

## **KNOX COUNTY RETIREMENT AND PENSION BOARD**

**September 28, 2020**

The Knox County Retirement and Pension Board met in an electronic session on Monday, September 28, 2020, at 3:00 P.M. via electronic means and broadcast live at: <https://knoxcounty.zoom.us/2165259583> (by phone: 1-646-558-8656, Meeting ID 216 525 9583).

The following members were present: Chairman Chris Caldwell, Proxy for Mayor Jacobs, Commissioner Larsen Jay, Vice Chairman, Commissioner Randy Smith, Secretary, Commissioner Charles Busler, Commissioner Kyle Ward, Ms. Jennifer Hemmelgarn and Ms. Janet Samar. Mr. Gabe Mullinax was absent.

Also present at the meeting were:

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

Legal Counsel: Mr. Bill Mason, Ms. Ashley Trotto, Mr. John Owings and Ms. Stephanie Coleman

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

Others in attendance: Mr. Allen Sheets, Nationwide, Ms. Cindy Pionke, Human Resources, Mike Steely, Knox News, Lysette Aviles, Sheriff's Office, Ted Hotz, Pugh & Co, and Nick McBride, Register of Deeds.

### **IN RE: SWEARING IN OF NEW BOARD MEMBERS**

Legal counsel, Mr. John Owings, swore in the following new Board members: Commissioner Charles Busler, Commissioner Randy Smith and Commissioner Kyle Ward.

### **IN RE: CALL TO ORDER**

Chairman Caldwell presided and called the meeting to order. Chairman Caldwell read the official public notice for holding this electronic meeting, then asked for a motion determining the necessity of such meeting.

*"A determination is needed by the Board regarding electronic meetings pursuant to the Governor's Executive Order No. 16, executed on March 20, 2020, and recommendations from the Tennessee Comptroller of the Treasury, issued on March 20, 2020, and other applicable laws in effect. The Governor's Order allows government agencies to amend or rescind portions of the Tennessee Open Meetings Act regarding electronic meetings in lieu of in-person attendance and participation. The Comptroller's Office recommends that boards make a determination regarding the necessity of electronic meetings for continued function of government agencies and to protect public health, safety, and welfare during the outbreak of COVID-19. Such determination is to be placed on the record in the Board's minutes. May I have a motion for this determination and to record this determination in the Board's minutes?"*

Commissioner Smith made a motion to approve the electronic meeting. The motion was seconded by Commissioner Busler. A roll call vote was taken. The motion passed.

**NOMINATING COMMITTEE NOMINATIONS FOR OFFICERS AND VOTE**

The Nominating Committee consisted of Mr. Gabe Mullinax, Ms. Jennifer Hemmelgarn and Commissioner Larsen Jay. Ms. Hemmelgarn stated the Nominating Committee proposed the Executive Committee consist of Chris Caldwell, Chair; Larsen Jay, Vice Chair; and Randy Smith, Secretary. Commissioner Jay made a motion to approve the nominations. The motion was seconded by Ms. Hemmelgarn. A roll call vote was taken. The motion passed.

**IN RE: AMENDMENTS TO AGENDA**

Ms. Schroeder stated that there were no amendments to the agenda.

**IN RE: APPROVAL OF MINUTES OF AUGUST 24, 2020**

Chairman Caldwell presented the minutes for the board meeting held on August 24, 2020. Ms. Hemmelgarn made a motion to approve the minutes for August 24, 2020, as written. The motion was seconded by Commissioner Jay. A roll call vote was taken. The motion passed.

**CHAIRMAN APPOINTMENT OF COMMITTEES**

Mr. Caldwell appointed the committees as follows:

- **Disability Committee:** Commissioner Larsen Jay, Chairman of Disability Committee, Commissioner Charles Busler, Ms. Janet Samar, Mr. Gabe Mullinax and the employee representative elected in February.
- **Document Committee:** Ms. Jennifer Hemmelgarn, Chairman of Document Committee, Commissioner Kyle Ward, Mr. Chris Caldwell, Ms. Janet Samar and Mr. Gabe Mullinax
- **Investment and Actuarial Committee:** Commissioner Randy Smith, Chairman of Investment Committee, Commissioner Larsen Jay, Mr. Chris Caldwell, Ms. Jennifer Hemmelgarn and the employee representative elected in February.

