

KNOX COUNTY RETIREMENT AND PENSION BOARD

May 20, 2024

The Knox County Retirement and Pension Board met in regular session on Monday, May 20, 2024, 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 Terry Hill, Commissioner Kyle Ward, Mr. Jim Snowden, Mr. Matthew Schlosshan and Mr. Chris Simons. Mr. Zac Fullerton was absent.

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross and Ms. Jennier Reynolds

Legal Counsel: Mr. Bill Mason, Ms. Ashley Trotto and Ms. Stephanie Coleman

Retirement Staff: Ms. Jennifer Schroeder, 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 APRIL 22, 2024

Chairman Caldwell presented the minutes for the Board meeting held on April 22, 2024. Commissioner Ward made a motion to approve the minutes for April 22, 2024, as written. The motion was seconded by Mr. Snowden. 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> |
|----------------------------|--------------------------|--------------------------------|-----------|------------------------------|
| Glenna Bean | Schools | 5 years | 2 months | June 1, 2024 |
| Cindy Beckham | CommSvcs | 38 years | 4 months | June 1, 2024 |
| Kathy Bonds | Schools | 31 years | 8 months | June 1, 2024 |
| Mary Brubeck | Schools | 11 years | 7 months | June 1, 2024 |
| David Cheek | Health | 24 years | 4 months | June 1, 2024 |
| James Connatser | Schools | 16 years | 10 months | June 1, 2024 |
| Liliana De Bari De Webster | Schools | 7 years | 8 months | June 1, 2024 |
| Teresa Ferguson-Smith | Sessions | 25 years | 2 months | June 1, 2024 |
| Kathy Gifford | Health | 9 years | 0 months | June 1, 2024 |

| | | | | |
|--------------------|---------|----------|-----------|--------------|
| Wanda Hayes | PBA | 30 years | 6 months | June 1, 2024 |
| Mark Lett | CommSvc | 9 years | 11 months | June 1, 2024 |
| Charlene Lewis | Health | 23 years | 2 months | June 1, 2024 |
| Sylvia Owen | Schools | 7 years | 8 months | June 1, 2024 |
| Kathy Sims | Schools | 7 years | 8 months | June 1, 2024 |
| Martha Ward | Schools | 10 years | 6 months | June 1, 2024 |
| Geralynne Williams | Schools | 15 years | 9 months | June 1, 2024 |
| Jay Witt | CoClk | 5 years | 5 months | June 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. 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> |
|--------------------------------|-------------------|-------------------------|-----------|-----------------------|
| Kevin Harris | Sheriff | 26 years | 11 months | June 1, 2024 |
| Glenda Rickman | Sheriff | 25 years | 1 month | June 1, 2024 |
| (previously approved in April) | | | | |
| Matthew Sexton | Sheriff | 29 years | 6 months | June 1, 2024 |
| Mark Webber | Sheriff | 27 years | 6 months | June 1, 2024 |
| Brian Williams | Sheriff | 30 years | 0 months | June 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. Snowden. All members present voted in favor. The motion passed unanimously.

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

Following a summary by Ms. Schroeder, a motion was made by Commissioner Jay to approve the first reading of the Plan amendment and restatement for the Employee Benefit System. The motion was seconded by Commissioner Hill. All members present voted. The motion passed.

IN RE: FIRST READING OF PLAN AMENDMENT AND RESTATEMENT FOR THE SHERIFF’S TOTAL ACCUMULATION RETIREMENT PLAN

Following a summary by Ms. Schroeder, a motion was made by Commissioner Ward to approve the first reading of the Plan amendment and restatement for the Sheriff’s Total Accumulation Retirement

Plan. The motion was seconded by Commissioner Hill. All members present voted. The motion passed.

