

KNOX COUNTY RETIREMENT AND PENSION BOARD

April 27, 2020

The Knox County Retirement and Pension Board met in an electronic session on Monday, April 27, 2020, at 3:00 P.M. via electronic means and broadcast live at: <https://zoom.us/j/97756063512> (by phone: 1-253-215-8782, Meeting ID 977 5606 3512).

The following members were present: Chairman Chris Caldwell, Proxy for Mayor Jacobs, Commissioner Hugh Nystrom, Vice Chairman, Commissioner Randy Smith, Secretary, Commissioner Brad Anders, Commissioner Larsen Jay, Ms. Jennifer Hemmelgarn, Ms. Janet Samar and Mr. Gabe Mullinax.

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 Mr. John Owings

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, Mr. Allen Sheets, Nationwide, Mr. Tom Spangler, Sheriff, Mr. Nick McBride, Register of Deeds, and Ms. Lysette Aviles, KCSO

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?”

Commissioner Anders made a motion to approve the electronic meeting. The motion was seconded by Commissioner Smith. A roll call vote was taken. The motion passed unanimously.

IN RE: AMENDMENTS TO AGENDA

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

IN RE: TRACY FOSTER’S RESIGNATION

Ms. Schroeder formally announced Ms. Foster’s resignation from the Pension Board and stated the need for a replacement Secretary and appointment of an election committee to oversee the election of a new Board member. Without objection, Chairman Caldwell appointed Commissioner Smith to serve as interim secretary.

Chairman Caldwell appointed Commissioner Jay, Ms. Hemmelgarn and Commissioner Nystrom to serve on the election committee.

IN RE: APPROVAL OF MINUTES OF MARCH 30, 2020

Chairman Caldwell presented the minutes for March 30, 2020. Commissioner Smith made a motion to approve the minutes for March 30, 2020, as written. The motion was seconded by Ms. Hemmelgarn. A roll call vote was taken. The motion passed unanimously.

IN RE: APPROVAL OF MINUTES OF APRIL 23, 2020

Chairman Caldwell presented the minutes for April 23, 2020. Mr. Mullinax made a motion to approve the minutes for April 23, 2020, as written. The motion was seconded by Commissioner Nystrom. A roll call vote was taken. 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>
Lezle Jenkins	Schools	15 years 0 months	May 1, 2020

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 unanimously.

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>
Tami Treece	Sheriff	19 years 7 months	May 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 Commissioner Nystrom. A roll call vote was taken. The motion passed unanimously.

IN RE: PLAN AMENDMENTS

Mr. Mason presented the UOPP amendment and restatement for second reading. He clarified that these are not requirements related to the CARES Act and that the amendment is to extend the UOPP provision permitting retired Officers to continue receiving UOPP benefits during a period of reemployment for an additional 5 years. Commissioner Smith asked that the language of the amendment and restatement

be clarified to limit the application of the provision to retired Officers reemployed in entry level, non-supervisory positions. The Sheriff had no objection to that clarification. In response to Commissioner Smith's questions, Mr. Mason stated his opinion that the amendment and restatement could be adopted on second reading, with the addition of the proposed language, since the language was clarifying and non-substantive. Mr. Owings agreed. Mr. Mason reminded the Board that the amendment and restatement also includes a few housekeeping changes that were made to other System Plans by previous actions of the Board to keep the Plans consistent. Mr. Mason stated that the amendment is in complete legal form and is ready for the Board's action and that the Actuary had determined that the UOPP amendment and restatement had no cost impact to the County. Commissioner Smith made a motion to approve the UOPP amendment and restatement, including the proposed clarifying language, on second reading. The motion was seconded by Commissioner Jay. A roll call vote was taken. The motion passed unanimously.

Mr. Mason presented the System amendments for second reading. The amendment suspends 2020 RMDs and permits "coronavirus-related" distributions in accordance with the CARES Act. The amendment also authorizes suspension of loan repayments in accordance with the CARES Act. Mr. Mason stated that the amendment is in complete legal form and is ready for the Board's action. The Actuary had determined that the System amendments had no cost impact to the County. Commissioner Nystrom made a motion to approve the System amendments on second reading. The motion was seconded by Mr. Mullinax. A roll call vote was taken. The motion passed unanimously.

