

**KNOX COUNTY RETIREMENT AND PENSION BOARD**

**March 30, 2020**

The Knox County Retirement and Pension Board met in an electronic session on Monday, March 30, 2020, at 3:00 P.M. via electronic means and broadcast live at: <https://zoom.us/j/350724144> (by phone: 1-253-215-8782, Meeting ID 350 724 144).

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, Mr. Ralph Leeman, Mr. Michael Welz and Ms. Brenda Trollope

Legal Counsel: Mr. Bill Mason, Ms. Ashley Trotto, Mr. John Owings, Ms. Stephanie Coleman and Ms. Sarah Jarrard

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, Ms. Cindy Pionke, Knox County Human Resources, and Mr. Allen Sheets, Nationwide

**IN RE: CALL TO ORDER**

Chairman Caldwell presided and called the meeting to order. Chairman Caldwell read the following:

*“A determination is needed by the Board regarding electronic meetings pursuant to the Governor’s Executive Order No. 16, executed on March 20, 2020, and recommendations from the Tennessee Comptroller of the Treasury, issued on March 20, 2020, and other applicable laws in effect. The Governor’s Order allows government agencies to amend or rescind portions of the Tennessee Open Meetings Act regarding electronic meetings in lieu of in-person attendance and participation. The Comptroller’s Office recommends that boards make a determination regarding the necessity of electronic meetings for continued function of government agencies and to protect public health, safety, and welfare during the outbreak of COVID-19. Such determination is to be placed on the record in the Board’s minutes. May I have a motion for this determination and to record this determination in the Board’s minutes?”*

Ms. Foster made a motion to approve the electronic meeting. The motion was seconded by Commissioner Jay. A roll call vote was taken. The motion passed with 8 votes in favor and 1 absent.

**IN RE: AMENDMENTS TO AGENDA**

Ms. Schroeder stated that there was an amendment to the agenda. Commissioner Smith made a motion to approve the amended agenda. The motion was seconded by Ms. Hemmelgarn. A roll call vote was taken. The motion passed with 8 votes in favor and 1 absent.

**IN RE: APPROVAL OF MINUTES OF FEBRUARY 24, 2020**

Chairman Caldwell presented the minutes for February 24, 2020. Commissioner Nystrom made a motion to approve the minutes for February 24, 2020, as written. The motion was seconded by Ms. Hemmelgarn. A roll call vote was taken. The motion passed with 8 votes in favor and 1 absent.

**IN RE: APPLICATIONS FOR RETIREMENT – EMPLOYEE DISABILITY PLAN**

The following applications for disability were presented for consideration:

<b><u>NAME</u></b>	<b><u>DEPARTMENT</u></b>	<b><u>DATE OF RECOMMENDATION FROM REEDGROUP</u></b>
<b>Christopher Namowicz</b>	<b>Sheriff</b>	<b>03/30/2020</b>
<b>Tammy Strunk</b>	<b>Sheriff</b>	<b>03/30/2020</b>

A motion was made by Commissioner Anders to approve the applications for disability. The motion was seconded by Commissioner Jay. A roll call vote was taken. The motion passed with 8 votes in favor and 1 absent.

**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:

<b><u>NAME</u></b>	<b><u>DEPARTMENT</u></b>	<b><u>CREDITED SERVICE</u></b>	<b><u>EFFECTIVE DATE</u></b>
<b>Gwendolyn Buck</b>	<b>Schools</b>	<b>45 years 2 months</b>	<b>April 1, 2020</b>
<b>Bobby Horner</b>	<b>EPW</b>	<b>8 years 4 months</b>	<b>March 1, 2020</b>
<b>Patricia McCoig</b>	<b>Schools</b>	<b>6 years 2 months</b>	<b>April 1, 2020</b>
<b>Robert Walker Jr.</b>	<b>EPW</b>	<b>42 years 0 months</b>	<b>April 1, 2020</b>
<b>Shelia Weaver</b>	<b>Schools</b>	<b>8 years 8 months</b>	<b>March 1, 2020</b>

A motion was made by Ms. Hemmelgarn 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. Samar. A roll call vote was taken. The motion passed with 8 votes in favor and 1 absent.

**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:

<b><u>NAME</u></b>	<b><u>DEPARTMENT</u></b>	<b><u>CREDITED SERVICE</u></b>	<b><u>EFFECTIVE DATE</u></b>
<b>Tylenia Miller</b>	<b>Sheriff</b>	<b>27 years 8 months</b>	<b>April 1, 2020</b>

A motion was made by Commissioner Anders 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. A roll call vote was

taken. The motion passed with 8 votes in favor and 1 absent.

### **IN RE: FUNDING POLICIES**

- **Legal Funding Policy Memo** – Mr. Mason reported on the memo regarding legal funding policies. Tennessee Public Employee Defined Benefit Financial Security Act requires each DB plan by local government to have a funding policy in place. The policies and any amendments must be approved by the Tennessee Comptroller.
- **Funding Policy Overview** – Mr. Cross reported on the basic tenants of the funding policies. There is a set framework to ensure all future county employee contributions, investment gains/losses and current assets are sufficient to provide promised benefits to employees. It is a state requirement for each county to make required minimum determined contributions. This is in effort to control future volatility concerning contributions and to set a reasonable degree of stability for deposit amounts. Funding policy must support general public policy for accountability and transparency. The actuarial methodology used must be consistent with current actuarial standards. The methodology used for the funding policies is the individual entry age “normal” method. This is common and accepted for public service plans. The level dollar amortization process is required by the State of Tennessee. Some amortization processes permit amortization on percent of pay basis rather than the recommended “level dollar.”

