

**KNOX COUNTY RETIREMENT BOARD**

**December 16, 2024**

The Knox County Retirement Board met in regular session on Monday, December 16, 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. Matthew Schlosshan, Mr. Jim Snowden and Mr. Chris Simons.

Also present at the meeting were:

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

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

Retirement Staff: Ms. Jennifer Schroeder, Ms. Savannah Russell, Ms. Nyla Breshears, Mr. Zack Cole and Ms. Faith Sullivan

Others in Attendance: Ms. Jaycee Schroeder

**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 NOVEMBER 18, 2024**

Chairman Caldwell presented the Minutes for the Board meeting held on November 18, 2024. Commissioner Jay made a motion to approve the Minutes for November 18, 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:

<b><u>NAME</u></b>	<b><u>DEPARTMENT</u></b>	<b><u>CREDITED SERVICE</u></b>		<b><u>EFFECTIVE DATE</u></b>
<b>Jerry Baker</b>	<b>Sheriff</b>	<b>22 years</b>	<b>0 months</b>	<b>January 1, 2025</b>
<b>Mariea Ewoldt</b>	<b>Schools</b>	<b>17 years</b>	<b>6 months</b>	<b>January 1, 2025</b>
<b>Robin Lane</b>	<b>Schools</b>	<b>11 years</b>	<b>7 months</b>	<b>January 1, 2025</b>
<b>Robert Yelverton</b>	<b>Schools</b>	<b>37 years</b>	<b>3 months</b>	<b>January 1, 2025</b>

A motion was made by Commissioner Jay 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 Commissioner Hill. 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>
Phillip Dalton	Sheriff	25 years 0 months	January 1, 2025
Adam Dorsey	Sheriff	32 years 5 months	January 1, 2025
Colleen Johnson	Sheriff	25 years 6 months	January 1, 2025
Roger Morgan Jr.	Sheriff	25 years 10 months	January 1, 2025
Sonya Robertson	Sheriff	30 years 7 months	January 1, 2025
Jimmy Wright	Sheriff	33 years 7 months	January 1, 2025

A motion was made by Mr. Schlosshan to approve the applications for retirement under the Uniformed Officers Pension Plan as presented and to authorize the Trustee, State Street Bank, to make payment of the monthly benefits. The motion was seconded by Commissioner Jay. 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 directed the Board to the Summary of Proposed Amendments and Restatement of the System and STAR, included in the Board packet, and asked if there were comments or questions. Hearing none, a motion was made by Commissioner Jay to approve the second reading of the Plan Amendment and Restatement for the employee benefit system ("System"). The motion was seconded by Mr. Snowden. All members voted in favor and the motion passed unanimously.

Ms. Schroeder reminded the Board that the Amendment and Restatement of the System and STAR would need to be approved by Commission and informed the Board that those items would be on the Commission's consent agenda.

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

A motion was made by Mr. Schlosshan to approve the second reading of the Plan Amendment and Restatement for Sheriff's Total Accumulation Retirement Plan. The motion was seconded by Commissioner Jay. All members voted in favor and the motion passed unanimously.

**IN RE: REPORT OF EXECUTIVE DIRECTOR**

- **Earnings While Disabled Offset Procedure** – Ms. Schroeder directed the Board to the Earnings While Disabled Offset Procedure, included in the Board Packet. She reported that the legal team drafted the procedure in coordination with the actuaries at USI. A motion to accept the Earnings While Disabled

Offset Procedure, as drafted, was made by Commissioner Jay. The motion was seconded by Mr. Fullerton. All members voted in favor and the motion passed unanimously.

- **Roth Communication** – Information regarding the new Roth Option was emailed to employees.
- **Teachers COLA Letter from the City**– The COLA amount is 2.4% for the Teacher's Plan. Ms. Schroeder reminded the Board that the COLA amount for the DB Plan and UOPP is 3%. A motion was made by Commissioner Hill to approve the Teacher's Cola amount. The Motion was seconded by Mr. Simons.
- **Required Minimum Distributions**– USI has calculated the required minimum distributions. Participants have been notified. At the end of December, for anyone that has not replied, the distribution will automatically be taken to remain in compliance with the IRS.

