

KNOX COUNTY RETIREMENT AND PENSION BOARD

June 24, 2019

The Knox County Retirement and Pension Board met in regular session on Monday, June 24, 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, Ms. Tracy Foster, Secretary, Commissioner Randy Smith, Commissioner Larsen Jay, Commissioner Brad Anders, Ms. Jennifer Hemmelgarn and Ms. Janet Samar. Mr. Gabe Mullinax was absent.

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross

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

Retirement Staff: Ms. Kim Bennett, Ms. Nyla Breshears, Ms. Terri Chase, Mr. Zack Cole, Ms. Mitzi Stooksbury, Ms. Debbie Slagle and Ms. Savannah Russell. Ms. Jennifer Schroeder attended by phone.

Others in attendance: Ms. Krysta Baig, Benefits, Mr. Wayne Sellars, Nationwide, Mr. Allen Sheets, Nationwide, Mr. Mike Steely, Knox Focus, Mr. Nick McBride, Register of Deeds, and Ms. Lysette Avilis, KCSO.

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Ms. Bennett stated there were revisions to the meeting agenda. The amended agenda was passed out to the Board.

IN RE: APPROVAL OF MINUTES OF MAY 28, 2019

Chairman Caldwell presented the minutes for May 28, 2019. Commissioner Nystrom made a motion to approve the minutes for May 28, 2019, as written. The motion was seconded by Commissioner Jay and approved.

IN RE: APPLICATION OF DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN

ROBERT LAWSON – Chairman Caldwell presented the application of disability for Robert Lawson. Commissioner Anders made a motion to approve disability for Robert Lawson. The motion was seconded by Ms. Samar 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>
Mildred Archer	Schools	12 years	10 months	July 1, 2019
Michael Baker	PBA	5 years	0 months	July 1, 2019
Irma Bowens	Schools	14 years	2 months	July 1, 2019
Norma Cooper	Schools	10 years	7 months	July 1, 2019
Janet Drumheller	ComSvcs	41 years	0 months	July 1, 2019
Lenna Hill	Health	32 years	9 months	July 1, 2019
Irma Humphrey	Schools	15 years	10 months	July 1, 2019
April Marcum	Schools	22 years	9 months	July 1, 2019
Brenda McFall	Schools	19 years	6 months	July 1, 2019
Sandra Morris	Schools	7 years	11 months	July 1, 2019
Joy O'Kain	Schools	9 years	11 months	July 1, 2019
Loren Payton	Schools	6 years	0 months	July 1, 2019
Ruth Pope	Schools	18 years	4 months	July 1, 2019
Sandra Rucker	Schools	11 years	0 months	July 1, 2019
Charlene Stevens	Schools	16 years	8 months	July 1, 2019
Ronald Waugh	Schools	26 years	7 months	July 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: CHAIRMAN'S DISCUSSION OF VWRP FOR BOARD OFFICE

Chairman Caldwell reported that there were two VWRP applications from the Board office: Kim Bennett and Debbie Slagle. He stated that Ms. Schroeder had spoken with all the Board members about the proposed restructuring of the office pending the approval of those applications. Commissioner Jay inquired as to the process for selection of a successor Executive Director. Mr. Owings responded that the Board had the authority to select a successor Executive Director and that could be done internally, without an outside search. He stated that the office has had an unwritten succession policy in place in the case of planned or sudden events. After some discussion, Chairman Caldwell stated the vote needed from the Board would be the approval of the two applications for VWRP. Ms. Hemmelgarn stated that such a vote would essentially be approving Ms. Schroeder's proposed restructuring of the office and questioned how that proposal reflected the findings of the recent work flow study. Ms. Schroeder stated that the work flow study indicated that additional checks and balances needed to be put in place. Among other adjustments, the retirement office added two additional positions for that purpose. Ms. Schroeder stated that those two employees have successfully passed their learning curves and are now able to process their work faster and have the time and experience to take on the additional tasks identified in the proposed restructuring plan.

A motion was made by Commissioner Anders to jointly accept and approve the VWRP applications for Ms. Slagle and Ms. Bennett. The motion was seconded by Commissioner Smith and approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Voluntary Workforce Reduction Program** – Ms. Bennett reported there have been approximately 135 to 140 retirement estimates completed. Commissioner Jay asked what the last day worked would be for the retirees. Ms. Bennett stated the last day would be July 19th.
- **Audit** – Ms. Bennett reported that the audit will be starting at the end of July by Pugh & Co. The exact date has not been set.

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

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

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

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

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

Chairman Caldwell presented second reading for amendment and restatement of the Employee Disability Benefit Plan. A motion was made by Commissioner Anders to approve the second reading for the amendment and restatement of the Employee Disability Benefit Plan. The motion was seconded by Ms. Samar 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.
- **New Vanguard Funds to be added effective July 1, 2019** – Commissioner Nystrom presented the approved Vanguard mutual funds to be added 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)

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings had no report.

Mr. Mason had no legal report but made a brief statement thanking Ms. Bennett for her service to the Board over the years and introducing Ms. Kathy Aslinger, who will be present at the July Board meeting in the absence of both Mr. Mason and Ms. Trotto.

IN RE: REPORT OF ACTUARY

Mr. Cross had no actuarial report but seconded Mr. Mason's comments about Ms. Bennett.

IN RE: NATIONWIDE INTRODUCTION

Mr. Wayne Sellers reminded the Board he would be retiring and introduced his replacement Mr. Allen Sheets.

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 JUN 2019 (Legal Invoices are approved for the previous Months Expense)	Fiscal 19 YTD Approved Invoices 05/31/2019	Apr Invoice For Approval	Fiscal 19 YTD Approved Invoices 06/30/2019	FY 19 Budget vs. Actual 6/30/2019
BENXL Invoice #		\$0.00		Budget \$50,000.00
TOTAL BENXL	\$9,400.00	\$0.00	\$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 Reimb \$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 # 341604		\$0.00		
TOTAL LEWIS THOMASON	\$41,290.00	\$0.00	\$41,290.00	
USI CONSULTING GROUP Invoice # 90029657 Invoice #		\$600.00 \$0.00		Budget \$475,000.00 Expense -\$531,416.19 Remaining Budget -\$56,416.19
TOTAL USI CONSULTING GROUP	\$530,816.19	\$600.00	\$531,416.19	
Invoices for JUN 2019 REIMBURSEMENT FROM FIDUCIARY INSURANCE YTD TOTAL	\$563,539.45	\$600.00	\$891,843.76 (\$379,954.90) \$511,888.86	

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


		Fiscal 19 YTD
Owings, Wilson & Coleman Retainer	\$4,000 per month	\$48,000.00
Kennerly Montgomery Retainer	\$12,000 per month	\$144,000.00
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 Nystrom 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 Jay 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