Mr. Mason presented the STAR amendments for second reading. The amendment suspends 2020 RMDs and permits "coronavirus-related" distributions in accordance with the CARES Act. The amendment also authorizes suspension of loan repayments in accordance with the CARES Act. Mr. Mason stated that the amendment is in complete legal form and is ready for the Board's action. The Actuary had determined that the STAR amendments had no cost impact to the County. Commissioner Nystrom made a motion to approve the STAR amendments on second reading. The motion was seconded by Commissioner Anders. A roll call vote was taken. The motion passed unanimously.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Budget FY2021** – Ms. Schroeder presented the FY2021 budget. After discussion, Commissioner Jay made a motion to approve the FY2021 budget for the Knox County Retirement and Pension Office. The motion was seconded by Commissioner Smith. A roll call vote was taken. The motion passed unanimously.
- **Comptroller's Approval of Funding Policies** – Ms. Schroeder reported that a letter was received from the Tennessee Comptroller's Office with approval of the funding policies for each of the defined benefit plans.
- **Administrative Procedures for CARES Act Benefit** – Ms. Schroeder reviewed the outline in the Board packet regarding the working administrative procedures for the CARES Act benefits. Commissioner Nystrom made a motion to approve the administrative procedures for the CARES

Act benefits. The motion was seconded by Mr. Mullinax. A roll call vote was taken. The motion passed unanimously.

- **Nationwide CARES Act Benefit** – Ms. Schroeder reported that Nationwide can implement the same governing CARES Act procedures for their 457 plans. There are still meetings to be held with Nationwide and attorneys to establish limitations and administrative procedures. This will have to be communicated effectively between Nationwide, USI and the Retirement Office. Ms. Schroeder requested the authority to discuss procedures to be implemented with attorneys, Nationwide and USI. Mr. Mason highlighted the importance of treating the participant's accounts as if they were aggregated to ensure conformity across all plan balances. Mr. Owings stated that administrative meetings can take place and the information for those processes can be reviewed at the next board meeting.
- **Furlough** – Ms. Schroeder reviewed the furlough process as it relates to credited service. She recommended, consistent with the terms of the Plans, that the Board make a determination that for the period through July 31, 2020, any furloughed employee will receive credited service for the time that they are furloughed and do not have to pay into their account to receive that credited service. Mr. Mason stated since no compensation is received via paychecks that they would not have to contribute to the Plans while furloughed. A motion was made by Commissioner Anders that for the period through July 31, 2020, any furloughed employee receive credited service while they are furloughed without having to pay into their plan. The motion was seconded by Mr. Mullinax. A roll call vote was taken. The motion passed with seven votes in favor and one, Commissioner Nystrom, absent.
- **Plan for Re-opening the Retirement Office** – 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.

IN RE: REPORT OF INVESTMENT COMMITTEE

- **Monthly Rates of Return** – Mr. Cross 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 reported on the market in wake of COVID-19.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings reported that virtually all "in-person" hearings have been suspended by Order of the Tennessee Supreme Court. It is anticipated that in-person hearings will resume in June, if not before.

Mr. Mason 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 APRIL 2020 (Legal Invoices are approved for the previous Months Expense)	Fiscal 20 YTD Approved Invoices 03/31/2020	APR Invoice For Approval	Fiscal 20 YTD Approved Invoices 04/30/2020	FY 20 Budget vs. Actual 4/30/2020
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 # 215480		\$0.00		
TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$2,500.00	\$0.00	\$2,500.00	-\$2,500.00
Owings, Wilson & Coleman				Budget \$25,000.00
Invoice #9943M Gilman		\$337.50		
Invoice # 9947M Glenn		\$3,074.74		
Invoice # 9942M Knox County vs. Etters		\$6,923.75		Expense -\$105,132.90
*** TOTAL OWINGS, WILSON & COLEMAN	\$94,796.91	\$10,335.99	\$105,132.90	Remaining Budget -\$80,132.90
USI CONSULTING GROUP				Budget \$475,000.00
Invoice # 90036190		\$13,359.50		Expense -\$363,603.68
Invoice #		\$0.00		Remaining Budget \$111,396.32
TOTAL USI CONSULTING GROUP	\$350,244.18	\$13,359.50	\$363,603.68	
Invoices for APRIL 2020	\$453,541.09	\$23,695.49	\$477,236.58	
*** Retainer not included in approved billings for the Board			Fiscal 20 YTD	
Owings, Wilson & Coleman Retainer	\$4,000 per month		\$40,000.00	
Kennerly Montgomery Retainer	\$12,000 per month		\$120,000.00	
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter		\$111,000.00	
Fees Received from QDRO* Participants	\$500 (DC Fee)		\$3,000.00	
	\$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 Anders 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 seven votes in favor and one, Commissioner Nystrom, absent.

ADJOURNMENT

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

Chris Caldwell – Approved at Electronic Meeting held on 05/26/2020

MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL

Randy Smith – Approved at Electronic Meeting held on 05/26/2020

COMMISSIONER RANDY SMITH, SECRETARY