

KNOX COUNTY RETIREMENT AND PENSION BOARD

December 16, 2019

The Knox County Retirement and Pension Board met in regular session on Monday, December 16, 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 Brad Anders, Commissioner Randy Smith, Commissioner Larsen Jay, Ms. Jennifer Hemmelgarn, Ms. Janet Samar and Mr. Gabe Mullinax. Ms. Tracy Foster, Secretary, 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, 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. Mike Steely, The Knoxville Focus

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Ms. Schroeder stated that an amended agenda was handed out.

IN RE: APPROVAL OF MINUTES OF NOVEMBER 18, 2019

Chairman Caldwell presented the minutes for November 18, 2019. Commissioner Jay made a motion to approve the minutes for November 18, 2019, as written. The motion was seconded by Mr. Mullinax and approved.

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> |
|--|--------------------------|--------------------------------|----------|------------------------------|
| Melissa Brown | Schools | 6 years | 1 month | December 1, 2019 |
| Timothy Loveday | Schools | 14 years | 5 months | January 1, 2020 |
| Vickie Treesh Ejups (Beneficiary of Donald Treesh) | Schools | 14 years | 9 months | January 1, 2020 |

A motion was made by Ms. Hemmelgarn to approve the applications for retirement under the Defined Benefit 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 and lump sum benefit. The motion was seconded by Commissioner Nystrom 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> |
|------------------|-------------------|-------------------------|-----------------------|
| Jennifer Ball | CommSvcs | 15 years 0 months | January 1, 2020 |
| Linda Broach | Schools | 32 years 5 months | January 1, 2020 |
| Gregory Hobby | Schools | 17 years 6 months | January 1, 2020 |
| Pennie Leeper | Schools | 20 years 7 months | January 1, 2020 |
| William McMillan | Schools | 7 years 5 months | January 1, 2020 |
| Anthony Morabito | Schools | 9 years 1 month | January 1, 2020 |
| Linda Randolph | Schools | 19 years 11 months | January 1, 2020 |
| Claude Shepard | PBA | 28 years 5 months | January 1, 2020 |
| Nancy Slice | Schools | 6 years 1 month | January 1, 2020 |

A motion was made by Commissioner Nystrom 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: 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> |
|------------------|-------------------|-------------------------|-----------------------|
| Kenneth Clabough | Sheriff | 28 years 10 months | January 1, 2020 |

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 Ms. Samar and approved.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Revised Board Meeting Schedule 2020** – Ms. Schroeder notified the Board of a Commission schedule change and the Board meeting for the month of March will be scheduled accordingly.
- **COLAs** – Ms. Schroeder reported the cost of living adjustments for the DB plans. Teacher’s Plan was provided in a letter from the city to be 1.7% for the year 2020. DB and UOPP is a 3% increase.

- **Audit** – Ms. Schroeder reported that the draft financials were received from the audit. The final audit report will be presented at the next board meeting.
- **Valuation** – Ms. Schroeder informed the Board that the valuations are in process, and she is in contact with USI for required reports.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Monthly Rates of Return** – Commissioner Nystrom 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.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings reported the motion to intervene will be heard on December 19, 2019, in Chancery court.

Mr. Mason had no legal report.

IN RE: REPORT OF ACTUARY

Mr. Cross reported the State of Tennessee updated certain policies, but these will not have a practical effect on the County. Mr. Cross said that he would propose amendments to the DB funding policies for consideration at the February Investment Committee meeting. Return on investments were reported respectively; DB 2.08%, Teachers 2.82% and UOPP 3.16%.

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. Schroeder:

| Invoices for DEC 2019 (Legal Invoices are approved for the previous Months Expense) | Fiscal 20 YTD Approved Invoices 11/30/2019 | DEC Invoice For Approval | Fiscal 20 YTD Approved Invoices 12/31/2019 | FY 20 Budget vs. Actual 12/31/2019 |
|--|---|------------------------------------|---|---|
| BENXL Invoice # | | \$0.00 | | Budget \$50,000.00 Expenses -\$6,000.00 Remaining Budget \$44,000.00 |
| TOTAL BENXL | \$6,000.00 | \$0.00 | \$6,000.00 | |
| 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 # 9943M Invoice # 9942M Knox County vs. Etters *** TOTAL OWINGS, WILSON & COLEMAN | | \$0.00 \$2,644.91 \$2,644.91 | | Budget \$25,000.00 Expense -\$29,353.89 Remaining Budget -\$4,353.89 |
| USI CONSULTING GROUP Invoice # 90033397 Invoice # | | \$23,103.50 \$0.00 | | Budget \$475,000.00 Expense -\$190,116.68 Remaining Budget \$284,883.32 |
| TOTAL USI CONSULTING GROUP | \$167,013.18 | \$23,103.50 | \$190,116.68 | |
| Invoices for DEC 2019 | \$199,722.16 | \$26,748.41 | \$225,470.67 | |

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

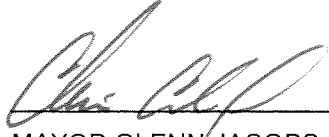
| | | <u>Fiscal 20 YTD</u> |
|--|------------------------------------|----------------------|
| Owings, Wilson & Coleman Retainer | \$4,000 per month | \$20,000.00 |
| Kennerly Montgomery Retainer | \$12,000 per month | \$60,000.00 |
| USI Quarterly Fee for DB Advisory Services | \$37,000 per quarter | \$74,000.00 |
| Fees Received from QDRO* Participants | \$500 (DC Fee) \$2,000 (DB Fee) | \$1,500.00 \$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 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 Jay, and the meeting was adjourned.



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



MS. TRACY FOSTER, SECRETARY