

## **Minutes of the Administrative Committee**

**March 27, 2015**

The Administrative Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, March 27, 2015 at 9:00 a.m. The meeting was held in Conference Room M of the Tennessee Tower with Director Jill Bachus presiding.

The following members were present: Ms. Angie Judish, Mr. Alfred Laney, Ms. Patsy Moore, and Ms. Deborah Tate.

### **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 TCRS and Deloitte continue to review and work on correcting the Problem Incident Reports (PIRs). Currently, enhancement PIRs are being prioritized and distributed between Deloitte and Treasury Information Systems staff for resolution. Discussion on the design and implementation of the Hybrid plan (benefit calculations, service purchase), improving system efficiencies, and how to utilize Concord for TCRS to serve as a Third Party Administrator for retirement plans outside of TCRS are in progress.

Mr. Marshall discussed that work was continuing on providing functionality to members through Member Self-Service to apply for retirement, refunds and producing retirement estimates. The access for members currently includes being able to review account history including salary and service reported, reviewing and changing beneficiaries, and reviewing member annual statements (MAS) for 2014.

Mr. Marshall next discussed that new GASB standards require TCRS to provide additional information to employers. This information includes both financial and census/member data. Mr. Marshall indicated the short-term plan is to distribute this information to employers by secure e-mail this year; the long-term plan is to make this information available to employers through Employer Self-Service.

### **Operations Update**

Ms. Bachus requested Mr. Jamie Wayman, Assistant Director TCRS to provide an update on TCRS operations. TCRS is still experiencing a large volume of incoming retirement applications. TCRS has committed more resources to address the large volume of retirement applications as well as service purchase applications. TCRS continues to work diligently to process the retirement applications in a timely manner by prioritizing the applications based on the date of retirement and the date of receipt.

### **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 Tullahoma. Ms. Davis indicated the City of Tullahoma is petitioning for membership in the Legacy Defined Benefit plan. The administrative committee gave a unanimous recommendation to the Board that the City of Tullahoma be approved for participation in TCRS.

## **Investment Policy**

Ms. Bachus introduced Ms. Jennifer Selliers, Treasury Compliance Officer, to provide an overview of the changes being made to the TCRS Investment Policy. Ms. Selliers discussed there were several material changes to the TCRS Investment Policy. These changes included increasing the threshold at which the Investment Committee must approve private equity, real estate or strategic lending transactions, changing exposure limits to “Core” and “Non-core” real estate transactions, clarified how a security’s country classification will be determined, amended the policy to align with the federal securities changes in relation to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, delegated the authority to procure services necessary and in the best interest of TCRS to the State Treasurer, and granted the Treasurer explicit authority to take all actions necessary to comply with federal and state securities laws, rule and regulations.

## **Investment Trust**

Ms. Bachus introduced Ms. Christy Allen, Assistant Treasurer for Legal, Compliance and Internal Audit, to discuss the creation of the TCRS Investment Trust. Ms. Allen indicated that the Trust was a result of the establishment of the new State and Teacher Retirement Plan effective July 1, 2014. A portion of the new plan includes a defined contribution feature with the employee being responsible for making the investment decisions. The General Assembly wanted to provide the ability for employees to invest their account in the same investments as TCRS. The creation of the Investment Trust allows for employees to invest in the TCRS fund. Ms. Allen indicated that work is continuing to create the trust.

## **Legal Update**

Ms. Allen then introduced David Burn with the Attorneys General office to provide an update on a lawsuit filed by TCRS to recover losses as a result of investing in mortgage-backed securities. The lawsuit was filed in Davidson County Court in February 2015 and is related to investment losses sustained as a result of mortgage-backed securities fraud loss.

## **Adjournment**

With no other business, the Administrative Committee of the Board of Trustees adjourned at 9:50 a.m. on March 27, 2015.

**Respectfully Submitted,**



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

**Approved:**



**Jill Bachus  
Administrative Committee Chair**