

KNOX COUNTY RETIREMENT AND PENSION BOARD

January 26, 2024

The Knox County Retirement and Pension Board met in regular session on Friday, January 26, 2023, at 1:00 P.M. in Room 640, City-County Building, Knoxville, Tennessee.

The following members were present: Chairman Chris Caldwell, Proxy for Mayor Jacobs, Commissioner Richie Beeler, Secretary, Commissioner Terry Hill, Commissioner Kyle Ward, Mr. Zac Fullerton, Mr. Matthew Schlosshan, Mr. Jim Snowden and Mr. Chris Simons. Commissioner Larsen Jay, Vice Chairman was absent.

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross, Brett Bronkhorst, Mr. Ralph Lehman and Ms. Jennifer Reynolds

Legal Counsel: Mr. Bill Mason, Ms. Ashley Trotto and Ms. Sarah Jarrard

Retirement Staff: Ms. Jennifer Schroeder, Ms. Nyla Breshears, Ms. Savannah Russell, Ms. Terri Chase and Ms. Faith Sullivan

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Chairman Caldwell reported there were no amendments to the agenda.

IN RE: APPROVAL OF MINUTES OF DECEMBER 18, 2023

Chairman Caldwell presented the minutes for the board meeting held on December 18, 2023. Commissioner Ward made a motion to approve the minutes for December 18, 2023, as written. The motion was seconded by Mr. Snowden. 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>
Robert Barker	Schools	35 years 6 months	February 1, 2024

A motion was made by Commissioner Ward 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 Commissioner Hill. 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>
Jackie Bell	Schools	11 years 7 months	February 1, 2024
Bernadine Blevins	Schools	35 years 5 months	February 1, 2024
Jeri Brooks	Schools	20 years 1 month	February 1, 2024
Doris Bush	Schools	26 years 5 months	February 1, 2024
Katy Davis	Sheriff	33 years 0 months	February 1, 2024
Frances Dykes	Health	15 years 6 months	February 1, 2024
Jerry Province	Schools	10 years 5 months	February 1, 2024
Martha Raby	Schools	17 years 10 months	February 1, 2024
Bruce Sherrod	Schools	26 years 4 months	February 1, 2024
Dancy Siegel	Schools	16 years 5 months	February 1, 2024
Chandra Sims	Schools	26 years 6 months	February 1, 2024
Michael Thomas	Health	30 years 8 months	February 1, 2024
Dennis Webster	Schools	44 years 4 months	February 1, 2024
Jeffrey Welch	MPC	38 years 7 months	February 1, 2024

A motion was made by Commissioner Ward 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. Fullerton. 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>
Julie Yates	Sheriff	27 years 1 month	February 1, 2024
James Jones	Sheriff	25 years 0 months	February 1, 2024

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

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Plan Amendments for the System and STAR** – Deferred to the February Board Meeting
- **457 Match Corrections** – Ms. Schroeder reported a calculation error that occurred on the 01/05/2024 payroll. Employees were over matched in their 457 accounts. 135 employees were affected, totaling

about \$37,000 which was pulled back. Participants were owed \$377.19 in lost earnings. Letters will be mailed to each employee affected.

- **Update on Loan Policies** – Deferred to the February Board Meeting
- **New enrollments for 457 and MERP**– Deferred to the February Board Meeting
- **State Street Potential Data Breach**– Deferred to the February Board Meeting
- **RFQ Update**– Deferred to the February Board Meeting
- **Valuation**– Deferred to the February Board Meeting

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Monthly Rates of Return** – Mr. Simons 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. Simons presented the Asset Reconciliation document that each Board Member was given.
- **Federated Hermes Capital Preservation Fund Change – Blackout period of March 8, 2024 to March 15, 2024** – Ms. Reynolds explained the third phase of this fund change will only affect the moderate portfolio. Participants will receive a fund change notice. Participants will not be able to move any money during the designated period.

IN RE: REPORT OF LEGAL COUNSEL

- **Owings, Wilson, & Coleman** – Ms. Jarrad informed the Board of an Executive Session immediately following the meeting. Board Members should be present.
- **Kennerly, Montgomery** – There was no report.

IN RE: REPORT OF ACTUARY

Mr. Cross introduced Jennifer Reynolds, a new employee.

