

KNOX COUNTY RETIREMENT BOARD

September 23, 2024

The Knox County Retirement Board met in regular session on Monday, September 23, 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, Mr. Zac Fullerton, Secretary, Commissioner Terry Hill, Commissioner Shane Jackson, Commissioner Damon Rawls, Mr. Jim Snowden, Mr. Matthew Schlosshan and Mr. Chris Simons.

Also present at the meeting were:

USI Consulting Group: Mr. Bob Cross, Mr. Brett Bronkhorst, Mr. Ralph Lehman and Ms. Jennifer Reynolds

Legal Counsel: Ms. Ashley Trotto and Ms. Stephanie Coleman

Retirement Staff: Ms. Jennifer Schroeder, Ms. Terri Chase, Ms. Savannah Russell, Ms. Nyla Breshears and Ms. Faith Sullivan

IN RE: CALL TO ORDER

Chairman Caldwell presided and called the meeting to order.

IN RE: SWEARING IN OF NEW BOARD MEMBERS

- **Commissioner Shane Jackson** – Ms. Coleman swore in Commissioner Shane Jackson
- **Commissioner Damon Rawls**– Ms. Coleman swore in Commissioner Damon Rawls

IN RE: NOMINATING COMMITTEE NOMINATIONS FOR OFFICERS AND VOTE

Commissioner Jay made a motion to nominate Chris Caldwell as Chairman, Larsen Jay as Vice Chairman, and Zac Fullerton as Secretary. The motion was seconded by Mr. Schlosshan. The motion passed.

IN RE: APPOINTMENT OF COMMITTEES

Chairman Caldwell presented the Committees. The Executive Committee is as previously stated. The Disability Committee consists of Commissioner Jay, Chairman, Commissioner Jackson, Commissioner Rawls, Mr. Schlosshan and Mr. Simons. The Document Committee consists of Mr. Snowden, Chairman, Commissioner Hill, Mr. Caldwell, Mr. Fullerton and Mr. Schlosshan. The Investment Committee consists of Mr. Simons, Chairman, Commissioner Jay, Mr. Snowden, Mr. Fullerton and Mr. Caldwell.

IN RE: AMENDMENTS TO AGENDA

Chairman Caldwell reported there were no amendments to the agenda.

IN RE: APPROVAL OF MINUTES OF AUGUST 26, 2024

Chairman Caldwell presented the minutes for the Board meeting held on August 26, 2024. Commissioner Jay made a motion to approve the minutes for August 26, 2024, as written. The motion was seconded by Mr. Snowden. 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 application 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> |
|---------------|-------------------|-------------------------|-----------------------|
| Dale Mitchell | Schools | 37 years 2 Months | October 1, 2024 |

A motion was made by Commissioner Hill to approve the application 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. 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> |
|-------------------|-------------------|-------------------------|-----------------------|
| Frank Cameron | PropA | 24 years 1 month | October 1, 2024 |
| David Dalton | PropA | 8 years 1 month | October 1, 2024 |
| Suzanne Eubanks | Schools | 22 years 10 months | October 1, 2024 |
| Rhonda Keisler | Schools | 24 years 7 months | October 1, 2024 |
| Hubert Paul | PropA | 46 years 1 month | October 1, 2024 |
| Joseph Rickman | CommSvcs | 33 years 3 months | October 1, 2024 |
| Charles Seeber | Schools | 20 years 9 months | October 1, 2024 |
| Barry Simmons | JvClk | 14 years 4 months | October 1, 2024 |
| Robyn Trostle | CommSvcs | 14 years 8 months | October 1, 2024 |
| Michael Widner | PropA | 31 years 2 months | October 1, 2024 |
| Michelle Williams | Schools | 32 years 7 months | October 1, 2024 |

A motion was made by Mr. Snowden 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. Simons. All members present voted in favor. The motion passed unanimously.

IN RE: REPORT OF DOCUMENT COMMITTEE

Mr. Snowden informed the Board the Document Committee discussed the Sunset Provisions, Secure 2.0 amendments, loans, and other topics included in the recommendation. The Document Committee recommends that the Board take the following actions: Authorize preparation of amendments to the Asset

Plan and STAR to extend the sunset date for the 2% disability contribution through December 31, 2029; Authorize preparation of amendments to MERP to extend the sunset date for the match through December 31, 2029; Authorize preparation of amendments to the 457 Plan, as necessary, to implement Secure Act 2.0 relating to catch-up contributions and to add a Roth feature, effective January 1, 2025; Approve adoption of a 457 Plan Loan Program; Authorize preparation of an amendment to the Asset Plan to remove Early Retirement and to adjust the Normal Retirement age to 55 and 5 years of service; Approve the gradual transition to doing business as the "Knox County Retirement Board." Mr. Snowden made a motion to accept the recommendation of the Document Committee. The motion was seconded by Commissioner Jay. The motion passed.

