL BENXL	\$7,200.00	\$2,200.00	\$9,400.00	Expenses -\$9,400.00 Remaining Budget \$40,600.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #				\$0.00
***TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$0.00	\$0.00	\$0.00	\$0.00
Owings, Wilson & Coleman Invoice #		\$0.00		Additional Legal Costs Budget \$250,000.00
*** TOTAL OWINGS, WILSON & COLEMAN	\$263,124.34	\$0.00	\$263,124.34	Expense -\$263,124.34 Expense -\$46,613.23 Expense -\$41,290.00 Retmb \$379,954.90 Remaining Budget \$278,927.33
JUSTICE, NOEL & BURKS Invoice #		\$0.00		
TOTAL JUSTICE, NOEL & BURKS	\$46,613.23	\$0.00	\$46,613.23	
LEWIS THOMASON (Mary Ann Stackhouse) Invoice # 341804		\$0.00		
TOTAL LEWIS THOMASON	\$41,290.00	\$0.00	\$41,290.00	
USI CONSULTING GROUP Invoice # 90028917 Invoice # 90029019		\$45,054.67 \$39,600.00		Budget \$475,000.00 Expense -\$530,816.19
TOTAL USI CONSULTING GROUP	\$446,161.52	\$84,654.67	\$530,816.19	Remaining Budget -\$55,816.19
Invoices for APR 2019 REIMBURSEMENT FROM FIDUCIARY INSURANCE YTD TOTAL	\$563,539.45	\$86,854.67	\$891,243.76 (\$379,954.90) \$511,288.86	

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


		Fiscal 19 YTD
Owings, Wilson & Coleman Retainer	\$4,000 per month	\$44,000.00
Kennerly Montgomery Retainer	\$12,000 per month	\$132,000.00
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter	\$148,000.00
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

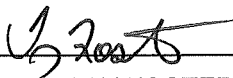
After review of the statement of accounts and invoices, a motion was made by Commissioner Jay that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Anders and approved.

ADJOURNMENT

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



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



MS. TRACY FOSTER, SECRETARY