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 JAN 2024 For FY 24 (Legal Invoices are approved for the previous Months Expense)	Fiscal 24 YTD Approved 12/31/2023	Invoices For Approval	Fiscal 24 YTD Approved 1/31/2024	FY 24 Budget vs. Actual 1/31/2024
BENXL Invoice #				Budget \$50,000.00
				Expenses -\$19,200.00
TOTAL BENXL	\$19,200.00	\$0.00	\$19,200.00	Remaining Budget \$30,800.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # 233569		\$0.00		QDRO* \$2,000.00
Invoice #		\$0.00		Rec'd from Participan -\$2,500.00
TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$1,300.00	\$0.00	\$1,300.00	Expenses \$1,300.00
				\$3,200.00
Owings, Wilson & Coleman Invoice # 9993M Rathbone		\$3,252.69		Budget \$125,000.00
Invoice # 9021M Ragon		\$1,868.76		
Invoice # 9942M Etters		\$2,237.50		
Invoice # 9012M Stachey		\$275.00		
Invoice # 9011M Kitts		\$275.00		Expense -\$33,523.46
*** TOTAL OWINGS, WILSON & COLEMAN	\$25,614.51	\$7,908.95	\$33,523.46	Remaining Budget \$91,476.54
USI CONSULTING GROUP Invoice # 90090599		\$5,250.00		Budget \$475,000.00
Invoice #		\$0.00		Expense -\$140,339.00
Invoice #		\$0.00		Remaining Budget \$334,661.00
TOTAL USI CONSULTING GROUP	\$135,089.00	\$5,250.00	\$140,339.00	
Invoices for JAN 2024 For FY 24	\$181,203.51	\$13,158.95	\$194,362.46	

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

	Fiscal 24 YTD
Owings, Wilson & Coleman Retainer	\$4,000 per month \$28,000.00
Kennerly Montgomery Retainer	\$12,000 per month \$84,000.00
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 & 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 Ward that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Hill. All members present voted in favor. The motion passed unanimously.

IN RE: PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

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



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



COMMISSIONER RICHIE BEELER, SECRETARY

1. Asset Reconciliation Document

Asset Reconciliation

	Closed DB	Teachers	UOPP
Beginning Balance (10/1/2023):	\$33,444,531.58	\$40,208,430.30	\$199,249,403.93
Contributions:	\$295,829.85	\$0.00	\$2,791,245.23
Distributions:	(\$1,474,108.35)	(\$1,578,207.67)	(\$3,672,937.83)
Gain/Loss:	\$2,529,646.05	\$3,229,621.34	\$16,806,174.03
Expenses:	(\$6,839.31)	(\$5,633.10)	(\$29,504.63)
Ending Balance (12/31/2023):	\$34,789,059.82	\$41,854,210.87	\$215,144,380.73

	401(a)	457(b)	MERP	STAR	STAR 2%	Disability
Beginning Balance (10/1/2023):	\$373,485,040.32	\$33,784,180.06	\$5,808,303.33	\$11,086,799.47	\$1,174,479.53	\$2,927,166.03
Contributions:	\$5,977,788.47	\$860,210.76	\$141,686.16	\$562,184.80	\$0.00	\$464,395.00
Distributions:	(\$5,873,685.99)	(\$508,675.28)	(\$112,975.92)	(\$46,828.83)	\$0.00	(\$155,147.89)
Loan Activity:	\$45,206.34	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Conversion Activity:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Forfeiture Activity:	(\$177,981.74)	\$0.00	\$0.00	(\$329,975.42)	(\$7.91)	\$0.00
Gain/Loss:	\$28,448,526.26	\$2,743,185.52	\$446,719.20	\$858,980.36	\$81,745.15	\$294,173.15
Expenses:	(\$136,055.33)	(\$17,378.93)	(\$6,029.71)	(\$8,140.45)	(\$486.22)	(\$26,337.60)
Ending Balance (12/31/2023):	\$401,768,838.33	\$36,861,522.13	\$6,277,703.06	\$12,123,019.93	\$1,255,730.55	\$3,504,248.69

*Asset values are subject to change due to transactions that may have been pending at the time this report was prepared. Please refer to your Trust or Custodial Statement for further details.

**Investment Committee
Summary and Recommendations**

USI proposed the following changes:

1. Various allocation changes, including addition of four (4) new funds, for the Closed DB and Teacher's Plan as described in the attached *Knox County Closed Defined Benefit Plan & Teacher's Plan Recommended Allocations*.
 - a. This recommendation is made pursuant to the Board's action in November 2023 approving a revised investment strategy and accompanying reduction in the assumed rate of return for both plans to 5%.
2. Various allocation changes for UOPP as described in the attached *Knox County Officer's Pension Plan Recommended Allocation Changes*.
3. Replacement of Schwab Bank Savings with Schwab Treasury Oblig. Money Ultra in the Disability Plan.
4. Adoption of amended and restated Investment Policy Statements for the Closed DB and Teacher's Plan to incorporate the allocation changes described above.
5. Adoption of an amended and restated Investment Policy Statement for STAR to reflect the Board's recent action to subject the 2% Supplemental Contribution to Participant direction.

Recommendation: The Investment Committee recommends that the Board consider and approve: (1) the allocation changes for the Closed DB and Teacher's Plans described in item 1 above; (2) the allocation changes for UOPP described in item 2 above; (3) the fund change for the Disability Plan described in item 3 above; (4) the amended and restated Investment Policy Statements for the Closed DB Plan, Teacher's Plan, and STAR as described in items 4 and 5 above.


Chris Simons, Chairman