**IN RE: APPLICATIONS FOR DISABILITY BENEFIT – EMPLOYEE DISABILITY PLAN**

The following applications for disability were presented for consideration:

| <u>NAME</u>    | <u>DEPARTMENT</u> | <u>DATE OF RECOMMENDATION FROM REEDGROUP</u> |
|----------------|-------------------|--|
| William Shular | EPW               | August 25, 2020                              |

A motion was made by Commissioner Jay to approve the applications for disability. The motion was seconded by Ms. Samar. A roll call vote was taken. The motion passed.

**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> |
|-----------------|-------------------|-------------------------|-----------------------|
| Brenda Caldwell | Schools           | 19 years 1 month        | October 1, 2020       |
| Carolyn Graham  | Schools           | 37 years 9 months       | October 1, 2020       |

|                        |                |                 |                  |                        |
|------------------------|----------------|-----------------|------------------|------------------------|
| <b>Debra Graves</b>    | <b>Schools</b> | <b>14 years</b> | <b>11 months</b> | <b>October 1, 2020</b> |
| <b>Kathryn Hillard</b> | <b>Health</b>  | <b>40 years</b> | <b>1 month</b>   | <b>October 1, 2020</b> |
| <b>Jane Lewis</b>      | <b>Schools</b> | <b>24 years</b> | <b>5 months</b>  | <b>October 1, 2020</b> |
| <b>Kathy Lewis</b>     | <b>SessCrt</b> | <b>11 years</b> | <b>8 months</b>  | <b>October 1, 2020</b> |
| <b>Brenda Mathis</b>   | <b>Sheriff</b> | <b>9 years</b>  | <b>1 month</b>   | <b>October 1, 2020</b> |
| <b>Rex Norman</b>      | <b>Schools</b> | <b>14 years</b> | <b>0 months</b>  | <b>October 1, 2020</b> |
| <b>William Yoakum</b>  | <b>Schools</b> | <b>22 years</b> | <b>11 months</b> | <b>October 1, 2020</b> |

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. Samar. A roll call vote was taken. The motion passed.

**IN RE: REPORT OF PUGH & COMPANY ON THE FY 20 AUDIT**

Mr. Ted Hotz reported on the status of the FY20 audit. He anticipates the report to be in a final draft form by November 30, 2020 for the Board to review.

**IN RE: REPORT OF EXECUTIVE DIRECTOR**

- **Update of COVID-19 Distributions and Loans** – Ms. Schroeder reviewed the data of COVID-19 distributions and loans.
- **Open Enrollment for Retiree Medical and Dental** – Ms. Schroeder stated that open enrollment for retirees will be between October 19 and November 13. On October 12, there would be a mass mailing to inform them of the open enrollment dates.
- **November and December Board Meeting Time Change** – Ms. Schroeder stated that the meetings in November and December are subject to change from 3 p.m. to 2 p.m. due to the Commission meeting schedule and the holidays. Some discussion ensued regarding whether to move the meeting time. The board consensus was that the Executive Director will move the meeting times to 2:00 p.m. and provide proper notice if the agenda length necessitates extra meeting time.
- **Retirement's New Logo** – Ms. Schroeder presented a new retirement brand logo. Commissioner Jay asked about the possibility of taking "pension" out of the name. Mr. Owings explained that the Board is named the "Knox County Retirement and Pension Board" in the Knox County Charter. This means that changing the name to remove the word pension would require a charter change.

**IN RE: REPORT OF INVESTMENT COMMITTEE**

- **Monthly Rates of Return** – Commissioner Smith presented the rates of return for the Defined Contribution and Defined Benefit Plans and stated the overall rates of return are in line with the respective markets.

Mr. Cross informed the Board on the topics of the fast recovery in lieu of the pandemic effects, a significant positive correlation in asset values and the general rebound of the market.

Commissioner Smith inquired if the market has recovered to a point that it has made up for lost time. Mr. Cross responded that even though there was an impact that the goal is to amortize the “smoothing” of gains and losses over time. Mr. Cross anticipates presenting to the Board the impact to the balance sheet for those gains and losses in the next month’s meeting.

