

Minutes of the Administrative Committee
June 23, 2017

The Administrative Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, June 23, 2017 at 9:00 a.m. The meeting was held in Conference Room M of the Tennessee Tower with Director Jamie Wayman presiding.

The following members were present: Mr. Harold Morrison, Mr. Alfred Laney, Ms. Patsy Moore, Mr. Kevin Fielden, Ms. Deborah Taylor Tate, Ms. Vicki Burton, and Mr. Paul Varble.

Approval of the March 31, 2017 Minutes of the TCRS Administrative Committee

On a motion by Mr. Varble and seconded by Ms. Tate, the minutes of the March 31, 2017 TCRS Administrative Committee meeting were unanimously approved.

Political Subdivision Update

Mr. Wayman introduced Ms. Mary Beth Franklyn, Director of Employer Reporting and Customer Service, to discuss four employers seeking participation in TCRS. The following political subdivisions are seeking entry into TCRS: Anderson County Emergency Communications District and South Central Human Resource Agency are seeking participation in the Regular Defined Benefit Legacy Plan effective July 1, 2017 and Benton County Emergency Communications District and the City of Gallaway are seeking participation in the Local Government Hybrid Benefit Plan effective July 1, 2017.

On a motion by Mr. Morrison and seconded by Ms. Burton, the Administrative Committee unanimously recommended to the Board of Trustees that the Anderson County Emergency Communications District, South Central Human Resource Agency, Benton County Emergency Communications District, and the City of Gallaway be approved for participation in TCRS.

Proposed Rule Change – Correction of Participation Errors

Mr. Wayman introduced Ms. Alison Cleaves, Legal Services Director for the Treasury Department. Ms. Cleaves provided an explanation of a proposed rule change. The rule would allow TCRS to correct errors by employers and recoup employee, employer and interest funds on these errors. The rule would provide greater flexibility to collect funds than currently allowed in state law. Mr. Wayman added the reason for this change is the result of reporting errors recently discovered.

On a motion by Ms. Burton and seconded by Mr. Laney, the Administrative Committee unanimously voted to recommend to the Board that the proposed rule change be approved.

Legislation update

Mr. Wayman spoke on the past legislative session. There was no technical corrections bill filed for 2017 by TCRS. There were three pieces of legislation that impact TCRS.

- A Stabilization Reserve Trust was established by the Hybrid Plan – this allows funds in excess of the actuarial determined contribution (ADC) rate to be held in a separate fund outside of TCRS. This is

necessary because federally funded positions are only allowed charge back the ADC rate, and we need to account for funds above the ADC rate separately.

- Assistant District Attorneys General and the District Attorney Generals received a salary adjustment – This impacts retirees under the closed Attorneys General Plan that receive benefits based on the salary of the current office holder.
- Return to Work – 120 Day Temporary Employment – A modification was made to the law that allows a retired teacher who has reached the 120 day or salary limit to continue working as a substitute teacher. The legislation removed the 90 day limit that was placed on the substitute teaching extension and allows a person to work any amount of time above the 120 day limit as a substitute during a 12 month period.

Operations Update

Mr. Wayman introduced Ms. Erica Nale, Assistant Director of TCRS. Ms. Nale discussed TCRS being in a good place. There is continued work on enhancing the Concord software system, this includes increasing the functionality of Member Self-Service, adding the calculation rules for the Hybrid plans, and expanding the system to process multiple external pension plans. Member Annual Statements are scheduled to be distributed in August.

The Cost of Living Adjustment effective July 1, 2017 is 2.1%. TCRS hired four new employees in June and has four remaining vacancies. Year to Date TCRS has processed 8,000 retirement applications and 4,400 refunds applications.

Other Business

Mr. Wayman then provided a brief update on employer reporting for GASB. The Financial Strategies division will be providing actuarial reports, notes, required supplemental information and suggested accounting entries to employers in the next few weeks. Mr. Wayman also provided a reminder that new 2018 employer contribution rates became effective July 1, 2017.

Adjournment

With no other business, the Administrative Committee of the Board of Trustees adjourned at 9:50 a.m. on June 23, 2017

Respectfully Submitted,



Erica Nale
Assistant Director, TCRS

Approved:



James E. Wayman
Administrative Committee Chair