

KNOX COUNTY RETIREMENT AND PENSION BOARD

November 15, 2021

The Knox County Retirement and Pension Board met in regular session on Monday, November 15, 2021, 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 Randy Smith, Secretary, Commissioner Charles Busler, Commissioner Kyle Ward, Mr. Gabe Mullinax and Mr. Jim Snowden. Mr. Chris Simons and Ms. Janet Samar were absent.

Also present at the meeting were:

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

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

Retirement Staff: Ms. Jennifer Schroeder, Ms. Terri Chase, Ms. Mitzi Stooksbury and Ms. Savannah Russell

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Chairman Caldwell reported that there was an amendment to the agenda to include COLA report.

IN RE: APPROVAL OF MINUTES OF OCTOBER 25, 2021

Chairman Caldwell presented the minutes for the board meeting held on October 25, 2021. Commissioner Busler made a motion to approve the minutes for October 25, 2021, as written. The motion was seconded by Mr. Mullinax. 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>
Richard McMahan	Schools	34 years 5 months	December 1, 2021

A motion was made by Commissioner Jay 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. Mullinax. 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>
Diane Derthick	Schools	12 years	11 months	December 1, 2021
Emily Dills	MPC	22 years	10 months	December 1, 2021
Anna Grigsby	Schools	20 years	6 months	December 1, 2021
Zandra Huckaby	Schools	19 years	2 months	December 1, 2021
Asa Fuller	Schools	6 years	9 months	December 1, 2021
Duane Mynatt	Schools	5 years	7 months	December 1, 2021
Audrey Nelson	Finance	12 years	3 months	December 1, 2021
Laura Underwood	CommSvcs	37 years	10 months	December 1, 2021
Debra Young	Finance	47 years	6 months	December 1, 2021

A motion was made by Mr. Mullinax 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 Commissioner Busler. All members present voted in favor. The motion passed unanimously.

IN RE: APPLICATION FOR RETIREMENT – UNIFORMED OFFICERS PENSION PLAN

The following application for retirement, as provided in the Uniformed Officers Pension Plan, was presented for consideration:

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CREDITED SERVICE</u>		<u>EFFECTIVE DATE</u>
Lisa Smith	Sheriff	27 years	7 months	December 1, 2021

A motion was made by Mr. Mullinax 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 Jay. All members present voted in favor. The motion passed unanimously.

IN RE: SECOND READING OF MERP ENHANCEMENT

Following review of the proposed action by Ms. Schroeder, Mr. Mullinax made a motion to approve the 2nd Amendment to the July 1, 2019 Restatement of the System, increasing the annual MERP employer matching contribution, on second reading. The motion was seconded by Commissioner Busler. All members present voted in favor. The motion passed unanimously. Ms. Schroeder noted that this amendment was approved pending the County Commission's approval of the amendment, to be sought later the same afternoon.

IN RE: SECOND READING OF SYSTEM AMENDMENT AND RESTATEMENT

Following review of the proposed action by Ms. Schroeder, Commissioner Busler made a motion to approve the Amendment and Restatement of the System document, making the changes described in the Summary of Proposed Amendments, attached to these minutes, on second reading. The motion was seconded by Commissioner Smith. All members present voted in favor. The motion passed unanimously.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Loan Program Updates** – Ms. Schroeder reviewed the updates to the loan program. These started November 1st to include the schools and to terminate the waiting period between loans. There have been 19 Schools participants who have taken a loan since the implementation of these changes last month.
- **Evaluation Team for Professional Auditing Services** – Ms. Schroeder informed the Board that she was part of the team evaluation audit firms for the County and the Board.
- **COLAs** – Ms. Schroeder reviewed the upcoming 2022 cost of living adjustments for the defined benefit plans. The DB plan is strictly 3% each year. UOPP and Teachers Plan will have a 3% COLA for Participants under age 62 and a 4% COLA for Participants over age 62, based on the CPI adjustment described in the Plan documents. A motion was made by Commissioner Jay to approve the COLA calculations, including the CPI adjustment for UOPP and Teachers. The motion was seconded by Mr. Mullinax. All members present voted in favor. The motion passed unanimously.

Commissioner Smith questioned the cost to the plans considering the increased COLA for UOPP and Teachers. Ms. Schroeder replied the COLAs were being processed and that she would report more in-depth cost information at the December meeting.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Re-Cap of Investment Committee Meeting from November 9th** - Commissioner Smith reported on the investment committee meeting which occurred November 9th. The Board discussed calling a special meeting of the Investment Committee to discuss Nationwide's fiduciary services.
- **USI Fund Changes** – Mr. Cross reviewed the recommended changes in funds. A motion was made by Commissioner Ward to approve the fund changes described in the Investment Committee's Summary and Recommendations, included in the Board packet and attached here by this reference. The motion was seconded by Commissioner Jay. All members present voted in favor. The motion passed unanimously.
- **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 respective markets. At the request of Commissioner Smith, Mr. Cross provided a brief review of the Horizon study and USI's recommendation that UOPP's assumed rate of return be lowered from 7.25% to 7%. He noted that he would bring this recommendation to the Board for further discussion and action in February 2022, following completion of the experience study.