IN RE: FIRST READING OF PLAN AMENDMENT AND RESTATEMENT FOR KNOX COUNTY EMPLOYEE DISABILITY BENEFIT PLAN

Following a summary by Ms. Schroeder, a motion was made by Commissioner Ward to approve the first reading of the Plan amendment and restatement for the Knox County Employee Disability Benefit Plan. The motion was seconded by Commissioner Hill. All members present voted. The motion passed.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **Retirement Seminars** – The Retirement office hosted a Retirement seminar May 21, 2024, for Probate. The Retirement office will also host two Basics of Investing seminars on June 5, 2024, at 10 am and 3 pm. The PowerPoint presentation will be available online.
- **Update on RFQ for Legal Services** – Ms. Schroeder has completed the draft RFQ for legal services. She is awaiting the final copy from procurement. She is anticipating releasing it within the next two weeks.
- **Update on RFQ for Defined Contribution Services** – Ms. Schroeder and USI have come to a signed contract agreement.
- **Alight Disability Contract Renewal**– The Alight contract and rates are up for renewal, effective July 1, 2024. There was a significant rate decrease a year ago. The current monthly rate is \$25 per disability participant. The Retirement office averages about 54 participants per month. Alight will be increasing the monthly rate to \$76 per disability participant in year one, \$81 in year two, and \$87 in year three. Ms. Schroeder recaps the cost spent in 2022 was around \$114,000. The rate decreased in the middle of 2023, resulting in a total cost of ~\$55,000. This year, the cost is ~\$25,000. Ms. Schroeder stated that the proposed increase will still result in a savings from pre-2023 rates. The budget will need to be amended to add the increase for 2025. A motion was made by Commissioner Jay to approve the contract renewal and rate increase. The motion was seconded by Commissioner Beeler. All member present voted. The motion passed.
- **IN RE: REPORT OF INVESTMENT COMMITTEE**
- **Summary of Investment Committee Meeting on May 14, 2024** – Mr. Simons summarized the Investment Committee Meeting. The Committee discussed alternatives for the account balances currently held with Nationwide. The options were to freeze future contributions or transfer to the Knox County 457 Plan. The Investment Committee recommended transferring the 457 funds into the Knox County 457 Plan, in accordance with its written Summary and Recommendations which are attached to these minutes. This transfer of funds would essentially end the Board's relationship with Nationwide. A motion was made for Mr. Simons to accept the Investment Committee's recommendation to transfer the Nationwide account balances into the Knox County 457 Plan, with the market value adjustment to the fixed account being absorbed by Transamerica through adjustment of future crediting rates. The motion was seconded by Commissioner Jay. All members present voted. The motion passed.

- **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

- **Owings, Wilson, & Coleman** – There has been communication from class counsel regarding the Allianz case stating that a motion to approve the distribution is scheduled to be filed by May 21 or May 22, 2024. Regarding the Etters matter, the Board's motion to dismiss is being considered by the Court.
- **Kennerly, Montgomery** – There was no report

IN RE: REPORT OF ACTUARY

With respect to the increase in Alight's fees, Mr. Cross reminded the Board that it is saving between \$700,000 to \$800,000 annually by having a self-insured rather than fully insured Disability Plan.

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 MAY 2024 For FY 24 (Legal Invoices are approved for the previous Months Expense) | Fiscal 24 YTD Approved 4/30/2024 | Invoices For Approval | Fiscal 24 YTD Approved 5/31/2024 | FY 24 Budget vs. Actual 5/31/2024 |
|--|-------------------------------------|--------------------------|-------------------------------------|---|
| BENXL Invoice # | | | | Budget \$50,000.00 |
| TOTAL BENXL | \$19,200.00 | \$0.00 | \$19,200.00 | Expenses -\$19,200.00 Remaining Budget \$30,800.00 |
| KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice # 234606 | | \$0.00 | | QDRO* \$2,000.00 |
| Invoice # | | \$0.00 | | Rec'd from Participant -\$2,500.00 |
| TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C. | \$1,800.00 | \$0.00 | \$1,800.00 | Expenses \$1,800.00 \$2,700.00 |
| Owings, Wilson & Coleman Invoice # 9993M Rathbone | | \$0.00 | | Budget \$125,000.00 |
| Invoice # 9021M Ragon | | \$0.00 | | |
| Invoice # 9942M Eiters | | \$1,281.53 | | |
| Invoice # 9012M Stachey | | \$0.00 | | |
| Invoice # 9011M Kilts | | \$250.00 | | Expense -\$48,408.12 |
| *** TOTAL OWINGS, WILSON & COLEMAN | \$46,876.59 | \$1,531.53 | \$48,408.12 | Remaining Budget \$76,591.88 |
| USI CONSULTING GROUP Invoice # 90096306 | | \$34,281.75 | | Budget \$475,000.00 |
| Invoice # | | \$0.00 | | Expense -\$278,071.25 |
| Invoice # | | \$0.00 | | Remaining Budget \$196,928.75 |
| TOTAL USI CONSULTING GROUP | \$243,789.50 | \$34,281.75 | \$278,071.25 | |
| Invoices for MAY 2024 For FY 24 | \$311,666.09 | \$35,813.28 | \$347,479.37 | |

