

KNOX COUNTY RETIREMENT AND PENSION BOARD

May 23, 2022

The Knox County Retirement and Pension Board met in regular session on Monday, May 23, 2022, 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. Chris Simons and Ms. Janet Samar. Mr. Kevin Clark and Mr. Jim Snowden were absent.

Also present at the meeting were:

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

Legal Counsel: Ms. Ashley Trotto and Ms. Stephanie Coleman

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

Others in Attendance: Mr. Mike Steely, Knox Focus

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Chairman Caldwell reported that there are amendments to the agenda.

IN RE: APPROVAL OF MINUTES OF APRIL 25, 2022

Chairman Caldwell presented the minutes for the board meeting held on April 25, 2022. Commissioner Busler made a motion to approve the minutes for April 25, 2022, as written. The motion was seconded by Commissioner Jay. 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>
Terrie Close	Schools	9 years	11 months	June 1, 2022
Martha Dooley	Sheriff	24 years	3 months	June 1, 2022
John Harmon	Sheriff	17 years	6 months	June 1, 2022
Laura Honaker	CommSvcs	31 years	8 months	June 1, 2022
Phyllis Lowe	AttGen	31 years	9 months	June 1, 2022
Darko Puljiz	Schools	19 years	6 months	June 1, 2022

A motion was made by Ms. Samar 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 Mr. Simons. All members present voted in favor. The motion passed unanimously.

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>
James Henley	Sheriff	26 years 8 months	June 1, 2022

A motion was made by Commissioner Jay 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 Ms. Samar. All members present voted in favor. The motion passed unanimously.

IN RE: REPORT OF DOCUMENT COMMITTEE

Ms. Samar reported on two items discussed at the document committee meeting held May 11th. First, the proposed STAR amendment and restatement will remove the employer supplemental contribution (2%) and decrease the employer base contribution from 10% to 6%. The first reading will be held this Board meeting, May 23rd, and the second reading will be held in a special called board meeting on June 6th. The change will be effective July 1, 2022. Second, by action of the School Board on April 27, 2022, Schools is moving its classified employees to TCRS, pending Commission approval. If the transfer is approved, Schools staff has recommended that the Asset Plan and Disability Plan be amended to clarify that all classified Schools employees hired on or after July 1, 2022 will be ineligible to participate.

IN RE: REPORT OF DISABILITY COMMITTEE

Ms. Schroeder reported on the disability committee meeting held May 18th. The committee discussed clarification for disability eligibility pending the Schools transfer to TCRS. Additionally, the Committee discussed expanding the scope of ReedGroup services include paying monthly disability benefits. This would increase efficiency of check writing services and will potentially reduce costs.

Ms. Schroeder asked the Board to consider the disability committee recommendation to authorize the Executive Director to continue negotiations with Reed Group to expand the scope of services to include payment of monthly benefits. A motion was made by Commissioner Jay to authorize start of contract negotiation. The final contract is subject to legal counsel review and final authorization by the Board. The motion was seconded by Commissioner Smith. All members present voted in favor. The motion passed unanimously.

IN RE: FIRST READING OF PLAN AMENDMENT TO SHERIFF’S TOTAL ACCUMULATION PLAN

Ms. Schroeder reviewed the proposed amendment and restatement as follows: In an effort to recruit and retain officers, the Knox County Sheriff, in coordination with the mayor’s office, has proposed a reduction in the Employer contribution to STAR, to be implemented contemporaneously with STAR-

eligible officer raises. The amendment would allow more flexibility over current wages versus retirement savings in sworn officer positions. The amendment would decrease the total employer contribution from 12% (10% base contribution and 2% supplemental contribution) to 6% (6% base contribution and no supplemental contribution). The proposed STAR amendment, including the incorporation of the prior CARES Act amendment, was presented in a document committee meeting held May 11th. A motion was made by Commissioner Jay to approve the STAR amendment and restatement on first reading. The motion was seconded by Commissioner Smith. All members present voted in favor. The motion passed unanimously.

IN RE: RESOLUTION FOR PLAN AMENDMENTS TO EMPLOYEE BENEFIT SYSTEM AND DISABILITY PLAN

Ms. Schroeder summarized the proposed transfer of classified Schools employees to TCRS, as approved by the School Board, pending County Commission approval, and the Schools recommendation that the Board revise the Asset Plan and Disability Plan to clarify that no classified Schools employee hired on or after July 1, 2022 is eligible to participate, whether or not they enroll in TCRS. A motion was made by Mr. Simons to approve the resolution attached to these minutes authorizing the drafting of the proposed plan amendment and restatement, to be adopted on 2 readings in June. The motion was seconded by Ms. Samar. All members present voted in favor. The motion passed unanimously.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Special Meetings in June** – Ms. Schroeder stated that a special board meeting will be held Monday, June 6th at 3:00. The meeting will cover the second reading of STAR amendment and restatement, the first reading for the System and Disability Plan amendment and restatement, and the DB Plan valuations. She reported that a special called Investment Committee meeting would be held Monday, June 6th at 1:30pm to discuss Nationwide's SMART alliance program and fund line up.

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 respective markets.

Mr. Cross and Mr. Bronkhorst presented an analysis of the volatile market. The general consensus of investment professionals is to stay the course until the market improves. Inflation can cause positive and negative effects in the market. As interest rates rise, it can cause stabilization in demand and therefore stabilize prices. Mr. Cross recommended that the Board reduce in the assumed rate of return for UOPP from 7.25% to 7%. Following discussion on the effect of the reduction, a motion was made by Commissioner Jay to accept the reduction in UOPP's rate of return. The motion was seconded by Commissioner Ward. All members present voted in favor. The motion passed unanimously.

IN RE: REPORT OF LEGAL COUNSEL

Ms. Coleman had no report.

Ms. Trotto 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 May 2022 For FY 22 (Legal Invoices are approved for the previous Months Expense)	Fiscal 22 YTD Approved Invoices 04/30/2022	MAY Invoices For Approval	Fiscal 22 YTD Approved 5/31/2022	FY 22 Budget vs. Actual 5/31/2022
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 Particips \$2,550.00 Expenses \$1,800.00 Remaining Budget \$2,750.00
TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$1,800.00	\$0.00	\$1,800.00	
Owings, Wilson & Coleman Invoice #		\$0.00		Budget \$100,000.00
Invoice #		\$0.00		
Invoice # 9942M Knox County vs. Etters		\$8,012.50		Expense -\$57,237.88
*** TOTAL OWINGS, WILSON & COLEMAN	\$49,225.38	\$8,012.50	\$57,237.88	Remaining Budget \$42,762.12
USI CONSULTING GROUP Invoice # 90066755		\$23,218.75		Budget \$475,000.00
Invoice #		\$0.00		Expense -\$215,128.00
TOTAL USI CONSULTING GROUP	\$191,909.25	\$23,218.75	\$215,128.00	Remaining Budget \$259,872.00
Invoices for May 2022 For FY 22	\$242,934.63	\$31,231.25	\$274,165.88	

		Fiscal 22 YTD
*** Retainer not included in approved billings for the Board		
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
Fees Received from QDRO* Participants	\$500 (DC Fee)	\$550.00
	\$2,000 (DB & UOPP Fee)	\$2,000.00

*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 Busler. 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 Ward, and the meeting was adjourned.



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



COMMISSIONER RANDY SMITH, SECRETARY