

KNOX COUNTY RETIREMENT AND PENSION BOARD

February 24, 2020

The Knox County Retirement and Pension Board met in regular session on Monday, February 24, 2020, at 3:00 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, Ms. Tracy Foster, Secretary, Commissioner Brad Anders, Commissioner Randy Smith, Commissioner Larsen Jay, Ms. Jennifer Hemmelgarn and Ms. Janet Samar. Mr. Gabe Mullinax was 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 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, and Mr. Allen Sheets, Nationwide

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

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

IN RE: APPROVAL OF MINUTES OF JANUARY 27, 2020

Chairman Caldwell presented the minutes for January 27, 2020. Commissioner Anders made a motion to approve the minutes for January 27, 2020, as written. The motion was seconded by Commissioner Jay 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>
Steven Williams	Schools	13 years 1 month	February 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 Anders 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>
William Berry	Parks&Rec	28 years	4 months	March 1, 2020
Michael Freeman	Sheriff	12 years	8 months	March 1, 2020
Martha Graybeal	MPC	7 years	4 months	March 1, 2020
Robin Jones	Schools	15 years	6 months	March 1, 2020
Doris Martinson	ComSvcs	34 years	2 months	March 1, 2020

A motion was made by Ms. Foster 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: PUGH & COMPANY'S 3RD PARTY ACTUARY REVIEW OF UOPP

Pugh and Company selects a retirement plan every audit year to be reviewed by a third-party actuary. Ms. Schroeder presented the third party's report of UOPP. The third-party reviewed associated risks, which means the risk associated with investments with longevity, demographics, salary increases and expenses, and determined that USI selected actuarial assumptions with the aim to minimize those risks. The overall summary of the report stated, "All considered, the actuarial reporting appears to be sound and complete."

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Retiree Luncheon** – Ms. Schroeder reported the retiree luncheon will be held on April 7th, 2020.
- **Valuation** – Ms. Schroeder reported that the valuations had been done and were under review with USI. Projections will be presented at the next Board meeting.
- **Document Committee** – Ms. Schroeder stated that the Document Committee will meet March 24, 2020 at 2 p.m.
- **SECURE Act / UOPP Summary** – Ms. Schroeder reported that the UOPP provision permitting retired Officers to continue receiving monthly UOPP benefits during reemployment will sunset on June 30, 2020, to be discussed at the Document Committee meeting on March 24, 2020. Ms. Schroeder also reported on the SECURE Act, passed into law at the end of the last calendar year. She stated that the Act amended various internal revenue code sections applicable to the retirement System. She specifically noted that the beginning age for minimum required distributions has been increased from 70 ½ to age 72, effective January 1, 2020.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Monthly Rates of Return** – Chairman Caldwell 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

Ms. Coleman reported the Gilman's case for divorce in conservatorship was concluded.

Ms. Coleman reported on the Glenn bankruptcy case. The Knox County Retirement and Pension Board was listed as a creditor of Glenn's bankruptcy estate by the Petitioner. Owings, Wilson and Coleman objected to Glenn's bankruptcy plan for the Board. A hearing was held on February 5, 2020. An additional motion was filed related to the objections to the plan, and that hearing will be held on March 11, 2020.

Ms. Coleman reported the Knox County Retirement and Pension Board's Motion to Intervene in the Ethers case was heard in Chancery court on December 19, 2019, and was granted. A Motion to Dismiss was then filed for the Board on January 21, 2020. A hearing has been set for March 17, 2020, in Chancery court on the Motion to Dismiss.

Mr. Mason had no report.

IN RE: REPORT OF ACTUARY

Mr. Cross reported that the valuations and funding policies are under review. They are expecting to present at the next Board meeting.

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 FEB 2020 (Legal Invoices are approved for the previous Months Expense)	Fiscal 20 YTD Approved Invoices 1/31/2020	FEB Invoice For Approval	Fiscal 20 YTD Approved Invoices 02/29/2020	FY 20 Budget vs. Actual 2/29/2020
BENXL				Budget \$50,000.00
Invoice #		\$0.00		Expenses -\$6,000.00
TOTAL BENXL	\$6,000.00	\$0.00	\$6,000.00	Remaining Budget \$44,000.00
KENNERLY, MONTGOMERY & FINLEY, P.C.				\$0.00
Invoice #				
TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$0.00	\$0.00	\$0.00	\$0.00
Owings, Wilson & Coleman				Budget \$25,000.00
Invoice # 9943M Gilman		\$2,325.00		
Invoice # 9947M Glenn		\$7,522.44		
Invoice # 9942M Knox County vs. Eiters		\$28,980.17		Expense -\$93,142.91
*** TOTAL OWINGS, WILSON & COLEMAN	\$54,315.30	\$38,827.61	\$93,142.91	Remaining Budget -\$68,142.91
USI CONSULTING GROUP				Budget \$475,000.00
Invoice #		\$0.00		Expense -\$337,275.43
Invoice # 90035048		\$56,178.75		
TOTAL USI CONSULTING GROUP	\$281,096.68	\$56,178.75	\$337,275.43	Remaining Budget \$137,724.57
Invoices for FEB 2020	\$341,411.98	\$95,006.36	\$436,418.34	
*** Retainer not included in approved billings for the Board			Fiscal 20 YTD	
Owings, Wilson & Coleman Retainer	\$4,000 per month		\$32,000.00	
Kennerly Montgomery Retainer	\$12,000 per month		\$96,000.00	
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter		\$74,000.00	
Fees Received from QDRO* Participants	\$500 (DC Fee)		\$2,000.00	
	\$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 Commissioner Nystrom that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Anders and approved.

ADJOURNMENT

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

Chris Caldwell – Approved at Electronic Meeting held on 03/30/2020

MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL

Tracy Foster – Approved at Electronic Meeting held on 03/30/2020

MS. TRACY FOSTER, SECRETARY