IN RE: REPORT OF EXECUTIVE DIRECTOR

- **New Board Member Orientation** – Ms. Schroeder informed the Board that Commissioner Jackson and Commissioner Rawls attended the New Board Member Orientation at 1:30 pm, just prior to the Board meeting.
- **RFQ Legal Services**– Ms. Schoeder emailed each Board member the retainer letter from both firms, proposing new monthly retainer amounts. She noted that the firms have proposed an automatic 5% increase in their retainers for each fiscal year for five years, beginning July 1, 2025. A motion was made by Mr. Schlosshan to accept the retainer letters, as drafted. The motion was seconded by Commissioner Jay. The motion passed.
- **Medical and Dental Open Enrollment** – The open enrollment for retirees will be coordinated at the same time as the County. The dates will be October 21 through November 15, 2024.
- **Nationwide Transfer Update** – The final funds will be coming over from Nationwide. There is currently a blackout period. The funds were expected to transfer to USI by September 27, 2024.
- **NAGDCA Conference** - Ms. Schroeder summarized the conference. Meetings were held regarding how to reach out to participants, cyber security, Roth rollout, Washington updates, Secure 2.0, and several other topics. Ms. Schroeder also brought up the possibility of moving the monthly Board Meeting to quarterly meetings. Ms. Schroeder plans to present more information regarding quarterly meetings at the next Board Meeting. Mr. Jackson asked if there are any legal implications that requires the Board to meet monthly. Ms. Schroeder stated she would need to verify any legal implications.

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

- **Owings, Wilson, & Coleman** – Ms. Coleman welcomed the new Board Members.
- **Kennerly, Montgomery** – There was no report

IN RE: REPORT OF ACTUARY

Mr. Cross announced he will be going through the GASB Reports next month.

Mr. Bronkhorst reminded the Board of the Due Diligence Meeting being held on October 2, 2024, at Ruth Chris. The event will start at 7:30 am. Asset Managers of the DB and/or DC Plan will be present and presenting.

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 SEPT 2024 For FY 25 (Legal Invoices are approved for the previous Months Expense) | Fiscal 25 YTD Approved 8/31/2024 | Invoices For Approval | Fiscal 25 YTD Approved 9/30/2024 | FY 25 Budget vs. Actual 9/30/2024 |
|---|-------------------------------------|--|-------------------------------------|---|
| BENXL Invoice # | | | | Budget \$50,000.00 |
| TOTAL BENXL | \$5,200.00 | \$0.00 | \$5,200.00 | Expenses -\$5,200.00 Remaining Budget \$44,800.00 |
| KENNERLY, MONTGOMERY & FINLEY, P.C Invoice # 236791 (A.G.) Invoice # 237683 (R.L.) | | \$500.00 \$500.00 | | QDRO* \$2,000.00 Rec'd from Participant -\$3,000.00 Expenses \$1,500.00 |
| TOTAL KENNERLY, MONTGOMERY & FINLEY, P.C. | \$500.00 | \$1,000.00 | \$1,500.00 | \$3,500.00 |
| Owings, Wilson & Coleman Invoice # 9036M Ragon Invoice # 9942M Elters Invoice # 9012M Stachey Invoice # 9011M Kitts *** TOTAL OWINGS, WILSON & COLEMAN | | \$11,231.78 50.00 \$663.75 \$997.50 | | Budget \$100,000.00 |
| | \$12,758.44 | \$12,893.03 | \$25,651.47 | Expense -\$26,651.47 Remaining Budget \$74,348.53 |
| USI CONSULTING GROUP Invoice # 90100551 Invoice # 90100552 Invoice # | | \$39,540.00 \$1,500.00 \$0.00 | | Budget \$475,000.00 Expense -\$57,830.00 |
| TOTAL USI CONSULTING GROUP | \$16,790.00 | \$41,040.00 | \$57,830.00 | Remaining Budget \$417,170.00 |
| Invoices for SEPT 2024 For FY 25 | \$35,248.44 | \$54,933.03 | \$90,161.47 | |