#### **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** Mr. Owings reported that the hearing on the Board's motion to dismiss in the Ragon Case has been rescheduled for January 6, 2025.
- **Kennerly, Montgomery** – There was no report.

#### **IN RE: REPORT OF ACTUARY**

Mr. Cross reported the 20 year projection, GASB numbers, and an update on the closed County plans. The report was included in the Board Packet for each Board Member.

#### **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 NOV 2024 For FY 25 (Legal Invoices are approved for the previous Months Expense)	Fiscal 25 YTD Approved 10/31/2024	Invoices For Approval	Fiscal 25 YTD Approved 11/30/2024	FY 25 Budget vs. Actual 11/30/2024
BENXL Invoice #				Budget \$50,000.00
				Expenses -\$5,200.00
<b>TOTAL BENXL</b>	\$5,200.00	\$0.00	\$5,200.00	Remaining Budget \$44,800.00
KENNERLY, MONTGOMERY & FINLEY, P.C. Invoice #				QDRO* \$2,000.00
Invoice #				Rec'd from Participant -\$3,500.00
<b>*TOTAL KENNERLY, MONTGOMERY &amp; FINLEY, P.C.</b>	\$1,500.00	\$0.00	\$1,500.00	Expenses \$1,500.00
				Remaining Budget \$4,000.00
Owings, Wilson & Coleman Invoice # 9038M Ragon		\$612.50		Budget \$100,000.00
Invoice # 9012M Stachey				
Invoice # 9011M Kitts				Expense -\$28,247.59
<b>*** TOTAL OWINGS, WILSON &amp; COLEMAN</b>	\$27,635.09	\$612.50	\$28,247.59	Remaining Budget \$71,752.41
USI CONSULTING GROUP Invoice # 90102797		\$755.00		Budget \$475,000.00
Invoice # 90103261		\$11,300.00		Expense -\$120,495.50
Invoice # 90103262		\$3,250.00		Remaining Budget \$354,504.50
<b>TOTAL USI CONSULTING GROUP</b>	\$105,190.50	\$15,305.00	\$120,495.50	
<b>Invoices for NOV 2024 For FY 25</b>	<b>\$139,525.59</b>	<b>\$15,917.50</b>	<b>\$155,443.09</b>	

<b>** Retainer not included in approved billings for the Board</b>		<b>Fiscal 25 YTD</b>	
Owings, Wilson & Coleman Retainer	\$4,000 per month (July - Sept)	\$12,000.00	\$22,000.00
	\$5,000 per month (Oct - June)	\$10,000.00	
Kennerly Montgomery Retainer	\$12,000 per month (July - Sept)	\$36,000.00	\$66,000.00
	\$15,000 per month (Oct - June)	\$30,000.00	
USI Quarterly Fee for DB Advisory Services	\$37,000 per quarter	\$74,000.00	
USI Disability Plan - Admin Fee	\$3,250 per quarter	\$7,500.00	
Fees Received from QDRO* Participants	\$500 (DC Fee)	-\$1,500.00	
	\$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 Mr. Simons. 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, and the meeting was adjourned.



MAYOR GLENN JACOBS, CHAIRMAN  
BY PROXY, CHRIS CALDWELL



MR. ZAC FULLERTON, SECRETARY

Attachments:

1. Summary of Proposed Amendments and Restatement of the System and STAR
2. Earnings While Disabled Offset Procedure
3. Roth Communication
4. Actuarial Overview

**Knox County Retirement & Pension Board**  
**Earnings While Disabled Offset Procedure**

This administrative procedure was developed by Retirement Office staff in consultation with USI and legal counsel to identify the method by which a Participant's Disability Benefit is adjusted for Earnings While Disabled.

Disability Plan §5.08 provides that a Participant's Disability Benefit shall be adjusted for Earnings While Disabled. However, to encourage return to work with Knox County or another employer, the Disability Plan provides that a Disabled Participant may return to work for twelve (12) months without offset for Earnings While Disabled ("Non-Offset Period"). The Non-Offset Period need not be consecutive, and the Board may grant extensions of not more than 6-months for good cause shown.