**IN RE: REPORT OF LEGAL COUNSEL**

Mr. Owings had no report.

Mr. Mason reported on the new Board member’s orientation, CARES Act change in qualification rules for minimum required distributions (“MRD”), and in-service distribution avoidance for early withdrawal. Mr. Mason stated that he anticipates additional guidance will be forthcoming from the federal government. Once it is received, he intends to request scheduling a meeting with the document committee.

**IN RE: REPORT OF ACTUARY**

Ms. Trollope reported that 2020 MRDs are waived unless participants elect to take one, and USI will be doing the mailing for this. Ms. Trollope also reported on the progress enhancement of the website capabilities to run online estimates and distributions. The program will be similar to the current online loan process.

**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 2020<br>(Legal Invoices are approved for the previous Months Expense) | Fiscal 21 YTD Approved<br>Invoices 08/31/2020 | SEPT Invoices<br>For Approval | Fiscal 21 YTD Approved<br>Invoices 09/30/2020 | FY 21 Budget vs. Actual<br>9/30/2020 |
|---|---|-------------------------------|---|--------------------------------------|
| BENXL   |   |                               |   | Budget \$50,000.00                   |
| Invoice #   |   | \$0.00                        |   | Expenses \$0.00                      |
| <b>TOTAL BENXL</b>  | \$0.00  | \$0.00                        | \$0.00  | Remaining Budget \$50,000.00         |
| KENNERLY, MONTGOMERY & FINLEY, P.C.   |   |                               |   | \$2,000.00                           |
| Invoice # 217856  |   | \$500.00                      |   | Rec'd from Particip: \$500.00        |
| <b>TOTAL KENNERLY, MONTGOMERY &amp; FINLEY, P.C.</b>                                    | \$0.00  | \$500.00                      | \$500.00                                      | \$2,000.00                           |
| Owings, Wilson & Coleman  |   |                               |   | Budget \$52,000.00                   |
| Invoice #9943M Gilman   |   | \$1,737.50                    |   |                                      |
| Invoice # 9947M Glenn   |   | \$2,250.00                    |   |                                      |
| Invoice # 9942M Knox County vs. Etters  |   | \$16,010.13                   |   | Expense -\$47,033.18                 |
| <b>*** TOTAL OWINGS, WILSON &amp; COLEMAN</b>   | \$27,035.55                                   | \$19,997.63                   | \$47,033.18                                   | Remaining Budget \$4,966.82          |
| USI CONSULTING GROUP  |   |                               |   | Budget \$475,000.00                  |
| Invoice # 90042140  |   | \$24,932.25                   |   | Expense -\$88,195.34                 |
| Invoice #   |   | \$0.00                        |   |                                      |
| <b>TOTAL USI CONSULTING GROUP</b>   | \$63,263.09                                   | \$24,932.25                   | \$88,195.34                                   | Remaining Budget \$386,804.66        |
| <b>Invoices for SEPT 2020</b>   | <b>\$90,298.64</b>                            | <b>\$45,429.88</b>            | <b>\$135,728.52</b>                           |                                      |
| <b>*** Retainer not included in approved billings for the Board</b>                     |   |                               | <b>Fiscal 21 YTD</b>                          |                                      |
| Owings, Wilson & Coleman Retainer   | \$4,000 per month                             |                               | \$12,000.00                                   |                                      |
| Kennerly Montgomery Retainer  | \$12,000 per month                            |                               | \$36,000.00                                   |                                      |
| USI Quarterly Fee for DB Advisory Services  | \$37,000 per quarter                          |                               | \$37,000.00                                   |                                      |
| Fees Received from QDRO* Participants   | \$500 (DC Fee)                                |                               | \$500.00                                      |                                      |
|   | \$2,000 (DB 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 Ms. Hemmelgarn that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Ms. Samar. A roll call vote was taken. The motion passed.

**ADJOURNMENT**

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

*Chris Caldwell* – Approved at Electronic Meeting held on 10/26/2020

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MAYOR GLENN JACOBS, CHAIRMAN  
BY PROXY, CHRIS CALDWELL

*Randy Smith* – Approved at Electronic Meeting held on 10/26/2020

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COMMISSIONER RANDY SMITH, SECRETARY