

Minutes of the Administrative Committee

September 30, 2016

The Administrative Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, September 30, 2016 at 9:00 a.m. The meeting was held in Legislative Plaza Room 29 with Director Jill Bachus presiding.

The following members were present: Mr. Kevin Fielden, Mr. Alfred Laney, Ms. Patsy Moore, and Mr. Harold Morrison

Approval of the June 24, 2016 Minutes of the TCRS Administrative Committee

The minutes of the June 24, 2016 TCRS Administrative Committee meeting were unanimously approved.

Political Subdivision Update

Ms. Bachus introduced Ms. Karen Curtis, Employer Liason, to provide an update about employer participation in TCRS. Ms. Curtis presented information regarding the Crockett County Emergency Communications District (ECD), Cumberland County ECD, and LaGuardo Utility District seeking to join TCRS. Ms. Curtis indicated all three entities are petitioning for membership in the Local Government Legacy Plan for new hires effective October 1, 2016.

Next Ms. Bachus introduced Ms. Joy Harris, Assistant Treasurer for Financial Empowerment, to discuss six employers seeking participation whose employees were previously reported erroneously to TCRS as employees of another entity. The six employers are Brentwood ECD, Cannon County ECD, Joint Economic and Community Development Board of Wilson County, Millington Airport Authority, Obion County Library, and Putnam County Library. Ms. Harris indicated that Governmental Accounting Standards Board (GASB) Statement Number 68 and AICPA White Papers have put more focus on the data reported to retirement plans. As a result of the closer scrutiny of the data, several entities have been identified as reporting incorrectly to TCRS. The entities identified should have been a participating employer in TCRS, but were instead being reported as a unit of another government. TCRS worked with outside legal counsel and the Comptroller's office on how to correct this administrative error. All of the entities reviewed are a governmental entity eligible to participate in TCRS. TCRS offered a correction plan to affected employers. The plan provides that the employer who previously incorrectly reported the people retain the employer assets and liabilities for all service rendered through September 30, 2016 and for the correct/new employer to begin participation in TCRS effective October 1, 2016. Appropriate resolutions were adopted by the governing boards of all involved entities. Ms. Harris indicated that each employer is

seeking participation in the Local Government Legacy Plan. Staff anticipates similar correction plans at future meetings.

The Administrative Committee unanimously recommended to the Board that the Crockett County ECD, Cumberland County ECD, LaGuardo Utility District, Brentwood ECD, Cannon County ECD, Joint Economic and Community Development Board of Wilson County, Millington Airport Authority, Obion County Library, and Putnam County Library be approved for participation in TCRS.

Operations Update

Next, Ms. Bachus introduced Mr. Jamie Wayman to provide an update on TCRS operations. He reported that TCRS continues to test and implement functionality in Concord related to hybrid benefit calculations and qualified domestic relations orders (QDROs). In addition, Mr. Wayman indicated TCRS extracted the actuarial data for both the actuarial study and experience study from Concord and remitted the data to the actuary.

Next, Mr. Wayman discussed the TCRS Member Services section reduced the average processing time for retirement applications to 19.6 calendar days and approximately 340 retirement applications are on file. He also mentioned there are approximately 270 service purchase applications on file with an average processing time of 37.8 days. Mr. Wayman discussed the successful transition of approximately 650 members paid by debit card from J.P. Morgan to the current vendor, Xerox, by the Financial Services staff. In addition, approximately 6,000 member account changes such as bank accounts, tax withholding requests, and address changes were processed by staff for the month of September 2016. Another 800 changes were made by members utilizing member self-service.

Actuarial Update

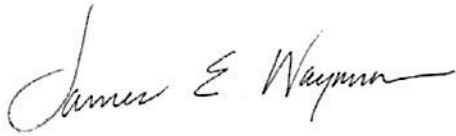
Mr. Wayman next provided an update on the June 30, 2016 actuarial valuation. The purpose of the actuarial valuation is to determine the financial health of the plan and set the employer rates for the period July 1, 2017 to June 30, 2018. TCRS provided all the requested information to the actuary and responded to the questions from the actuary. The actuary will present the results of the actuarial valuation at the November 18, 2016 Board of Trustees meeting.

Mr. Wayman informed the committee that TCRS has also provided the data to the actuary to begin the experience study effective June 30, 2016. The experience study compares the experience of the plan to the assumptions used in the actuarial valuation to determine if any adjustments are needed to the assumptions. Any changes to the assumptions as the result of the experience study would be presented to the Board of Trustees for approval and would be used in the actuarial valuation as of June 30, 2017. Mr. Wayman indicated the results of the actuarial experience study would be presented at either the March or June 2017 Board of Trustees meeting.

Adjournment

With no other business, the Administrative Committee of the Board of Trustees adjourned at 9:45 a.m. on September 30, 2016.

Respectfully Submitted,

A handwritten signature in blue ink that reads "James E. Wayman". The signature is written in a cursive style with a long horizontal stroke at the end.

**James E. Wayman
Assistant Director, TCRS**

Approved:

A handwritten signature in blue ink that reads "Jill Bachus". The signature is written in a cursive style with a large, looped initial "J".

**Jill Bachus
Administrative Committee Chair**

Page intended to be blank.