

Minutes of the Administrative Committee

June 29, 2018

The Administrative Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, June 29, 2018 at 9:00 a.m. The meeting was held in Conference Room D, Eighth Floor Cordell Hull Building with Director Jamie Wayman presiding.

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

Approval of the March 23, 2018 Minutes of the TCRS Administrative Committee

On a motion by Ms. Moore and seconded by Mr. Laney, the minutes of the March 23, 2018 TCRS Administrative Committee meeting were unanimously approved.

Political Subdivision Update

Mr. Wayman introduced Ms. Joy Harris, Assistant Treasurer for Financial Empowerment, to discuss one employer seeking participation in TCRS. Red Boiling Springs is seeking participation effective July 1, 2018 in the Regular Defined Benefit Plan. The Committee, Mr. Wayman and Ms. Harris discussed education to political subdivisions regarding the costs and obligations of joining TCRS. Current employees of Red Boiling Springs have a choice to participate as of July 1, but new hires for the political subdivision will participate as a condition of their employment.

On a motion by Mr. Varble and seconded by Ms. Moore, the Administrative Committee unanimously recommended to the Board of Trustees that Red Boiling Springs be allowed entry to TCRS.

Operations Update

Ms. Harris discussed the number of phone calls and meetings with participants and employers during the period from January 2018 through May 2018. 77,000 member phone calls were answered and 268 group meetings held during the time period, and there were 179 meetings with Local Education Agency employers. Next Ms. Erica Nale, Assistant Director of TCRS, introduced Sarah Card, new Manager of Financial Services, and Courtney Hess, new Senior Manager of Retirement Policy and Compliance. Ms. Nale updated the Committee that the annual Cost of Living Adjustment that will be 2.1% and notifications will be sent to members at the end of July. Ms. Nale then discussed that the ability for retirees to select multiple beneficiaries for survivorship benefits will go live on July 1, 2018. Mr. Wayman noted that information would be provided on the TCRS website about the new option to select multiple beneficiaries. Ms. Nale then discussed that TCRS intends to roll out the electronic retirement application in the next quarter. The electronic retirement application will allow TCRS to track when a member applies for retirement and reach out to employers for timely certification.

2018 Enacted Legislation

Mr. Wayman provided a summary of five bills enacted in 2018 in the General Assembly impacting TCRS. The first was the TCRS Housekeeping bill which made technical corrections and has no cost. The bill allows TCRS to contract with a disability services firm; clarified that the retirement allowance for members of local government plans in TCRS is limited to 90% of average final compensation; clarified that members with benefits under one more than one plan only file one retirement application; and

updated the law for compliance with Internal Revenue Code Section 414(h). The second was an update to the Stabilization Reserve Trust, clarifying that it could be co-invested with the group trust and it was for the exclusive benefit of members. The third was an update to the Public Employee Defined Benefit Security Act of 2014, clarifying that public pension plans reporting under the Act have to use standards promulgated by the Governmental Accounting Standards Board and that any political subdivision operating a defined benefit plan as of May 22, 2014, must have approval from the state treasurer prior to opening a new defined benefit plan. The fourth bill provides two options for management of assets for closed pension plans being managed by the Treasury Department that do not conform to the TCRS Investment Policy, allowing the assets to be co-invested following approval by the TCRS Board as an exception or in a separate account. The fifth changed the distribution option and vendor requirement for the Optional Retirement Plan and clarified that Tennessee Colleges of Applied Technology can participate, and it transferred administration of higher education 403(b) plans to the Treasury Department.

Following the discussion about legislation, the Committee and Mr. Wayman discussed general information about how cost controls operate in the Hybrid Plan.

Adjournment

With no other business, the Administrative Committee of the Board of Trustees adjourned at 9:45 a.m. on June 29, 2018.

Respectfully Submitted,

/s/Erica Nale

Erica Nale

Assistant Director, TCRS

Approved:

/s/Jamie Wayman

James E. Wayman

Administrative Committee Chair