

KNOX COUNTY RETIREMENT AND PENSION BOARD

December 19, 2022

The Knox County Retirement and Pension Board met in regular session on Monday, December 19, 2022, at 3:00 P.M. in Room 640, City-County Building, Knoxville, Tennessee.

The following members were present: Chairman Chris Caldwell, Proxy for Mayor Jacobs, Commissioner Larsen Jay, Vice Chairman, Commissioner Richie Beeler, Secretary, Commissioner Kyle Ward, Commissioner Terry Hill, Mr. Chris Simons, Mr. Kevin Clark, Ms. Janet Samar and Mr. Jim Snowden.

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross and Mr. Austin Robinson

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

Retirement Staff: Ms. Jennifer Schroeder, Mr. Zack Cole, Ms. Savannah Russell and Ms. Terri Chase

Others in Attendance: Mr. Gary Mitchell, Pugh and Company

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: AMENDMENTS TO AGENDA

Chairman Caldwell reported that there were no amendments to the agenda.

IN RE: APPROVAL OF MINUTES OF NOVEMBER 21, 2022

Chairman Caldwell presented the minutes for the board meeting held on November 21, 2022. Mr. Snowden made a motion to approve the minutes for November 21, 2022, as written. The motion was seconded by Commissioner Jay. 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>
Shanna Cox	Schools	22 years 8 months	January 1, 2023

A motion was made by Commissioner Hill 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 Mr. Simons. 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>
Teresa Carringer	SessCrt	13 years	11 months	January 1, 2023
Denise Crawhorn	CommSvcs	11 years	0 months	January 1, 2023
Larry Hutsell	Health	20 years	1 month	January 1, 2023
Laurie Ireland	Schools	24 years	2 months	January 1, 2023
Pamela McWhirter	Schools	9 years	3 months	January 1, 2023
Sandra Perry	Health	25 years	1 month	January 1, 2023
Gail Riggins	CoClk	17 years	0 months	January 1, 2023
Paul Shuman	CommSvcs	44 years	9 months	January 1, 2023
William Smith	Schools	28 years	6 months	January 1, 2023
Kristina Spurling	Schools	18 years	2 months	January 1, 2023
Karen Williams	Schools	16 years	4 months	January 1, 2023

A motion was made by Ms. Samar 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. Snowden. 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>
Teddy Greene	Sheriff	28 years	9 months	January 1, 2023
Frank Nauss Jr	Sheriff	25 years	6 months	January 1, 2023
Shelli Lambert	Sheriff	35 years	2 months	January 1, 2023
Lynn Hall	Sheriff	29 years	1 month	January 1, 2023
Randall Travis	Sheriff	30 years	2 months	January 1, 2023
Kevin Holbert	Sheriff	28 years	9 months	January 1, 2023
James Wright	Sheriff	25 years	8 months	January 1, 2023

A motion was made by Commissioner Jay 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. Clark. All members present voted in favor. The motion passed unanimously.

IN RE: SECOND READING OF PLAN AMENDMENT AND RESTATEMENT FOR THE EMPLOYEE BENEFIT SYSTEM

Ms. Schroeder reviewed the proposed amendment and restatement as follows: (1) Increase RMD commencement age to 72 in accordance with the SECURE Act; (2) Simplify administration by limiting distribution options for spousal beneficiaries under the Asset Plan, 457 Plan, and MERP to fixed dollar installments, lump sum distribution and/or direct rollover; (3) Simplify administration by including a monthly distribution option in MERP; and (4) Make certain housekeeping changes (e.g., correct erroneous references and make certain conforming changes to keep defined contribution plans consistent).

A motion was made by Commissioner Hill to approve the amendment and restatement of the Employee Benefit System on second reading. The motion was seconded by Commissioner Beeler. All members present voted in favor. The motion passed unanimously.

IN RE: SECOND READING OF PLAN AMENDMENT AND RESTATEMENT FOR SHERIFF'S TOTAL ACCUMULATION RETIREMENT PLAN

Ms. Schroeder reviewed the proposed amendment and restatement as follows: (1) Increase RMD commencement age to 72 in accordance with the SECURE Act; (2) Simplify administration by limiting distribution options for spousal beneficiaries to fixed dollar installments, lump sum distribution and/or direct rollover; and (3) Make certain housekeeping changes (e.g., correct erroneous references and make certain conforming changes to keep defined contribution plans consistent).

A motion was made by Ms. Samar to approve the amendment and restatement of the Sheriff's Total Accumulation Retirement Plan on second reading. The motion was seconded by Mr. Simons. All members present voted in favor. The motion passed unanimously.

IN RE: SECOND READING OF PLAN AMENDMENT AND RESTATEMENT FOR THE UNIFORMED OFFICERS PENSION PLAN

Ms. Schroeder reviewed the proposed amendment and restatement as follows: Increase RMD commencement age to 72 in accordance with the SECURE Act.

A motion was made by Mr. Simons to approve the amendment and restatement for the Uniformed Officers Pension Plan on second reading. The motion was seconded by Ms. Samar. All members present voted in favor. The motion passed unanimously.