| *** Retainer not included in approved billings for the Board | | Fiscal 24 YTD |
|--|-------------------------|---------------|
| Owings, Wilson & Coleman Retainer | \$4,000 per month | \$44,000.00 |
| Kennerly Montgomery Retainer | \$12,000 per month | \$132,000.00 |
| USI Quarterly Fee for DB Advisory Services | \$37,000 per quarter | \$148,000.00 |
| 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 Jay that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Commissioner Ward. 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 Beeler, and the meeting was adjourned.



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



COMMISSIONER RICHIE BEELER, SECRETARY

1. Summary of Proposed Amendment and Restatement of the System, STAR, and Disability Plan
2. Investment Committee Summary and Recommendation

**Summary of Proposed
Amendment and Restatement of the System, STAR, and Disability Plan**

The following summarizes the proposed amendments to the System, STAR, and Disability Plan as anticipated by the Board's adoption of the Document Committee's recommendation on February 26, 2024, and additional discussion at the Board's April meeting:

System:

- Amend definition of "Employee" to include individuals employed by the Knoxville-Knox County Office of Housing Stability, effective for payrolls on and after January 1, 2024.
- Clarify that an employee of an office jointly established by the City of Knoxville and Knox County who is covered by any other retirement plan is not a member of the Eligible Class.
- Reflect new name of the Metropolitan Planning Commission (Knoxville-Knox County Planning Commission)

STAR: Adjust Normal Retirement Age from age 57 and 10 years of service to age 55 and 5 years of service.

As an additional housekeeping amendment to the System and STAR, we propose removing references to outside 457 Plan providers, effective July 1, 2024.

Disability Plan: To conform the Disability Plan definition to that reflected in the January 1, 2024 valuation presented and approved at the Board's April meeting, we also propose an amendment to the definition of Compensation to maintain consistency with UOPP and the BENXL recordkeeping system.

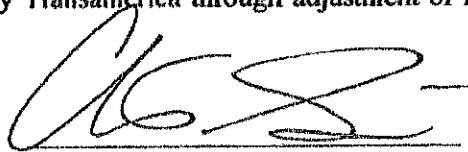
Revised redline drafts of the changes proposed above were included in the May Board packet.

**Investment Committee
Summary and Recommendations**

In connection with the Board's recent RFQ, the Nationwide and Knoxville Teachers Federal Credit Union outside 457(b) plans were closed to new enrollments and additional contributions, effective July 1, 2024. Active contributors to those plans were notified and commencing July 1, 2024, all new contributions will be made to the KCRS 457(b) Plan. In discussions with the Executive Director, legal counsel, and USI, Nationwide provided alternatives for the account balances currently held with Nationwide. The Committee discussed the following options:

1. Transfer all accounts to the KCRS 457(b) Plan
 - a. Former employees can elect to roll over to Nationwide, KCRS 457(b) or other IRA
 - b. Current employees would be automatically transferred
 - c. Fixed Account balances would transfer in a single lump sum, subject to market value adjustment, reducing the Transamerica crediting rate or transfer in 60 monthly installments without market value adjustment
 - d. All ties to Nationwide would be cut
2. Freeze the Plan to future contributions
 - a. Participants with Nationwide accounts would be permitted to keep them
 - b. Board could decide to transfer remaining balances to the KCRS 457(b) Plan at any time in the future
 - c. Board would retain fiduciary obligation to monitor the Nationwide Plan and its investments

Recommendation: The Investment Committee recommends that the Board consider and approve the transfer of all accounts to the KCRS 457(b) Plan as described in option 1 above, with the market value adjustment to the Fixed Account being absorbed by Transamerica through adjustment of its future crediting rates.


Chairman