

Minutes of the Administrative Committee

June 27, 2014

The Administrative Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, June 27, 2014 at 9:00 a.m. The meeting was held in Room 29 of the Legislative Plaza with Director Jill Bachus presiding.

The following members were present: Ms. Jill Bachus, Director of TCRS, Ms. Angie Judish, Mr. Gill Kendrick, Mr. Alfred Laney, Ms. Patsy Moore, and Mr. Harold Morrison.

Concord Update

Ms. Bachus introduced Mr. Fred Marshall, TCRS Assistant Director for Concord, to provide an update on the Concord project. Mr. Marshall informed the committee that July 28, 2014 is the scheduled go-live date for the final phase of Concord. Staff continues to test the system and review Problem Incident Reports (PIRs). TCRS staff is involved in regression testing which will help identify any new issues or if any new issues have been created by fixes to the system during testing. In preparation for the July 28 go-live date, Treasury, Deloitte and North Highland staff reviewed all PIRs and classified them as either pre or post-go live. If the PIR is classified as post-go live, it has been determined there is an adequate manual workaround until the PIR is fixed. Mr. Marshall noted that Concord go-live will occur at the same time that TCRS will begin receiving reports from employers related to the new Hybrid Pension Plan. Mr. Marshall indicated that training for Treasury staff will begin the week of July 7, 2014.

Mr. Marshall indicated that data conversion efforts continue and the code to convert the data and load it to Concord continues to be refined. Staff has also begun reconciling the differences between the data extracted from the legacy system and the data to be loaded to Concord. Treasury and Deloitte staff has compiled a checklist of pre and post go-live conversion items that need to be addressed as part of go-live. The data conversion for go-live will begin July 17, 2014.

Legislative Update

Ms. Bachus provided an update of the legislative session. A review of the elements in the TCRS technical corrections bill was included in the update. In addition, Ms. Bachus reviewed legislation that was enacted regarding the proper funding of defined benefit plans provided by local governments not participating in TCRS. Ms. Bachus discussed that TCRS has always required entities that participate in TCRS to fund the actuarially determined contributions (ADC). This legislation affected the local governments that sponsor a defined benefit plan for their employees that are outside of TCRS. The legislation requires the local governments to fund 100% of the ADC using certain parameters. The legislation provides a period of six years for an entity to begin funding 100% of the ADC.

Political Subdivision Participation

Ms. Bachus introduced Ms. Melissa Davis, Supervisor of Employer Services, to provide an update about employer participation in TCRS. Ms. Davis presented information regarding the City of Harrogate. Ms. Davis indicated the City of Harrogate is petitioning for membership in the Legacy Defined Benefit plan.

Ms. Bachus then discussed the participation in TCRS of the five municipal school districts in Shelby County. Ms. Bachus indicated that Arlington Community Schools, Bartlett City Schools, Collierville Schools, and Germantown Board of Education are petitioning for membership in the Legacy Defined Benefit plan effective July 1, 2014 and all will transfer to the State and Teacher Hybrid Pension plan effective January 1, 2015. Millington City Schools is petitioning for membership in the Legacy Defined Benefit plan effective July 1, 2014 with no additional changes at this time.. The administrative committee gave a unanimous recommendation to the Board that the City of Harrogate and the five municipal school districts in Shelby County be approved for participation in TCRS.

Report on Funding Policy for TCRS

Ms. Bachus next discussed a Report on Funding Policy for TCRS. . This report provided a background of why the Board will need to adopt a funding policy for TCRS including Public Chapter 990, Acts of 2014 which requires the TCRS Board of Trustees to adopt a funding policy and changes in GASB accounting standards regarding pensions. In addition, the Government Finance Officers Association (GFOA) indicates it is a best practice for every state and local government that offers a defined benefit plan to adopt a funding policy. The report also addresses the need for a funding policy and the components of a funding policy.

Executive Committee

Ms. Bachus discussed the Executive Committee of the TCRS Board of Trustees. Ms. Bachus indicated the Executive Committee was created in 2007 and the Committee is composed of the four ex officio members and three members elected by the Board. The responsibilities of the Executive Committee includes establishing the investment policy for the assets of the retirement system, adopting for the retirement system such mortality, service and other such tables as are deemed necessary, determining the rate or rates of interest for use in all calculations related to the retirement system, and determining the employer contribution rate for state employees and teachers.

Ms. Bachus noted that members will elect three Board members to serve on the Executive Committee at the Board meeting in September.

Adjournment

With no other business, the Administrative Committee of the Board of Trustees adjourned at 9:55 a.m. on June 27, 2014.

Respectfully Submitted,

A handwritten signature in black ink that reads "James E. Wayman". The signature is written in a cursive style with a large initial 'J'.

**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 initial 'J'.

**Jill Bachus
Administrative Committee Chair**