| *** Retainer not included in approved billings for the Board | | Fiscal 25 YTD |
|--|---|----------------------------|
| Owings, Wilson & Coleman Retainer | \$4,000 per month | \$12,000.00 |
| Kennerly Montgomery Retainer | \$12,000 per month | \$36,000.00 |
| USI Quarterly Fee for DB Advisory Services | \$37,000 per quarter | \$37,000.00 |
| USI Disability Plan - Admin Fee | \$3,250 per quarter | \$3,750.00 |
| Fees Received from QDRO* Participants | \$500 (DC Fee) \$2,000 (DB & UOPP Fee) | -\$1,000.00 -\$2,000.00 |

*QDRO fee is Paid to Retirement Office which offsets the legal fee

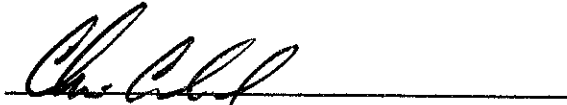
After review of the statement of accounts and invoices, a motion was made by Commissioner Jay that the Board authorize the payment indicated above to be paid from the designated Retirement Plans. The motion was seconded by Mr. Snowden. All members present voted in favor. The motion passed unanimously.

IN RE: PUBLIC COMMENT

There was no public comment.

ADJOURNMENT

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



MAYOR GLENN JACOBS, CHAIRMAN
BY PROXY, CHRIS CALDWELL



MR. ZAC FULLERTON, SECRETARY

1. Document Committee Summary and Recommendation

**Document Committee
Summary and Recommendations**

1. **2024 Sunset Provisions:**
 - a. **Asset Plan & STAR 2% Disability Contribution:** Participants disabled for the entire prior calendar year receive a 2% employer contribution to their Asset or STAR account. The Committee wishes to continue the provision for another 5 years.
 - b. **MFRP Match:** County matches 50% of the first \$832 contributed by Participants (maximum employer match of \$416/year). The Committee wishes to continue the match for 5 more years.
2. **457 Plan Secure Act 2.0 Amendments -- Mandatory if Catch-Up Contributions Are Allowed:**
 - a. **Catch-Up Contributions for Participants Aged 60-63:** Catch-up contribution limit increased to \$10k (or 150% of regular catch-up limit), effective January 1, 2025.
 - b. **Roth Catch-Up Contributions for High Earners:** Participants over age 50 with prior year compensation over \$145k, who make catch-up contributions, are required to make catch-ups to a Roth Account, effective January 1, 2026.
 - c. **Roth Feature:** Roth feature is required effective January 1, 2026. The Committee discussed adding the feature effective January 1, 2025.
3. **457 Loan Program:** The Committee discussed adding a 457 Plan loan program to provide Participants another loan source. Participants with at least 5 years of service would be permitted to borrow from pre-tax or Roth accounts, limited to one outstanding loan from all KCRS plans at a time, substantially similar to Asset/STAR loan programs.
4. **Asset Plan Early Retirement:** The Asset Plan provides the same benefit for Early Retirement at age 55 with 5 years of service and Normal Retirement at age 65 with 5 years of service. The Committee discussed simplifying the Plan by removing Early Retirement and adjusting the Normal Retirement age to 55 with 5 years of service.
5. **Board and Plan Name Changes:** The Committee discussed informally doing business as the "Knox County Retirement Board" to avoid confusion and/or negative associations with the word "Pension." Its full Charter-prescribed name will continue to be used for legal purposes. The Committee deferred for more discussion changing the name of the Medical Expense Retirement Plan (MERP) to help clarify that Participants are not limited to using funds for medical purposes.

Recommendations: The Document Committee recommends that the Board take the following actions in accordance with that summary:

1. Authorize preparation of amendments to the Asset Plan and STAR to extend the sunset date for the 2% disability contribution through December 31, 2029.
2. Authorize preparation of an amendment to MERP to extend the sunset date for the match through December 31, 2029.
3. Authorize preparation of amendments to the 457 Plan, as necessary, to implement Secure Act 2.0 relating to catch-up contributions and to add a Roth feature, effective January 1, 2025.
4. Approve adoption of a 457 Plan Loan Program.
5. Authorize preparation of an amendment to the Asset Plan to remove Early Retirement and to adjust the Normal Retirement Age to age 55 and 5 years of service.
6. Approve the gradual transition to doing business as the "Knox County Retirement Board."


Jim Snowden, Chair