IN RE: AUDIT REPORT – PUGH AND COMPANY

Mr. Gary Mitchell of Pugh and Company stated that the audit for the Retirement and Pension Board is complete and an electronic copy is available in the Retirement and Pension Board Office. Mr. Mitchell presented an overview of the audit for period ending June 30, 2022, noting that a clean, unqualified opinion had been issued. Mr. Mitchell reviewed the governance letter and recapped the audit, stating overall the procedures and numbers are good and the audit ran smoothly. Mr. Mitchell noted that there was one compliance finding involving the record-keeper's failure to credit contributions to certain participant accounts during three payroll periods in December 2021 and January 2022. The error was corrected and the Retirement Office confirmed with the record-keeper that appropriate controls

have been set in place to avoid future errors. A motion was made by Commissioner Jay to approve the final audit. The motion was seconded by Mr. Snowden. All members present voted in favor. The motion passed unanimously.

IN RE: REPORT OF ELECTION COMMITTEE – Ms. Schroeder reminded the Board that the following individuals were appointed to the election committee: Mr. Ace Rule, Ms. Alison Rogers, Mr. Chris Simons, Commissioner Richie Beeler and Ms. Jennifer Schroeder. The recommendation of the election committee is to amend and restate the election procedure to designate employee representatives as follows: two (2) representatives from Knox County Government, excluding all Sheriff employees; one (1) representative from the Sheriff's office (participating in Asset, STAR, or UOPP); and one (1) representative from Schools. Attached is the recommended amended and restated election procedure.

A motion was made by Commissioner Jay to approve the amended and restated election procedure, as drafted. The motion was seconded by Ms. Samar. All members present voted in favor. The motion passed unanimously.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Update on Schools Communication for Classified Employees in the Asset Plan** – Ms. Schroeder stated that the finalized communication pieces were sent to current classified employees in the Asset plan. The presentation and any other information were put on the retirement website. All current Schools employees in the Asset plan will need to make an irrevocable election to either stay in the Asset plan or move to TCRS by January 31, 2023. So far 326 election forms have been received and 29 employees have elected to transfer to TCRS. That is about one third of the forms that have been received. Elections will be effective July 1, 2023.
- **Board Calendar for 2023** – Mr. Simons made a motion to approve the board meeting schedule for 2023. The motion was seconded by Commissioner Hill. All members present voted in favor. The motion passed unanimously. Ms. Schroeder informed the Board that the schedule will be posted and emailed.
- **Prior Military Service UOPP** – Ms. Schroeder reminded the Board of the appeals made by UOPP officers regarding prior military service. A document committee meeting will be scheduled to hear this matter this Spring. The officers chose to defer the matter until the upcoming retirement board election.
- **USI Quarterly Statements** – Ms. Schroeder reported on a feature on the USI website. When a participant elects to have an email in lieu of mailed quarterly statement, a notification will be emailed to the participant that statements are available online.
- **ReedGroup** – Ms. Schroeder reported that ReedGroup was recently acquired by Alight.

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.

IN RE: REPORT OF LEGAL COUNSEL

Mr. Owings reported that there would be a brief executive session after the board meeting.

Ms. Trotto reported that the IRS published its annual required amendment list, but that no amendments are required at this time.

IN RE: REPORT OF ACTUARY

Mr. Cross reported on the funding status of the plans.

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 Dec 2022 For FY 23 (Legal Invoices are approved for the previous Months Expense)	Fiscal 23 YTD Approved Invoices 11/30/2022	DEC Invoices For Approval	Fiscal 23 YTD Approved 12/31/2022	FY 23 Budget vs. Actual 12/31/2022
BENXL Invoice #		\$0.00		Budget \$50,000.00 From FY21 \$50,000.00 Expenses \$0.00 Remaining Budget \$100,000.00
TOTAL BENXL	\$0.00	\$0.00	\$0.00	
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # 227535				QDRO* \$2,000.00 Rec'd from Particips \$4,000.00 Expenses \$1,600.00 Remaining Budget -\$3,600.00
TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C.	\$1,600.00	\$0.00	\$1,600.00	
Owings, Wilson & Coleman Invoice # 9942M Etters Invoice # 9993M Rathbone Invoice # *** TOTAL OWINGS, WILSON & COLEMAN		\$1,262.29 \$4,267.50 \$0.00 \$5,529.79		Budget \$125,000.00 Expense -\$28,462.32 Remaining Budget \$96,537.68
USI CONSULTING GROUP Invoice # 90074755 Invoice #		\$250.00 \$0.00 \$250.00		Budget \$475,000.00 Expense -\$149,073.00 Remaining Budget \$325,927.00
TOTAL USI CONSULTING GROUP	\$148,823.00	\$250.00	\$149,073.00	
Invoices for Dec 2022 For FY 23	\$173,355.53	\$5,779.79	\$179,135.32	

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

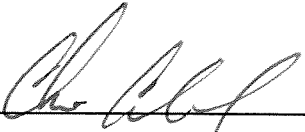
		Fiscal 22 YTD
Owings, Wilson & Coleman Retainer	\$4,000 per month	\$24,000.00
Kennerly Montgomery Retainer	\$12,000 per month	\$72,000.00
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter	\$74,000.00
Fees Received from QDRO* Participants	\$500 (DC Fee) \$2,000 (DB & UOPP Fee)	\$0.00 \$4,000.00

*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 Beeler that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Mr. Snowden. All members present voted in favor. The motion passed unanimously.