Additionally, no offset will apply where a Participant's Earnings While Disabled are less than 20% of his/her Pre-Disability Compensation. If, however, a Participant's Earnings While Disabled are greater than 80% of his/her Pre-Disability Compensation, the Participant's monthly Disability Benefit shall be reduced to \$150. In all other cases, a Participant's Disability Benefit is offset by 60% of the Participant's Adjusted Earnings While Disabled.

A Participant's Adjusted Earnings While Disabled is defined as the product determined by multiplying a Participant's Earnings While Disabled for a particular period by the appropriate CPI Deflator, determined based on the Participant's Disability Date. In accordance with the Disability Plan, the appropriate CPI Deflator is based on the Consumer Price Index for all Urban Consumers (CPI-U). The required adjustment is to be a fixed amount determined by the Board in accordance with its procedures and applies prospectively for a 12-month period.

The Board has determined that a year over year adjustment from the Participant's Disability Date to his or her reemployment date is most appropriate. To avoid the effect of any lag in the publication of the applicable factors, USI will calculate the adjustment by dividing the CPI that is three (3) months prior to the Participant's Adjusted Earnings While Disabled Measurement Date ("Measurement Date") by the CPI for the month immediately prior to the Participant's Disability Date to determine the adjustment factor. The Participant's reported Earnings While Disabled will be divided by the adjustment factor to determine his or her Adjusted Earnings While Disabled. The Participant's Adjusted Earnings While Disabled would then be multiplied by 60% to determine the appropriate offset of his or her Disability Benefit.

A Participant's initial Measurement Date shall be the first day of the month following the Participant's Non-Offset Period and shall be updated annually thereafter.

EXAMPLE: Participant Jane has a Disability Date of March 1, 2022, and was reemployed as of September 26, 2023 ("Rehire Date"). She has worked for 12 consecutive months from her Rehire Date and has reported that her Earnings While Disabled are \$33,000 per year which is more than 20% but less than 80% of her Pre-Disability Compensation. Her current monthly Disability Benefit is \$2,500. USI would take the CPI for her initial Measurement Date (July 2024: 314.540) and divide by the February 2022 CPI (283.716) for an adjustment factor of 1.1086. Then USI would divide \$33,000 by 1.1086 for Adjusted Earnings While

Disabled of \$29,767.27. The required offset is 60% \* \$29,767.27, or \$17,860.36 (1,488.36 per month). Thus, assuming no other offsets, her adjusted Disability Benefit would be \$1,011.64 (\$2,500 - 1,488.36), effective October 1, 2024. This calculation would be rerun annually using the Participant's updated Measurement Date. For example, the Measurement Date used in the calculation for the following year would be July 2025 with the corresponding offset being effective October 1, 2025.

The Board has delegated to the Executive Director the authority to administer this Procedure and to modify, amend, or revoke this Procedure as necessary and appropriate, at any time.

This Procedure applies to all Participants Disabled on or after January 1, 2014.

Effective Date: 12/16/2024

## **Summary of Proposed Amendment and Restatement of the System and STAR**

The following summarizes the proposed amendments to the System and STAR as anticipated by the Board's adoption of the Document Committee's recommendation on September 23, 2024:

### System:

- Extend sunset date for the 2% disability contribution through December 31, 2029;
- Extend sunset date for MERP match through December 31, 2029;
- Amend 457 Plan to implement Secure Act 2.0 provisions relating to catch-up contributions;
- Amend 457 Plan to include Roth feature;
- Adjust Normal Retirement Age for the Asset Plan to 55 with 5 years of service and remove unnecessary Early Retirement option; and
- Make certain housekeeping amendments, including adjusting the Normal Retirement Age for MERP and the 457 Plan to match the Asset Plan; correcting erroneous section references, updating IRS dollar limitations, and clarifying the timing rules for changes to a Participant's 457 Plan deferral election.

### STAR:

- Extend sunset date for the 2% disability contribution through December 31, 2029.

Revised redline drafts of the changes proposed above are included in the November Board packet.

The proposed amendments on disability funding and MERP match require Commission action; if approved, the amendments will be effective January 1, 2025.