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 ACCOUNTS

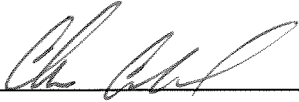
The following statement of accounts for professional services was presented for consideration and approval of payment, in accordance with agreements, audits and recommended for payment by Ms. Schroeder:

Invoices for NOV 2021 For FY 22 (Legal Invoices are approved for the previous Months Expense)	Fiscal 22 YTD Approved Invoices 10/31/2021	NOV Invoices For Approval	Fiscal 22 YTD Approved 11/30/2021	FY 22 Budget vs. Actual 11/30/2021
BENXL Invoice #		\$0.00		Budget \$50,000.00 From FY21 \$50,000.00 Expenses \$0.00 Remaining Budget \$100,000.00
TOTAL BENXL	\$0.00	\$0.00	\$0.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #		\$0.00		QDRO* \$2,000.00 Rec'd from Participa \$0.00 Expenses \$0.00 Remaining Budget \$2,000.00
TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$0.00	\$0.00	\$0.00	
Owings, Wilson & Coleman Invoice #		\$0.00		Budget \$100,000.00
Invoice # 9947M Glenn		\$0.00		
Invoice # 9942M Knox County vs. Etters	\$0.00	\$884.08		Expense -\$23,244.83
*** TOTAL OWINGS, WILSON & COLEMAN	\$22,360.75	\$884.08	\$23,244.83	Remaining Budget \$76,755.17
USI CONSULTING GROUP Invoice # 90059572		\$3,009.00		Budget \$475,000.00
Invoice #		\$0.00		Expense -\$69,992.50
TOTAL USI CONSULTING GROUP	\$66,983.50	\$3,009.00	\$69,992.50	Remaining Budget \$405,007.50
Invoices for NOV 2021 For FY 22	\$89,344.25	\$3,893.08	\$93,237.33	
*** Retainer not included in approved billings for the Board			Fiscal 22 YTD	
Owings, Wilson & Coleman Retainer	\$4,000 per month		\$20,000.00	
Kennerly Montgomery Retainer	\$12,000 per month		\$60,000.00	
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter		\$74,000.00	
Fees Received from QDRO* Participants	\$500 (DC Fee)		\$550.00	
	\$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 Smith that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Ward. All members present voted in favor. The motion passed unanimously.

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.



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



COMMISSIONER RANDY SMITH, SECRETARY

Attachments:

1. Investment Committee Recommendation
2. City COLA Letter

**Investment Committee
Summary and Recommendations**

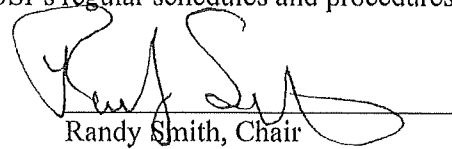
Proposed fund changes:

- USI has proposed the following change to the current standalone fund lineup for the Asset Accumulation Plan, 457 Plan, MERP, and STAR:
 - Replace Wells Fargo Emerging Markets Equity A with Goldman Sachs Emerging Markets Eq A (GEMAX)

- USI has proposed the following changes to the Ultra Aggressive Portfolio of the Asset Accumulation Plan, 457 Plan, MERP, Disability Plan, STAR, and the STAR 2% Employer Supplemental Plan:
 - Replace American Funds Fundamental Invs A/R3 with Pioneer A (PIODX)
 - Replace BNY Mellon Structured Midcap A with ClearBridge Mid Cap A (SBMAX)
 - Replace Columbia Acorn International A with Voya Multi-Manager International Sm Cp A (NTKLX)

- USI has proposed the following change to the Aggressive Portfolio of the Asset Accumulation Plan, 457 Plan, MERP, and STAR:
 - Replace Columbia Disciplined Growth A with AB Large Cap Growth A (APGAX)

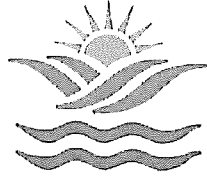
Recommendation: The Investment Committee recommends that the Board approve the fund changes identified above, to be implemented in accordance with USI's regular schedules and procedures.


Randy Smith, Chair

BOARD MEMBERS

Mayor Indya Kincannon
Lynne Fugate
Susan Gennoe
James Kennedy, Jr.
Stephen King
Jacob Mason
Alex Neubert
Dennis Owen
Twuanna Munroe Ward

CITY OF KNOXVILLE



PENSION BOARD

Kristi Fowler Paczkowski, CPA – Executive Director

STAFF

Whitney Bean
Amanda Bradley
Stephanie Cooper

November 12, 2021

Jennifer Schroeder
Executive Director
Knox County Retirement System
Room 371 City County Bldg
Knoxville, TN 37901

Dear Jennifer,

The post retirement benefit adjustment for employees retired under Plan B (Charter Section 1339) and Plan A (Charter Section 1360.30) has been determined to be:

Retired Employees/ Less than Age 62 on January 1, 2022 – 3% of the original (base) benefit

Employees age 62 or older on January 1, 2022 – 4% of the original (base) benefit

Only those employees or their beneficiaries who retired and began drawing benefits on or before **January 1, 2021** will have their benefit adjusted effective in January 2022.

The CPI-U increase measured from September 2020 to September 2021 was 5.4%. The Pension Board formally ratified this percentage during their meeting on November 12, 2021. Please call with any questions.

Sincerely,

A handwritten signature in black ink that reads "Kristi F. Paczkowski". The signature is written in a cursive, flowing style.

Kristi F. Paczkowski
Executive Director

cc: Kathy Aslinger, Esq.