An actuarial experience study is conducted every five (5) years. Actuarial assumptions are not included or reflected in the funding policies. Assumptions are recommended by the actuary and then approved by the board. With a funding policy, there are definitive steps to be taken, but at the same time a reasonable degree of flexibility. All funding policies, and any amendments thereto, have to be approved by the State of Tennessee.

- **Closed Defined Benefit Plan** – A motion was made by Commissioner Anders to approve the Closed Defined Benefit Plan funding policy. The motion was seconded by Ms. Hemmelgarn. A roll call vote was taken. The motion passed with 8 votes in favor and 1 absent.
- **Board of Education** – A motion was made by Commissioner Nystrom to approve the Board of Education funding policy. The motion was seconded by Commissioner Jay.

In discussion, Mr. Cross brought to the board’s attention that the deposit of the Board of Education will be the greater of the minimum determined contribution of the BoE plan or \$1.2 million dollars. Otherwise, the funding policy is identical to the county.

A roll call vote was taken. The motion passed with 8 votes in favor and 1 absent.

- **Uniformed Officers Plan** – A motion was made by Commissioner Anders to approve the Uniformed Officers Pension Plan funding policy. The motion was seconded by Commissioner Nystrom. A roll call vote was taken. The motion passed with 8 votes in favor and 1 absent.

**IN RE: REPORT OF EXECUTIVE DIRECTOR**

- **Office is Closed – Remote Work Plan** – Ms. Schroeder reported that the retirement office is closed due to COVID-19, and the employees are working remotely from their homes. Appointments with participants are also available upon request.
- **Retiree Luncheon Cancelled** – Ms. Schroeder reported the retiree luncheon will be cancelled due to COVID-19 concerns.
- **Budget will be presented in April** – Ms. Schroeder reported that the budget will be presented at the April board meeting.
- **Disability Recertifications Delayed/Suspended through June 1** – Ms. Schroeder reported that the current disability participants that need to be recertified are being delayed until June 1 to avoid adding to the strained healthcare system during the COVID-19 pandemic.

**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.

Mr. Cross and Mr. Welz, USI, reported on the market in wake of COVID-19.

**IN RE: REPORT OF LEGAL COUNSEL**

Mr. Owings reported that all hearings are suspended by Order of the Tennessee Supreme Court. The Tennessee Supreme Court Order currently in place is set to expire on April 30. Mr. Owings expects the hearing in the matter *Etters, et al., v. Knox County, Tennessee, et al.*, Knox County Chancery Court, Docket No. 198839-1, to be rescheduled by the Knox County Chancery Court sometime after the expiration of the Order. Prior to the Order of the Tennessee Supreme Court suspending in person hearings, motions to dismiss were filed by the Knox County Retirement and Pension Board (“Board”) and by Knox County, Tennessee, a response was received from the Plaintiffs, and a reply to the response is being prepared by both the Board and Knox County.

Mr. Mason reported on the CARES Act which authorizes optional amendments to suspend 2020 minimum required distributions, allows in-service distributions for COVID-19 reasons, and allows Plan loan flexibility. Mr. Mason recommended that the optional provisions be reviewed by the Document Committee.

**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 MAR 2020 <small>(Legal Invoices are approved for the previous Months Expense)</small>	Fiscal 20 YTD Approved Invoices 2/29/2020	MAR Invoice For Approval	Fiscal 20 YTD Approved Invoices 03/31/2020	FY 20 Budget vs. Actual 3/31/2020
BENXL				Budget \$50,000.00
Invoice #		\$0.00		Expenses -\$6,000.00
<b>TOTAL BENXL</b>	\$6,000.00	\$0.00	\$6,000.00	Remaining Budget \$44,000.00
KENNERLY, MONTGOMERY & FINLEY, P.C.				\$0.00
Invoice # 215480		\$500.00		
<b>TOTAL KENNERLY, MONTGOMERY &amp; FINLEY, P.C.</b>	\$2,000.00	\$500.00	\$2,500.00	-\$2,500.00
Owings, Wilson & Coleman				Budget \$25,000.00
Invoice #		\$0.00		
Invoice # 9947M Glenn		\$1,275.00		
Invoice # 9942M Knox County vs. Etters		\$379.00		Expense -\$94,796.91
<b>*** TOTAL OWINGS, WILSON &amp; COLEMAN</b>	\$93,142.91	\$1,654.00	\$94,796.91	Remaining Budget -\$69,796.91
USI CONSULTING GROUP				Budget \$475,000.00
Invoice # 90035509		\$12,968.75		Expense -\$350,244.18
Invoice #		\$0.00		Remaining Budget \$124,755.82
<b>TOTAL USI CONSULTING GROUP</b>	\$337,275.43	\$12,968.75	\$350,244.18	
<b>Invoices for MAR 2020</b>	<b>\$438,418.34</b>	<b>\$15,122.75</b>	<b>\$453,541.09</b>	
<b>*** Retainer not included in approved billings for the Board</b>			<b>Fiscal 20 YTD</b>	
Owings, Wilson & Coleman Retainer	\$4,000 per month		\$36,000.00	
Kennerly Montgomery Retainer	\$12,000 per month		\$108,000.00	
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter		\$74,000.00	
Fees Received from QDRO* Participants	\$500 (DC Fee)		\$2,500.00	
	\$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 Ms. Samar. A roll call vote was taken. The motion passed with 8 votes in favor and 1 absent.

**ADJOURNMENT**

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

*Chris Caldwell* – Approved at Electronic Meeting held on 04/27/2020

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MAYOR GLENN JACOBS, CHAIRMAN  
BY PROXY, CHRIS CALDWELL

*Randy Smith* – Approved at Electronic Meeting held on 04/27/2020

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SECRETARY