ADJOURNMENT

Chairman Caldwell asked if there was a motion to adjourn. Mr. Simons 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

Attachments:

- 1.) Election Committee Recommendation

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K N  X C O U N T Y
RETIREMENT & PENSION BOARD

Board Membership & Election Procedures

This procedure is intended to detail the process for electing members of the Knox County Retirement & Pension Board ("Board"), in accordance with Section 7.03D of the Knox County Charter.

Board Membership:

Knox County Charter, Section 7.03A, requires that the Board be made up of nine (9) members, as follows:

- The Mayor (who may be represented by a designee);
- Four (4) Commissioners; and
- Four (4) active Participants of the Knox County Retirement System ("Employee Representatives")

No Retirement Office employee shall be eligible to serve as a Board Member.

Term:

Knox County Charter, Section 7.03B-D, provides for the following membership terms:

- The Mayor serves concurrently with his term as Mayor.
- Commissioners serve four (4) year terms.
 - Terms begin in September.
 - Commission selects which four (4) Commissioners shall serve on the Board.
- Employee Representatives serve four (4) year terms.
 - Two (2) Employee Representatives are elected every two (2) years.
 - Terms begin in March.

In the event an Employee Representative resigns, dies, retires, or otherwise ceases to be eligible to serve on the Board and such occurrence takes place more than twelve (12) months prior to the expiration of his/her term, the Board shall conduct an election to fill the vacant seat for the remainder of the outgoing Employee Representative's term. The Board may conduct an election to fill a vacant seat with less than twelve (12) months remaining on the term in its discretion.

In the event a Commissioner resigns, dies, retires, or otherwise ceases to be eligible to serve on the Board, at any time, the Commission shall select another Commissioner to fill the vacant seat for the remainder of the outgoing Commissioner's term.

Employee Representatives

Classes:

In the interest of providing fair and adequate representation of Knox County employees, Employee Representatives have been split into three (3) categories:

1. 2 Representatives from Knox County Government excluding all Employees in the Sheriff Office
2. 1 Representative from the Sheriff's Office (Participating in Asset, STAR or UOPP)
3. 1 Representative from Schools

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In the event no qualified candidate is nominated for any seat designated above, the Election Committee shall declare the seat open and re-solicit nominations for any active Knox County Retirement System participant, regardless of employer.

Election Committee:

The Chairman of the Board, in coordination with the Executive Director, shall appoint an Election Committee at least 2 months prior to any regularly scheduled election. This time period may be shortened, as needed, for special elections.

The Election Committee shall include, at a minimum, 2 Board members, 2 independent Knox County employees and the Executive Director.

The Election Committee shall be responsible for conducting Board elections, including the following:

- Developing the nominating petition and determining its format (e.g., paper vs. electronic);
- Announcing upcoming elections;
- Creating and publishing instructions for interested candidates and voters;
- Creating and publishing a timeline for submission of nominating petitions;
- Determining voting locations, methods, dates and hours; and
- Establishing procedures for counting votes and reporting results to the Board;
- Establishing and implementing procedures for handling ties, run-offs, etc.

For efficiency and continuity of communication, the Election Committee may delegate certain ministerial actions required hereunder to the Executive Director.

Nomination Process:

All candidates running for an Employee Representative position must meet the following qualification criteria:

- Candidate must be a current Knox County employee who is actively participating in a Knox County Retirement System Plan (i.e., Closed DB, Asset Accumulation, STAR, or UOPP);
- Candidate must submit a nominating petition containing 15 signatures of current Knox County employees in the Candidate's representative category who are actively participating in a Knox County Retirement System Plan;
- Nominating petitions must be submitted prior to the deadline established and announced in advance by the Retirement Office.

Election:

Elections shall be held at the time and place and in the manner prescribed by the Election Committee. The Candidate receiving the most votes shall be elected and his or her name shall be promptly certified by the Election Committee and reported to the Retirement Office. The Retirement Office shall announce the winners by email to all Knox County employees.

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The Election Committee shall report to the Retirement Office the list of all other Candidates and the total number of votes received by each. Such information shall only be provided to Knox County employees on specific request or in the event of a dispute.

The winner(s) shall attend a new Board Member orientation session presented by the Executive Director, Legal Counsel and the Actuary/Investment Advisor. New Board Members will be sworn in at the first regularly scheduled Board Meeting following the election.

Administration:

The Board shall have the exclusive authority to resolve any and all questions or disputes arising under this Policy. This Policy may be revised, amended, supplemented or otherwise changed from time to time by the Board. The Board specifically reserves the right to waive formalities or permit nonconformities with this Policy provided it determines that such action does not result in an unfair or biased election.

Adopted:

Effective: