

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
NOVEMBER 18, 2016

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**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
NOVEMBER 18, 2016**

TABLE OF CONTENTS

Minutes of the Board of Trustees	3
Committee Minutes	
Administrative Committee	9
Audit Committee	13
Investment Committee.....	19
Political Subdivision Seeking Membership	
Bi-County Solid Waste	23
Blount County Emergency Communications District	43
Cookeville Boat Dock Road Utility District	51
City of Franklin	61
Maryville, Alcoa, Blount County Parks and Recreation	67
Investment Policy Changes	89
Statistical Reports	
Active Member Statistics	145
Retired Payroll Statistics	146
Refund Activity and Expenditures	148
Prior Service Activity	150
Disability Retirement Report	
Disability Statistical Report	153
Approved for Disability	155
Disapproved for Disability	159
TCRS Financial Report	163

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**POLITICAL SUBDIVISIONS
SEEKING MEMBERSHIP**

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**Political Subdivisions Beginning Participation
in the Tennessee Consolidated Retirement System
January 1, 2017**

Political Subdivision	Amount of Service Employer	Employee	ER Rate	EE Rate	Accrued Liability	Part Time Coverage	Cost of Living	Number of Employees
Bi County Solid Waste	0	0	13.83%	0.00%	\$0	Included	Included	115
Regular Defined Benefit Plan								

Meetings:

- June 2016 Explained initial employer costs and participating procedures to the governing body.
- January 2017 Will explain laws, policies, and benefit provisions to the employees of the Waste Management.
- January 2017 Will explain reporting procedures to payroll officer(s).

Additional Notes:

1. The Bi County Solid Waste was being erroneously reported by Montgomery County. As of 1/1/2017 the Waste Management will be a separate legal entity in the TCRS system.
2. The Bi County Solid Waste initial employer contribution rate of 13.83% is the same rate of Montgomery County.

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STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

July 29, 2016

Mr. Tim Harvey
310 Franklin Street
Clarksville, TN

Dear Mr. Harvey:

It was a pleasure to meet with you on July 1, 2016, to discuss participation in the Tennessee Consolidated Retirement System (TCRS) for employees of the Bi-County Solid Waste Management System. Montgomery County has been a participating employer in TCRS since July 1, 1966.

Background

With the implementation of GASB Statement No. 68 (GASB 68) by the Government Accounting Standards Board (GASB) as well as the American Institute of Certified Public Accountants (AICPA) white paper regarding the review of census data (employee's demographic information), the pension information presented in a government's financial statements requires greater disclosure than previously required. Moreover, there is a greater degree of responsibility for governmental employers, governmental auditors, and pension administrators to certify the accuracy of pension data being disclosed in the financial statements of employers that participate in pension plans. One such responsibility is that census data should be reviewed for accuracy by the employer and the auditor.

A review of census data in 2014 by the Comptroller of the Treasury's State auditor determined that the GASB 68 actuarial data for Montgomery County included employees of an entity that is legally separate from the city. The separate entity is the Bi-County Solid Waste Management System (CSWM). The CSWM was created pursuant to an inter local agreement authorized by Tennessee Code Annotated Section 12-9-101 et seq.

TCRS is a "qualified plan" under Section 401(a) of the Internal Revenue Code (IRC) and must maintain such qualification in order for assets within the pension fund to be accrued tax free until paid in the form of a benefit to retirees. To maintain its qualified status, TCRS is required to limit membership to only the employees of governmental employers properly participating in the plan.

Accordingly, for purposes of GASB 68, state law, and plan qualification, it is necessary to take appropriate actions to correct what TCRS has deemed an "administrative error."

Suggested Course of Action

Given it is infeasible and impractical to completely separate prior participation, we are proposing a course of action as set out below. This course of action is intended to ensure that employees and retirees of the CSWM will receive the pension benefits they understood were being accrued for their benefit in retirement, while at the same time establishing it as an employer in the proper legal posture within TCRS. The recommended process should be seamless to employees.

The suggested course of action includes the adoption of the following resolutions:

Montgomery County:

- Resolution A: Montgomery County agrees to accept responsibility for service accrued by employees of the CSWM through September 30, 2016. The county will retain credit for all employer contributions, employee contributions, investment earnings, and retirement coverage through September 30, 2016. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the county.
- Resolution B: Pursuant to state law regarding the participation of joint ventures in TCRS, Montgomery County agrees for the CSWM to participate in TCRS

Board of the CSWM:

- Resolution C: The Board seeks to become a participating employer in TCRS so as to provide a retirement plan for employees.
- Resolution A: also adopted by Montgomery County: The Board agrees to accept responsibility for all assets and liabilities established October 1, 2016, or later, associated with membership of its current and future employees in TCRS. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the Board.

Stewart County:

- Resolution D: Pursuant to state law regarding the participation of joint ventures in TCRS, Stewart County agrees for the CSWM to participate in TCRS.

City of Clarksville:

- Resolution E: Pursuant to state law regarding the participation of joint ventures in TCRS, the City of Clarksville agrees for the CSWM to participate in TCRS.

Compliance

We have conferred with the Tennessee Comptroller of the Treasury and legal counsel and are in agreement that the proposed course of action is the reasonable resolution to correct the issues described.

Summary

We recommend the course of action as set out above to resolve the participation of employees of the CSWM in the TCRS.

We sincerely appreciate the proactive attention to this matter by all entities listed above. As you may know, TCRS is one of the top rated plans in the country and that is in part to the excellent leadership of our local government partners. If there are any questions or if you need additional information, please feel free to contact us.

Sincerely,

Joy H. Harris
Assistant Treasurer, Financial Empowerment

cc: Mary Anderson, Bi-County Solid Waste Authority



STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

MEMORANDUM

TO: Sandi Thompson, Division of Local Finance
FROM: Karen Curtis, TCRS Employer Services
SUBJECT: Participation in Tennessee Consolidated Retirement System
DATE: October 27, 2016

Employees of the Bi County Solid Waste were being reported to Tennessee Consolidated Retirement System (TCRS) as a division of Montgomery County as county employees. We were notified by the Comptroller's Office that this may be in error. After research done by our legal counsel, it was determined that this is considered an administrative error by Montgomery County in that Bi County Solid Waste is considered a separate legal entity. As such, Bi County Solid Waste must join TCRS as a separate legal entity.

The Bi County Solid Waste will be participating in Tennessee Consolidated Retirement System effective 1/1/2017.

The Board of Trustees of the TCRS requires a political subdivision to appropriate the necessary funds in their annual budget for retirement costs. The Bi County Solid Waste will continue to pay the contribution rate that was previously paid for those employees under the County participation at 13.83%. With 115 employees this would equal a dollar amount of \$ 545,800.95. One hundred percent (100%) of this figure is required to be budgeted for the fiscal year ending June 30, 2017.

Enclosed is the fiscal year 2017 budget for this entity. Please let me know if this information is sufficient and accurately reflects adequate funding for retirement costs for this entity.

If you have any questions, please call me at (615) 253-6134.

Enclosure



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

Memorandum

TO: Karen Curtis, TCRS Employer Services
FROM: Sandra Thompson, Director *Sandra Thompson*
DATE: November 4, 2016
SUBJECT: Bi-County Solid Waste Management System

It appears the Bi-County Solid Waste Management System, a component unit of Montgomery County, TN, will have sufficient revenues budgeted to fund the retirement costs associated with becoming a member of the Tennessee Consolidated Retirement System (TCRS) effective January 1, 2017.

Pursuant to your request, we have reviewed the Bi-County Solid Waste Management System's budget for the fiscal year ending June 30, 2017. The budget includes retirement costs of \$574,000, which adequately covers the total first year cost of \$545,801 to participate in TCRS. The Bi-County Solid Waste Management System instituted a rate increase effective October 1, 2016, to help cover increasing costs. The higher rate will increase revenues by an estimated \$1,400,000 for the remainder of fiscal year 2017. The condensed annual budget presented below demonstrates that sufficient revenues are budgeted to cover all expenditures including the TCRS pension expenditures.

Bi-County Solid Waste Management System
Condensed Annual Budget
Fiscal Year Ending June 30, 2017

	Original Budget	After Rate Increase**
Operating Revenue	\$ 15,130,875	\$ 16,530,875
Operating Expenditures*	19,633,300	19,633,300
Increase (Decrease) in Fund Balance	(4,502,425)	(3,102,425)
Add Non-cash Items	2,298,771	2,298,771
Net effect on Cash	\$ (2,203,654)	\$ (803,654)
Beginning Cash	4,527,000	4,527,000
Ending Cash	\$ 2,323,346	\$ 3,723,346

*Operating expenditures include retirement contributions of \$574,000.

**Rate Increase effective October 1, 2016

**RESOLUTION TO AUTHORIZE A JOINT VENTURE'S PARTICIPATION IN
THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM IN
ACCORDANCE WITH TENNESSEE CODE ANNOTATED
TITLE 8, CHAPTERS 34 - 37**

WHEREAS, Tennessee Code Annotated, Section 8-35-201 provides that any governing body of a joint venture between one or more political subdivisions of this State may by resolution authorize the employees of the joint venture to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; provided that each political subdivision of the State which is represented in the joint venture passes a resolution guaranteeing the payment of its prorated share of any outstanding liability so incurred by the participation; and

WHEREAS, the Board of Directors of the Bi-County Solid Waste Management System ("Joint Venture") has passed a resolution authorizing its employees to become members of TCRS under the provisions of state law, and under the following terms and conditions:

- A. **TYPE PLAN.** The Joint Venture adopts the following type plan: Regular Defined Benefit Plan;
- B. **EMPLOYEE CONTRIBUTIONS.** The Employees shall contribute: 0% of the employees' earnable compensation;
- C. **COST-OF-LIVING INCREASES FOR RETIREES.** The Joint Venture shall: Provide cost-of-living increases for its retirees;
- D. **ELIGIBILITY OF PART-TIME EMPLOYEES.** The Joint Venture shall: Allow its part-time employees to participate in TCRS;
- E. **PRIOR SERVICE.** For each employee employed with the Joint Venture on the effective date of the Joint Venture's participation in TCRS, the Joint Venture shall: Not allow its employees to establish any prior service credit with the Joint Venture; and

WHEREAS, the effective date of participation shall be on October 1, 2016, or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate will be 13.83%, which is based on the estimated lump sum accrued liability of \$0.00; and

WHEREAS, Montgomery County is represented in such Joint Venture and desires to allow all the employees of the Joint Venture to participate in TCRS under the above terms and

(This Resolution was Amended by the following roll call vote.)

conditions, or under such other terms and conditions the governing body of the Joint Venture may adopt pursuant to the laws governing TCRS; provided, however, this governing body must approve by resolution any such action that would increase the liabilities of either the Joint Venture or the Political Subdivision; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Joint Venture and all public entities responsible for the direct funding of the Joint Venture and not the State of Tennessee; and

WHEREAS, the Joint Venture has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto.

NOW, THEREFORE, BE IT RESOLVED, that the Montgomery County Board of Commissioners hereby authorize all the employees of the Joint Venture to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees, and hereby guarantees the payment of its prorated share of any outstanding liability so incurred by the above-referenced action of the Joint Venture. It is acknowledged and understood that pursuant to Tennessee Code Annotated Section 8-35-111 neither the Joint Venture nor the Political Subdivision shall make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Joint Venture for such employee.

Duly passed and approved this 12th day of September, 2016.



Attested Kellie Jackson
County Clerk

Sponsor [Signature]
Commissioner [Signature]
Approved [Signature]
County Mayor

I, KELLIE A. JACKSON, COUNTY CLERK OF MONTGOMERY COUNTY, TN, HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF THE ORIGINAL AS IT APPEARS IN MY OFFICE.

THIS 4th DAY OF October 2016
BY Kellie Jackson by J. Byrd, D.C.

16-9-4

On Motion to Adopt by Commissioner Gannon, seconded by Commissioner Sokol, with a friendly amendment made by Mayor Durrett, to Amend by changing October 1, 2016 to December 1, 2016, and with no objection from the Legislative Body, the foregoing Amended Resolution was Adopted by the following roll call vote:

District	Commissioner	Vote	District	Commissioner	Vote	District	Commissioner	Vote
1	John M. Gannon	Y	8	Ron J. Sokol	Y	15	David Harper	Y
2	Charles Keene	Y	9	John M. Genis	Y	16	Wallace Redd	Y
3	Ed Baggett	Y	10	Martha Brockman	Y	17	Jason A. Hodges	Y
4	Mark Riggins	Y	11	Joe L. Creek	Y	18	Monroe Gildersleeve	Y
5	Robert Gibbs	Y	12	Robert Nichols	Y	19	Garland Johnson	Y
6	Arnold Hodges	Y	13	Audrey Tooley	Y	20	Jerry Albert	Y
7	Brandon Butts	Y	14	Tommy Vallejos	Y	21	Larry Rocconi	Y

Yeses – 21 Noes – 0 Abstentions – 0

ABSENT: None

**RESOLUTION TO ACKNOWLEDGE AND AGREE TO CERTAIN TERMS
AND CONDITIONS REGARDING PARTICIPATION IN THE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to approval of the TCRS Board of Trustees; and

WHEREAS, Montgomery County is a participating political subdivision in TCRS under the provisions of Tennessee Code Annotated, Title 8, Chapters 34-37; and

WHEREAS, the Bi-County Solid Waste Management System is a political subdivision with a relationship to Montgomery County, and its employees participate in TCRS through Montgomery County under the same terms and conditions as all employees of Montgomery County participate; and

WHEREAS, TCRS has determined that the Bi-County Solid Waste Management System is required to join TCRS as a separate participating political subdivision and to report its employees separately from Montgomery County; and

WHEREAS, TCRS has determined that the reporting of the Bi-County Solid Waste Management System employees by Montgomery County was an administrative error; and

WHEREAS, TCRS will authorize the employees of the Bi-County Solid Waste Management System to continue to participate in TCRS under the following terms and conditions:

- A. The Bi-County Solid Waste Management System establishes, to the satisfaction of TCRS, its status as a governmental entity.
- B. The Bi-County Solid Waste Management System passes a resolution to participate in TCRS pursuant to Tennessee Code Annotated, Title 8, Chapter 35, Part 2 and agrees to all terms thereof. Because the Bi-County Solid Waste Management System is a joint venture, the governing bodies of the participating political subdivisions are also required to pass the resolutions described in Tennessee Code Annotated, Section 8-35-201(d).
- C. The Board of Directors of the Bi-County Solid Waste Management System agrees, by passage of this resolution, that all employees hired prior to October 1, 2016, shall participate in TCRS under the same terms and conditions under which they currently participate as reported by Montgomery County and accepts all liabilities established October 1, 2016, or later, associated with such participation.

(This Resolution was Amended by the following roll call vote.)

- D. The Board of Directors of the Bi-County Solid Waste Management System agrees, by passage of this resolution, to maintain and accept all assets and liabilities established October 1, 2016, or later, associated with membership of its current and future employees in TCRS.
- E. The Montgomery County Board of Commissioners agrees, by passage of this resolution, to maintain and accept all assets and liabilities established in regard to current and former employees of the Bi-County Solid Waste Management System prior to October 1, 2016.
- F. The Board of Directors of the Bi-County Solid Waste Management System, by passage of this resolution, hereby rescinds any and all previously adopted resolutions addressing its participation in TCRS.
- G. The Montgomery County Board of Commissioners, by passage of this resolution, hereby rescinds any and all previously adopted resolutions addressing participation of the Bi-County Solid Waste Management System in TCRS.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Bi-County Solid Waste Management System and the Montgomery County Board of Commissioners hereby agree to compliance with the terms and conditions set forth above in order to authorize the employees of the Bi-County Solid Waste Management System to be eligible to continue participation in TCRS. It is acknowledged and understood that TCRS is authorizing the employees of the Bi-County Solid Waste Management System to participate in TCRS by compliance of the governing bodies of the Bi-County Solid Waste Management System and Montgomery County with the terms and conditions above, and such authorization from TCRS is contingent upon such compliance.

Duly passed and approved this 12th day of September, 2016.



Sponsor J. Dunson

Commissioner Joe Paul

Approved J. Dunson
County Mayor

Attested Kellie Jackson
County Clerk

I, KELLIE A. JACKSON, COUNTY CLERK OF MONTGOMERY COUNTY, TN, HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF THE ORIGINAL AS IT APPEARS IN MY OFFICE.
THIS 4th DAY OF October 2016.
BY Kellie A. Jackson by J. Dunson, c.

16-9-3

On Motion to Adopt by Commissioner Harper, seconded by Commissioner A. Hodges, with a friendly amendment made by Mayor Durrett, to Amend by changing the dates of October 1, 2016 to December 1, 2016, and with no objection from the Legislative Body, the foregoing Amended Resolution was Adopted by the following roll call vote:

District	Commissioner	Vote	District	Commissioner	Vote	District	Commissioner	Vote
1	John M. Gannon	Y	8	Ron J. Sokol	Y	15	David Harper	Y
2	Charles Keene	Y	9	John M. Genis	Y	16	Wallace Redd	Y
3	Ed Baggett	Y	10	Martha Brockman	Y	17	Jason A. Hodges	Y
4	Mark Riggins	Y	11	Joe L. Creek	Y	18	Monroe Gildersleeve	Y
5	Robert Gibbs	Y	12	Robert Nichols	Y	19	Garland Johnson	Y
6	Arnold Hodges	Y	13	Audrey Tooley	Y	20	Jerry Allbert	Y
7	Brandon Butts	Y	14	Tommy Vallejos	Y	21	Larry Rocconi	Y

Yeses – 21 Noes – 0 Abstentions – 0

ABSENT: None

**Tennessee Consolidated
Retirement System
Bi-County Solid Waste Management System**

A RESOLUTION to authorize a joint venture's participation in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated, Title 8, Chapters 34 – 37.

WHEREAS, Tennessee Code Annotated, Section 8-35-201 provides that any governing body of a joint venture between one or more political subdivisions of this State may by resolution authorize the employees of the joint venture to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; provided that each political subdivision of the State which is represented in the joint venture passes a resolution guaranteeing the payment of its prorated share of any outstanding liability so incurred by the participation; and

WHEREAS, the Bi-County Solid Waste Management System ("Joint Venture") desires to participate in TCRS under the provisions of state law, and under the following terms and conditions, which shall apply to all individuals employed with the Bi-County Solid Waste Management System as of October 1, 2016, and all employees hired on or after October 1, 2016:

- A. TYPE PLAN. The Joint Venture adopts the following type plan: Regular Defined Benefit Plan;
- B. EMPLOYEE CONTRIBUTIONS. The Employees shall contribute: 0% of the employees' earnable compensation;
- C. COST-OF-LIVING INCREASES FOR RETIREES. The Joint Venture shall: PROVIDE cost-of-living increases for its retirees;
- D. ELIGIBILITY OF PART-TIME EMPLOYEES. The Joint Venture shall: ALLOW its part-time employees to participate in TCRS;
- E. PRIOR SERVICE. For each employee employed with the Political Subdivision on the effective date of the Political Subdivision's participation in TCRS, the Political Subdivision shall: NOT allow its employees to establish any prior service credit with the Political Subdivision; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Joint Venture and the public entities that are represented in the Joint Venture, and not the State of Tennessee; and

WHEREAS, the Joint Venture has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

WHEREAS, the Joint Venture has agreed to compliance with a separate resolution addressing obligations for assets and liabilities prior to October 1, 2016 and acknowledges that compliance by the other party to the resolution is required for participation;

WHEREAS, the effective date of participation shall be on October 1, 2016 or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be 13.83%, which is based on the estimated lump sum accrued liability of \$ 0.00.

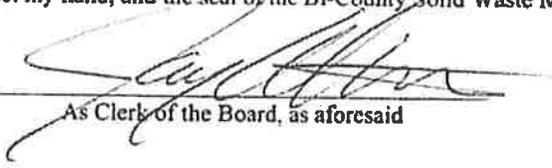
NOW, THEREFORE, BE IT RESOLVED That the Board of Directors of the Bi-County Solid Waste Management System hereby authorizes all its employees in all its departments or instrumentalities to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 the Joint Venture shall not make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Hybrid Plan is adopted by the Joint Venture for such employee.

STATE OF TENNESSEE

COUNTY OF Montgomery

I, Jay Alberta, clerk of the Board of Directors of the Bi-County Solid Waste Management System of Woodlawn, Tennessee, do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the 28th day of September, 2016, the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the Bi-County Solid Waste Management System.


As Clerk of the Board, as aforesaid

Seal

Tennessee Consolidated Retirement System

Bi-County Solid Waste Management System and Montgomery County

A RESOLUTION to acknowledge and agree to certain terms and conditions regarding participation in the Tennessee Consolidated Retirement System

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to approval of the TCRS Board of Trustees; and

WHEREAS, Montgomery County is a participating political subdivision in TCRS under the provisions of Tennessee Code Annotated, Title 8, Chapters 34-37; and

WHEREAS, the Bi-County Solid Waste Management System is a political subdivision with a relationship to Montgomery County, and its employees participate in TCRS through Montgomery County under the same terms and conditions as all employees of Montgomery County participate; and

WHEREAS, TCRS has determined that the Bi-County Solid Waste Management System is required to join TCRS as a separate participating political subdivision and to report its employees separately from Montgomery County; and

WHEREAS, TCRS has determined that the reporting of the Bi-County Solid Waste Management System employees by Montgomery County was an administrative error; and

WHEREAS, TCRS will authorize the employees of the Bi-County Solid Waste Management System to continue to participate in TCRS under the following terms and conditions:

- A. The Bi-County Solid Waste Management System establishes, to the satisfaction of TCRS, its status as a governmental entity.
- B. The Bi-County Solid Waste Management System passes a resolution to participate in TCRS pursuant to Tennessee Code Annotated, Title 8, Chapter 35, Part 2 and agrees to all terms thereof. Because the Bi-County Solid Waste Management System is a joint venture, the governing bodies of the participating political subdivisions are also required to pass the resolutions described in Tennessee Code Annotated, Section 8-35-201(d).
- C. The Board of Directors of the Bi-County Solid Waste Management System agrees, by passage of this resolution, that all employees hired prior to October 1, 2016, shall participate in TCRS under the same terms and conditions under which they currently participate as reported by Montgomery County and accepts all liabilities established October 1, 2016, or later, associated with such participation.
- D. The Board of Directors of the Bi-County Solid Waste Management System agrees, by passage of this resolution, to maintain and accept all assets and liabilities established October 1, 2016, or later, associated with membership of its current and future employees in TCRS.
- E. The Montgomery County Board of Commissioners agrees, by passage of this resolution, to maintain and accept all assets and liabilities established in regard to current and former employees of the Bi-County Solid Waste Management System prior to October 1, 2016.
- F. The Board of Directors of the Bi-County Solid Waste Management System, by passage of this resolution, hereby rescinds any and all previously adopted resolutions addressing its participation in TCRS.
- G. The Montgomery County Board of Commissioners, by passage of this resolution, hereby rescinds any and all previously adopted resolutions addressing participation of the Bi-County Solid Waste Management System in TCRS.

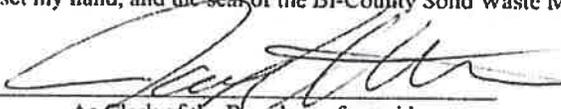
NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Bi-County Solid Waste Management System and the Montgomery County Board of Commissioners hereby agree to compliance with the terms and conditions set forth above in order to authorize the employees of the Bi-County Solid Waste Management System to be eligible to continue participation in TCRS. It is acknowledged and understood that TCRS is authorizing the employees of the Bi-County Solid Waste Management System to participate in TCRS by compliance of the governing bodies of the Bi-County Solid Waste Management System and Montgomery County with the terms and conditions above, and such authorization from TCRS is contingent upon such compliance.

STATE OF TENNESSEE

COUNTY OF Montgomery

I, Jay Alberta, clerk of the Board of Directors of the Bi-County Solid Waste Management System of Woodlawn, Tennessee do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the 28th day of September, 2016 the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the Bi-County Solid Waste Management System.


As Clerk of the Board, as aforesaid

Seal

STATE OF TENNESSEE

COUNTY OF _____

I, _____, clerk of the Montgomery County Board of Commissioners of Montgomery County, Tennessee, do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the _____ day of _____, 20____, the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of Montgomery County.

As Clerk of the Board, as aforesaid

Seal

Tennessee Consolidated Retirement System

(Bi-County Solid Waste Management System – Stewart County)

A RESOLUTION to authorize a joint venture's participation in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated Title 8, Chapters 34 – 37

WHEREAS, Tennessee Code Annotated, Section 8-35-201 provides that any governing body of a joint venture between one or more political subdivisions of this State may by resolution authorize the employees of the joint venture to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; provided that each political subdivision of the State which is represented in the joint venture passes a resolution guaranteeing the payment of its prorated share of any outstanding liability so incurred by the participation; and

WHEREAS, the Board of Directors of the Bi-County Solid Waste Management System ("Joint Venture") has passed a resolution authorizing its employees to become members of TCRS under the provisions of state law, and under the following terms and conditions:

- A. TYPE PLAN. The Joint Venture adopts the following type plan: Regular Defined Benefit Plan;
- B. EMPLOYEE CONTRIBUTIONS. The Employees shall contribute: 0% of the employees' earnable compensation;
- C. COST-OF-LIVING INCREASES FOR RETIREES. The Joint Venture shall: PROVIDE cost-of-living increases for its retirees;
- D. ELIGIBILITY OF PART-TIME EMPLOYEES. The Joint Venture shall: ALLOW its part-time employees to participate in TCRS;
- E. PRIOR SERVICE. For each employee employed with the Joint Venture on the effective date of the Joint Venture's participation in TCRS, the Joint Venture shall: NOT allow its employees to establish any prior service credit with the Joint Venture; and

WHEREAS, the effective date of participation shall be on October 1, 2016, or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate will be 13.83 %, which is based on the estimated lump sum accrued liability of \$0.00; and

WHEREAS, Stewart County is represented in such Joint Venture and desires to allow all the employees of the Joint Venture to participate in TCRS under the above terms and conditions, or under such other terms and conditions the governing body of the Joint Venture may adopt pursuant to the laws governing TCRS; provided, however, this governing body must approve by resolution any such action that would increase the liabilities of either the Joint Venture or the Political Subdivision; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Joint Venture and all public entities responsible for the direct funding of the Joint Venture and not the State of Tennessee; and

WHEREAS, the Joint Venture has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto.

NOW, THEREFORE, BE IT RESOLVED That the Board of County Commissioners of Stewart County hereby authorizes all the employees of the Joint Venture to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees, and hereby guarantees the payment of its prorated share of any outstanding liability so incurred by the above-referenced action of the Joint Venture. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 neither the Joint Venture nor the Political Subdivision shall make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Joint Venture for such employee.

STATE OF TENNESSEE

COUNTY OF STEWART

I, Jimmy G. Fitzhugh, clerk of the Board of County Commissioners of Stewart County, Tennessee do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the 7 day of NOVEMBER, 2016, the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of Stewart County.



Jimmy G. Fitzhugh
As Clerk of the Board, as aforesaid

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**Political Subdivisions Beginning Participation
in the Tennessee Consolidated Retirement System
January 1, 2017**

Political Subdivision	Amount of Service Employer	Employee	ER Rate	EE Rate	Accrued Liability	Part Time Coverage	Cost of Living	Number of Employees
Blount County Emergency Communications District	0	0	11.26%	5.00%	\$0	Excluded	Included	31
Regular Defined Benefit Plan								

Meetings:

- June 2016 Explained initial employer costs and participating procedures to the governing body.
- January 2017 Will explain laws, policies, and benefit provisions to the employees of the ECD.
- January 2017 Will explain reporting procedures to payroll officer(s).

Additional Notes:

1. The Blount County ECD was being erroneously reported by Blount County. As of 1/1/2017 the ECD will be a separate legal entity in the TCRS system.
2. The Blount County ECD initial employer contribution rate of 11.26% is the same rate of Obion County. Effective 7/1/2017, the employer contribution rate shall be 4.34%.

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STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
15th FLOOR ANDREW JACKSON BUILDING
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

July 6, 2016

Mr. Greg McClain
City of Maryville, City Manager
Maryville Municipal Center
404 West Broadway
Maryville, TN 37801

Dear Mr. McClain:

It was a pleasure to meet with Kristine, Debbie, and you on June 20, 2016, to discuss participation in the Tennessee Consolidated Retirement System (TCRS) for employees of the Recreation and Parks Commission of Maryville, Alcoa and Blount County (Recreation and Parks Commission) and employees of the Emergency Communications District of Blount County (Blount County ECD). The City of Maryville has been a participating employer in TCRS since 1965.

Background

With the implementation of GASB Statement No. 68 (GASB 68) by the Government Accounting Standards Board (GASB) as well as the American Institute of Certified Public Accountants (AICPA) white paper regarding the review of census data (employee's demographic information), the pension information presented in a government's financial statements requires greater disclosure than previously required. Moreover, there is a greater degree of responsibility for governmental employers, governmental auditors, and pension administrators to certify the accuracy of pension data being disclosed in the financial statements of employers that participate in pension plans. One such responsibility is that census data should be reviewed for accuracy by the employer and the auditor.

A review of census data in 2014 by the Comptroller of the Treasury's State auditor determined that the GASB 68 actuarial data for the City of Maryville included employees of two entities that are legally separate from the City. The separate entities are the Recreation and Parks Commission and Blount County ECD. The Recreation and Parks Commission is a joint venture of Blount County and the cities of Maryville and Alcoa. Blount County ECD is a political subdivision which is authorized under Tennessee Code Annotated Section 7-86-105(h) to be a participating employer in TCRS.

Tennessee Code Annotated, Section 8-35-201(d), provides that in order for a joint venture to participate in TCRS, it must apply to the TCRS Board of Trustees, after passing a resolution authorizing its employees to become members. Also, the governing body of each governmental entity that participates in the joint venture must pass a resolution authorizing the joint venture's employees to participate in TCRS.

TCRS is a “qualified plan” under Section 401(a) of the Internal Revenue Code (IRC) and must maintain such qualification in order for assets within the pension fund to be accrued tax free until paid in the form of a benefit to retirees. To maintain its qualified status, TCRS is required to limit membership to only the employees of governmental employers properly participating in the plan.

Accordingly, for purposes of GASB 68, state law, and plan qualification, it is necessary to take appropriate actions to correct what TCRS has deemed an “administrative error.”

Suggested Course of Action

Given that the Recreation and Parks Commission has been participating in TCRS through the City of Maryville since the 1970s and Blount County ECD has been participating since its creation, it is infeasible and impractical to completely separate prior participation that spans the aforementioned time periods. Accordingly, we are proposing a course of action as set out below. This course of action is intended to ensure that employees and retirees of these entities will receive the pension benefits they understood were being accrued for their benefit in retirement, while at the same time establishing these two employers in the proper legal posture within TCRS. The recommended process should be seamless to employees.

The suggested course of action includes the adoption of the following resolutions:

City of Maryville

- Resolution A: The City of Maryville agrees to accept responsibility for service accrued by employees of the Recreation and Parks Commission through September 30, 2016. The city will retain credit for all employer contributions, employee contributions, investment earnings, and retirement coverage through September 30, 2016. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the city.
- Resolution B: The City of Maryville agrees to accept responsibility for service accrued by employees of the Blount County ECD through September 30, 2016. The city will retain credit for all employer contributions, employee contributions, investment earnings, and retirement coverage through September 30, 2016. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the city.
- Resolution C: Pursuant to state law regarding the participation of joint ventures in TCRS, the City of Maryville agrees for the Recreation and Parks Commission to participate in TCRS.

Board of the Recreation and Parks Commission

- Resolution D: The Board seeks for the Recreation and Parks Commission to become a participating employer in TCRS so as to provide a retirement plan for employees. Resolution A, also adopted by the City of Maryville: The Board agrees to accept responsibility for all assets and liabilities established October 1, 2016, or later, associated with membership of its current and future employees in TCRS. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the Board.

Board of the Blount County ECD

- Resolution E: The Board seeks to become a participating employer in TCRS so as to provide a retirement plan for employees.
- Resolution B, also adopted by the City of Maryville: The Board agrees to accept responsibility for all assets and liabilities established October 1, 2016, or later, associated with membership of its current and future employees in TCRS. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the Board.

City of Alcoa

- Resolution F: Pursuant to state law regarding the participation of joint ventures in TCRS, the City of Alcoa agrees for the Recreation and Parks Commission to participate in TCRS.

Blount County

- Resolution G: Pursuant to state law regarding the participation of joint ventures in TCRS, the Blount County Commission agrees for Recreation and Parks Commission to participate in TCRS.

Compliance

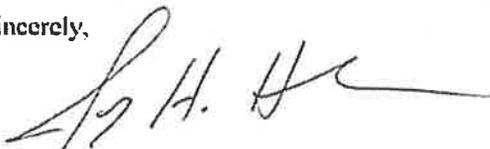
We have conferred with the Tennessee Comptroller of the Treasury and legal counsel and are in agreement that the proposed course of action is the reasonable resolution to correct the issues described.

Summary

We recommend the course of action as set out above to resolve the participation of employees of the Recreation and Parks Commission and the employees of Blount County ECD in the TCRS.

We sincerely appreciate the proactive attention to this matter by all entities listed above. As you may know, TCRS is one of the top rated plans in the country and that is in part to the excellent leadership of our local government partners. If there are any questions or if you need additional information, please feel free to contact us.

Sincerely,



Joy H. Harris

Assistant Treasurer, Financial Empowerment

cc: Joe Huff, Recreation and Parks Commission of Maryville, Alcoa and Blount County
Jeff Caylor, Director, Emergency Communications of Blount County



STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

MEMORANDUM

TO: Sandi Thompson, Division of Local Finance
FROM: Karen Curtis, TCRS Employer Services
SUBJECT: Participation in Tennessee Consolidated Retirement System
DATE: November 4, 2016

Employees of the Blount County Emergency Communications District were being reported to Tennessee Consolidated Retirement System (TCRS) as a division of Blount County as County employees. We were notified by the Comptroller's Office that this may be in error. After research done by our legal counsel, it was determined that this is considered an administrative error by Blount County in that Blount County ECD is considered a separate legal entity. As such, the ECD must join TCRS as a separate legal entity.

The Blount County Emergency Communications District will be participating in Tennessee Consolidated Retirement System effective 1/1/2017.

The Board of Trustees of the TCRS requires a political subdivision to appropriate the necessary funds in their annual budget for retirement costs. The ECD will continue to pay the contribution rate that was previously paid for those employees under the County participation at 11.26%. Effective July 1, 2017, the employer contribution rate shall change to 4.34%. With 31 employees this would equal a dollar amount of \$ 84,526.33 for the fiscal year 2017. One hundred percent (100%) of this figure is required to be budgeted for the fiscal year ending June 30, 2017.

Enclosed is the fiscal year 2017 budget for this entity. Please let me know if this information is sufficient and accurately reflects adequate funding for retirement costs for this entity.

If you have any questions, please call me at (615) 253-6134.

Enclosure

Tennessee Consolidated Retirement System

Emergency Communications District of Blount County

A RESOLUTION to authorize a political subdivision's participation in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated, Title 8, Chapters 34 – 37.

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; and

WHEREAS, the Emergency Communications District of Blount County desires to participate in TCRS under the provisions of Tennessee Code Annotated, Title 8, Chapters 34 – 37 and in accordance with the following terms and conditions:

- A. **TYPE PLAN.** The Political Subdivision adopts the following type plan: Regular Defined Benefit Plan;
- B. **EMPLOYEE CONTRIBUTIONS.** The Employees shall contribute: 5% of the employees' earnable compensation;
- C. **COST-OF-LIVING INCREASES FOR RETIREES.** The Political Subdivision shall: PROVIDE cost-of-living increases for its retirees;
- D. **ELIGIBILITY OF PART-TIME EMPLOYEES.** The Political Subdivision shall: NOT allow its part-time employees to participate in TCRS;
- E. **PRIOR SERVICE.** All service by employees of the Political Subdivision that was rendered to the Political Subdivision and established in TCRS as of the effective date of the Political Subdivision's participation in TCRS, shall be recognized as service established with the Political Subdivision; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Political Subdivision and not the State of Tennessee; and

WHEREAS, the Political Subdivision has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

WHEREAS, the effective date of participation shall be on December 1, 2016, or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be 11.26%. Effective July 1, 2017, the employer contribution rate shall be 4.34%, which shall be subject to change based on subsequent annual actuarial valuations. The Political Subdivision will not have any accrued unfunded liability at the effective date of participation due to the transfer of assets within TCRS to the Political Subdivision's account approved by the City of Maryville by separate resolution.

NOW, THEREFORE, BE IT RESOLVED That the Board of Directors of the Emergency Communications District of Blount County hereby authorizes all its employees in all its departments or instrumentalities to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 the Political Subdivision shall not make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Political Subdivision for such employee.

STATE OF TENNESSEE

COUNTY OF Blount

I, William R Brewer Jr., Chairman of the Board of

Directors of the Emergency Communications District of Blount County, do hereby certify that this is a true and exact copy of the

foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the 3rd day of

November, 2016, the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the Emergency Communications District of Blount County.

William R Brewer Jr.

As Chairman of the Board, as aforesaid

Seal

**Political Subdivisions Beginning Participation
in the Tennessee Consolidated Retirement System
January 1, 2017**

Political Subdivision	Amount of Service Employer	Employee	ER Rate	EE Rate	Accrued Liability	Part Time Coverage	Cost of Living	Number of Employees
Cookeville Boat Dock Road Utility District Regular Defined Benefit Plan	0	0	6.50%	5.00%	\$0	Exclude	Include	NA (See Note)

Meetings:

October 2016 Explained initial employer costs and participating procedures to the governing body.
January 2017 Will explain reporting procedures to payroll officer(s).

Additional Note:

The Cookeville Boat Dock Road Utility District will be participating effective January 1, 2017 for prospective hires only.

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**STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201**

**DAVID H. LILLARD, JR.
STATE TREASURER**

**JILL BACHUS
DIRECTOR**

MEMORANDUM

Date: November 7, 2016
To: TCRS Board of Trustees
From: Melissa L. Davis, TCRS Field Services
Subject: Cookeville Boat Dock Road Utility District

The Cookeville Boat Dock Road Utility District is petitioning for participation in the Tennessee Consolidated Retirement System. This membership would be effective January 1, 2017 for new hires only from that date forward.

The district has chosen to participate in the Regular Defined Benefit Plan with an initial contribution rate 6.5%. The district's rate will be reevaluated during the next actuarial valuation. At this time, there is no identifiable annual cost since this plan will only be offered to new hires.



STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

October 29, 2016

Jean Suh, Audit Manager
Municipal Audit
1500 James K. Polk Building
505 Deaderick Street
Nashville, TN 37243

Dear Ms Suh:

The Tennessee Consolidated Retirement System (TCRS) allows utility districts created under the 1937 Utility District Act to be considered as political subdivisions for retirement purposes. Before a district can actually begin to participate, a participation process must be completed. The Board of Trustees of the TCRS scrutinizes the financial position of utility districts closely. We would appreciate your office's expertise in this area.

The *Cookeville Boat Dock Road Utility District* is considering participation in TCRS effective *01/01/2017*. In an attempt to determine the group's ability to fund such a plan, we would appreciate any information or comment your office could provide in writing regarding this district's financial position at the time of recent evaluations performed.

The information provided and your assistance are very much appreciated. If you have any questions, please call me at (615) 253-6128.

Sincerely,

Melissa L. Davis
TCRS Field Services

RTA
MUNAUDIT



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT**

**SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

October 31, 2016

Ms. Melissa L. Davis
Employer Liaison
Tennessee Consolidated Retirement System
502 Deaderick Street
Nashville, TN 37243

Dear Ms. Curtis:

At your request, I have reviewed the financial position of the Cookeville Boat Dock Road Utility District (the District) in consideration of their application for participation as a member of the Tennessee Consolidated Retirement System (TCRS).

My review of the District's economic and financial condition consisted principally of an analysis of three specific indicators: near-term financial position, net position, and economic condition.¹

Near-term financial position

For the fiscal year ended December 31, 2015, the District's financial statements reflected current assets of \$377,787 available to pay current liabilities of \$216,379. The difference between these two amounts, \$161,408, represents the District's working capital and demonstrates their ability to meet current expenses. The District has reported a positive working capital for the past five years, from 2015 to 2011.

The financial statements reflected that the District had cash and cash equivalents of \$149,706 at December 31, 2015.

Based upon review of the District's operating statements for the past five years, the District generated adequate revenue to pay for costs of operation except for the fiscal year ended December 31, 2014.

Net position

The District reported an increase in net position of \$226,753 and an ending net position balance of \$2,271,542 for the fiscal year ended December 31, 2015. The district reported a decrease in net position (net assets) in the 2014 and 2013 fiscal years.

¹ See Chapter 47 of the *Governmental Accounting, Auditing, and Financial Reporting* published by the Government Finance Officer's Association.

Ms. Davis
Tennessee Consolidated Retirement System
October 31, 2016
Page 2

Other Economic Condition Factors

Based upon supplemental information in their financial reports, the District experienced an increase in its customer base for at least two of the past five years. At December 31, 2015, the District reported approximately 2,725 metered customers.

Because the District provides water utility services, as long as there is a customer base and the natural resource is available, it should have the ability to generate its own-source revenues.

Other Issues

The District is currently subject to the oversight of the Utility Management Review Board (UMRB). Three new commissioners have been properly appointed and trained, and the UMRB believes they are putting the District in a strong financial position. The financial condition of the District will continue to be reviewed by staff to the UMRB. If any additional rate increases are needed, the UMRB will take those steps as necessary.

Conclusion

Taking all of the above into consideration, it appears that the District has made necessary changes to improve the District's financial position and should have sufficient future resources to meet pension obligations associated with their participation in the TCRS. I have included a copy of my complete analysis. Additionally, the District's financial statements are available on our website for your review.

Should you have additional questions related to the items addressed in this letter, please feel free to contact me.

Sincerely,



Jean Suh, CPA, CGFM, Audit Manager
Division of Local Government Audit

2591

Enclosure

Tennessee Consolidated Retirement System

A RESOLUTION to authorize a political subdivision's participation in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated, Title 8, Chapters 34 – 37.

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; and

WHEREAS, the Cookeville Boat Dock Road Utility District desires to participate in TCRS under the
(Name of Political Subdivision)

provisions of Tennessee Code Annotated, Title 8, Chapters 34 – 37 and in accordance with the following terms and conditions:

- A. **TYPE PLAN.** *(CHECK BOX 1 OR BOX 2 OR BOX 3 OR BOX 4).* The Political Subdivision adopts the following type plan:
- (1) Regular Defined Benefit Plan.
 - (2) Alternate Defined Benefit Plan.
 - (3) Local Government Hybrid Plan *(If this Plan is chosen, the Political Subdivision MUST also maintain a defined contribution plan on behalf of its employees and pass the attached resolution that describes the type of defined contribution plan the Political Subdivision will adopt. The defined contribution plan could provide for employer contributions of 0% to up to 7% of its employees' salaries).*
 - (4) State Employee and Teacher Hybrid Plan *(If this Plan is chosen, the Political Subdivision MUST also maintain a defined contribution plan on behalf of its employees whereby the Political Subdivision makes a mandatory employer contribution on behalf of each of its employees participating in the Hybrid Plan equal to 5% of the respective employee's salary subject to the cost controls and unfunded liability controls of the Hybrid Plan. The Political Subdivision must also pass the attached resolution that describes the type of defined contribution plan the Political Subdivision will adopt).*
- B. **EMPLOYEE CONTRIBUTIONS.** *(CHECK BOX 1 OR BOX 2 OR BOX 3 - IF THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE, THE EMPLOYEES MUST CONTRIBUTE 5% OF THEIR EARNABLE COMPENSATION UNDER THAT PLAN AND BOX 1 MUST BE CHECKED).* The Employees shall contribute:
- (1) 5% of the employees' earnable compensation.
 - (2) 2.5% of the employees' earnable compensation.
 - (3) 0% of the employees' earnable compensation.
- C. **COST-OF-LIVING INCREASES FOR RETIREES.** *(CHECK BOX 1 OR BOX 2 – IF EITHER THE LOCAL GOVERNMENT, OR THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE, COST-OF-LIVING INCREASES FOR RETIREES MUST BE GIVEN, SUBJECT TO ANY APPLICABLE COST CONTROLS AND UNFUNDED LIABILITY CONTROLS AND BOX 2 MUST BE CHECKED).* The Political Subdivision shall:
- (1) NOT provide cost-of-living increases for its retirees.
 - (2) PROVIDE cost-of-living increases for its retirees.
- D. **ELIGIBILITY OF PART-TIME EMPLOYEES.** *(CHECK BOX 1 OR BOX 2).* The Political Subdivision shall:
- (1) NOT allow its part-time employees to participate in TCRS.
 - (2) ALLOW its part-time employees to participate in TCRS.
- E. **PRIOR SERVICE.** *(CHECK AND COMPLETE BOX 1 OR BOX 2 OR BOX 3 OR BOX 4 OR BOX 5 – CAUTION: IF THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE AND IF BOX 3 BELOW IS NOT*

CHOSEN, THE EMPLOYER CONTRIBUTION COULD EXCEED 4% THEREBY CAUSING THE COST CONTROLS AND UNFUNDED LIABILITY CONTROLS TO AUTOMATICALLY APPLY. ACCORDINGLY, PRIOR SERVICE IS NOT RECOMMENDED). For each employee employed with the Political Subdivision on the effective date of the Political Subdivision's participation in TCRS, the Political Subdivision shall:

- (1) [] Purchase ALL years of prior service credit on behalf of its employees.
- (2) [] Purchase NO years of prior service credit on behalf of its employees, but shall accept the unfunded liability should its employees establish ALL years of prior service.
- (3) [X] NOT allow its employees to establish any prior service credit with the Political Subdivision.
- (4) [] Purchase _____ years of prior service credit on behalf of its employees and accept the unfunded liability should its employees establish an additional _____ years of prior service credit.
- (5) [] Purchase _____ years of prior service credit on behalf of its employees and no additional prior service credit may be established; and

F. **MAXIMUM UNFUNDED LIABILITY.** *(COMPLETE THIS ITEM F ONLY IF THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE)*. For purposes of the cost control provisions of Tennessee Code Annotated, Section 8-36-922(d), the Political Subdivision defines "maximum unfunded liability" to mean an unfunded liability of no greater than Not Applicable

_____ ; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Political Subdivision and not the State of Tennessee; and

WHEREAS, the Political Subdivision has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

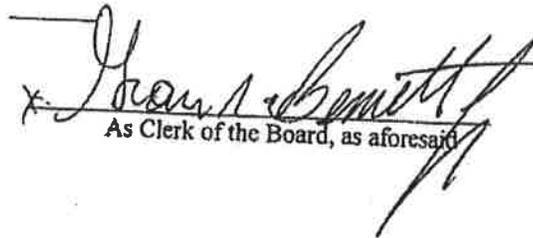
WHEREAS, the effective date of participation shall be on January 1, 2017 or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be 6.50% which is based on the estimated lump sum accrued liability of \$0.00.

NOW, THEREFORE, BE IT RESOLVED That the Commissioners of the Cookeville Boat Dock Road Utility District hereby authorizes all its employees in all its departments or instrumentalities to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 the Political Subdivision shall not make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Political Subdivision for such employee. If either the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Political Subdivision, the Political Subdivision may make employer contributions to the defined contribution plan component of that Plan and to any one or more additional tax deferred compensation or retirement plans on behalf of such employee provided that the total combined employer contributions to such plans on behalf of the employee does not exceed 7% of the employee's salary.

STATE OF TENNESSEE
COUNTY OF Putnam

I, Grover Neal Bennett Jr, clerk of the Board of
Cookeville Boat Dock Rd UD Cookeville
(Name of Governing Body) (County, City Town, etc.)

Tennessee, do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the 7 day of November, 2016, the original of is on file in this office.


As Clerk of the Board, as aforesaid

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**Political Subdivisions Beginning Participation
in the Tennessee Consolidated Retirement System
January 1, 2017**

Political Subdivision	Amount of Service		ER Rate	EE Rate	Accrued Liability	Part Time Coverage	Cost of Living	Number of Employees
	Employer	Employee						
The City of Franklin	0	0	6.50%	5.00%	\$0	Exclude	Include	NA (See Note)
Regular Defined Benefit Plan								

Meetings:

October 2016 Explained initial employer costs and participating procedures to the governing body.
 January 2017 Will explain reporting procedures to payroll officer(s).

Additional Note:

The city of Franklin will be participating effective January 1, 2017 for prospective hires only.

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**STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201**

**DAVID H. LILLARD, JR.
STATE TREASURER**

**JILL BACHUS
DIRECTOR**

MEMORANDUM

Date: November 7, 2016
To: TCRS Board of Trustees
From: Melissa L. Davis, TCRS Field Services
Subject: The City of Franklin

The City of Franklin is petitioning for participation in the Tennessee Consolidated Retirement System. This membership would be effective January 1, 2017 for new hires only from that date forward.

The City has chosen to participate in the Regular Defined Benefit Plan with an initial contribution rate 6.5%. The City's rate will be reevaluated during the next actuarial valuation. At this time, there is no identifiable annual cost since this plan will only be offered to new hires.

Tennessee Consolidated Retirement System

A RESOLUTION to authorize a political subdivision's participation in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated, Title 8, Chapters 34 - 37.

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; and

WHEREAS, the CITY OF FRANKLIN desires to participate in TCRS under the
(Name of Political Subdivision)

provisions of Tennessee Code Annotated, Title 8, Chapters 34 - 37 and in accordance with the following terms and conditions:

- A. TYPE PLAN. (CHECK BOX 1 OR BOX 2 OR BOX 3 OR BOX 4). The Political Subdivision adopts the following type plan:
 - (1) Regular Defined Benefit Plan.
 - (2) Alternate Defined Benefit Plan.
 - (3) Local Government Hybrid Plan (If this Plan is chosen, the Political Subdivision MUST also maintain a defined contribution plan on behalf of its employees and pass the attached resolution that describes the type of defined contribution plan the Political Subdivision will adopt. The defined contribution plan could provide for employer contributions of 0% to up to 7% of its employees' salaries).
 - (4) State Employee and Teacher Hybrid Plan (If this Plan is chosen, the Political Subdivision MUST also maintain a defined contribution plan on behalf of its employees whereby the Political Subdivision makes a mandatory employer contribution on behalf of each of its employees participating in the Hybrid Plan equal to 5% of the respective employee's salary subject to the cost controls and unfunded liability controls of the Hybrid Plan. The Political Subdivision must also pass the attached resolution that describes the type of defined contribution plan the Political Subdivision will adopt).

- B. EMPLOYEE CONTRIBUTIONS. (CHECK BOX 1 OR BOX 2 OR BOX 3 - IF THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE, THE EMPLOYEES MUST CONTRIBUTE 5% OF THEIR EARNABLE COMPENSATION UNDER THAT PLAN AND BOX 1 MUST BE CHECKED). The Employees shall contribute:
 - (1) 5% of the employees' earnable compensation.
 - (2) 2.5% of the employees' earnable compensation.
 - (3) 0% of the employees' earnable compensation.

- C. COST-OF-LIVING INCREASES FOR RETIREES. (CHECK BOX 1 OR BOX 2 - IF EITHER THE LOCAL GOVERNMENT, OR THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE, COST-OF-LIVING INCREASES FOR RETIREES MUST BE GIVEN, SUBJECT TO ANY APPLICABLE COST CONTROLS AND UNFUNDED LIABILITY CONTROLS AND BOX 2 MUST BE CHECKED). The Political Subdivision shall:
 - (1) NOT provide cost-of-living increases for its retirees.
 - (2) PROVIDE cost-of-living increases for its retirees.

- D. ELIGIBILITY OF PART-TIME EMPLOYEES. (CHECK BOX 1 OR BOX 2). The Political Subdivision shall:
 - (1) NOT allow its part-time employees to participate in TCRS.
 - (2) ALLOW its part-time employees to participate in TCRS.

- E. PRIOR SERVICE. (CHECK AND COMPLETE BOX 1 OR BOX 2 OR BOX 3 OR BOX 4 OR BOX 5 - CAUTION: IF THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE AND IF BOX 3 BELOW IS NOT

CHOSEN, THE EMPLOYER CONTRIBUTION COULD EXCEED 4% THEREBY CAUSING THE COST CONTROLS AND UNFUNDED LIABILITY CONTROLS TO AUTOMATICALLY APPLY. ACCORDINGLY, PRIOR SERVICE IS NOT RECOMMENDED). For each employee employed with the Political Subdivision on the effective date of the Political Subdivision's participation in TCRS, the Political Subdivision shall:

- (1) [] Purchase ALL years of prior service credit on behalf of its employees.
- (2) [] Purchase NO years of prior service credit on behalf of its employees, but shall accept the unfunded liability should its employees establish ALL years of prior service.
- (3) [] NOT allow its employees to establish any prior service credit with the Political Subdivision.
- (4) [] Purchase _____ years of prior service credit on behalf of its employees and accept the unfunded liability should its employees establish an additional _____ years of prior service credit.
- (5) [] Purchase _____ years of prior service credit on behalf of its employees and no additional prior service credit may be established; and

F. MAXIMUM UNFUNDED LIABILITY. (COMPLETE THIS ITEM F ONLY IF THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE). For purposes of the cost control provisions of Tennessee Code Annotated, Section 8-36-922(d), the Political Subdivision defines "maximum unfunded liability" to mean an unfunded liability of no greater than _____;

_____ ; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Political Subdivision and not the State of Tennessee; and

WHEREAS, the Political Subdivision has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

WHEREAS, the effective date of participation shall be on JANUARY 1, 2017, or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be 6.5%, which is based on the estimated lump sum accrued liability of \$ — 0 —.

NOW, THEREFORE, BE IT RESOLVED That the BOARD OF MAYOR & ALDERMEN of _____ (Name of Governing Body)

CITY OF FRANKLIN
(Name of Political Subdivision)

_____ hereby authorizes all its employees in all its departments or

instrumentalities to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 the Political Subdivision shall not make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Political Subdivision for such employee. If either the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Political Subdivision, the Political Subdivision may make employer contributions to the defined contribution plan component of that Plan and to any one or more additional tax deferred compensation or retirement plans on behalf of such employee provided that the total combined employer contributions to such plans on behalf of the employee does not exceed 7% of the employee's salary.

STATE OF TENNESSEE

COUNTY OF Williamson

I, Lanai Y. Benne, clerk of the Board of
Mayor and Aldermen City of Franklin,
(Name of Governing Body) (County, City Town, etc.)

Tennessee, do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the 25th day of October, 2016, the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the City of Franklin.
(Name of County, City, Town, etc.)

Lanai Y. Benne
As Clerk of the Board, as aforesaid

Seal

**Political Subdivisions Beginning Participation
in the Tennessee Consolidated Retirement System
January 1, 2017**

Political Subdivision	Amount of Service Employer	Employee	ER Rate	EE Rate	Accrued Liability	Part Time Coverage	Cost of Living	Number of Employees
Maryville, Alcoa, Blount Co Parks and Recreation	0	0	11.26%	5.00%	\$0	Excluded	Included	17
Regular Defined Benefit Plan								

Meetings:

- June 2016 Explained initial employer costs and participating procedures to the governing body.
- January 2017 Will explain laws, policies, and benefit provisions to the employees of the Parks & Rec.
- January 2017 Will explain reporting procedures to payroll officer(s).

Additional Notes:

1. The Maryville, Alcoa, Blount Co Parks & Rec was being erroneously reported by City of Maryville. As of 1/1/2017 the Parks & Rec will be a separate legal entity in the TCRS system.
2. The Parks & Rec initial employer contribution rate of 11.26% is the same rate of Maryville. Effective 7/1/2017, the employer contribution rate will change to 20.16%.

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STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
15th FLOOR ANDREW JACKSON BUILDING
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

July 6, 2016

Mr. Greg McClain
City of Maryville, City Manager
Maryville Municipal Center
404 West Broadway
Maryville, TN 37801

Dear Mr. McClain:

It was a pleasure to meet with Kristine, Debbie, and you on June 20, 2016, to discuss participation in the Tennessee Consolidated Retirement System (TCRS) for employees of the Recreation and Parks Commission of Maryville, Alcoa and Blount County (Recreation and Parks Commission) and employees of the Emergency Communications District of Blount County (Blount County ECD). The City of Maryville has been a participating employer in TCRS since 1965.

Background

With the implementation of GASB Statement No. 68 (GASB 68) by the Government Accounting Standards Board (GASB) as well as the American Institute of Certified Public Accountants (AICPA) white paper regarding the review of census data (employee's demographic information), the pension information presented in a government's financial statements requires greater disclosure than previously required. Moreover, there is a greater degree of responsibility for governmental employers, governmental auditors, and pension administrators to certify the accuracy of pension data being disclosed in the financial statements of employers that participate in pension plans. One such responsibility is that census data should be reviewed for accuracy by the employer and the auditor.

A review of census data in 2014 by the Comptroller of the Treasury's State auditor determined that the GASB 68 actuarial data for the City of Maryville included employees of two entities that are legally separate from the City. The separate entities are the Recreation and Parks Commission and Blount County ECD. The Recreation and Parks Commission is a joint venture of Blount County and the cities of Maryville and Alcoa. Blount County ECD is a political subdivision which is authorized under Tennessee Code Annotated Section 7-86-105(h) to be a participating employer in TCRS.

Tennessee Code Annotated, Section 8-35-201(d), provides that in order for a joint venture to participate in TCRS, it must apply to the TCRS Board of Trustees, after passing a resolution authorizing its employees to become members. Also, the governing body of each governmental entity that participates in the joint venture must pass a resolution authorizing the joint venture's employees to participate in TCRS.

TCRS is a “qualified plan” under Section 401(a) of the Internal Revenue Code (IRC) and must maintain such qualification in order for assets within the pension fund to be accrued tax free until paid in the form of a benefit to retirees. To maintain its qualified status, TCRS is required to limit membership to only the employees of governmental employers properly participating in the plan.

Accordingly, for purposes of GASB 68, state law, and plan qualification, it is necessary to take appropriate actions to correct what TCRS has deemed an “administrative error.”

Suggested Course of Action

Given that the Recreation and Parks Commission has been participating in TCRS through the City of Maryville since the 1970s and Blount County ECD has been participating since its creation, it is infeasible and impractical to completely separate prior participation that spans the aforementioned time periods. Accordingly, we are proposing a course of action as set out below. This course of action is intended to ensure that employees and retirees of these entities will receive the pension benefits they understood were being accrued for their benefit in retirement, while at the same time establishing these two employers in the proper legal posture within TCRS. The recommended process should be seamless to employees.

The suggested course of action includes the adoption of the following resolutions:

City of Maryville

- Resolution A: The City of Maryville agrees to accept responsibility for service accrued by employees of the Recreation and Parks Commission through September 30, 2016. The city will retain credit for all employer contributions, employee contributions, investment earnings, and retirement coverage through September 30, 2016. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the city.
- Resolution B: The City of Maryville agrees to accept responsibility for service accrued by employees of the Blount County ECD through September 30, 2016. The city will retain credit for all employer contributions, employee contributions, investment earnings, and retirement coverage through September 30, 2016. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the city.
- Resolution C: Pursuant to state law regarding the participation of joint ventures in TCRS, the City of Maryville agrees for the Recreation and Parks Commission to participate in TCRS.

Board of the Recreation and Parks Commission

- Resolution D: The Board seeks for the Recreation and Parks Commission to become a participating employer in TCRS so as to provide a retirement plan for employees. Resolution A, also adopted by the City of Maryville: The Board agrees to accept responsibility for all assets and liabilities established October 1, 2016, or later, associated with membership of its current and future employees in TCRS. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the Board.

Board of the Blount County ECD

- Resolution E: The Board seeks to become a participating employer in TCRS so as to provide a retirement plan for employees.
- Resolution B, also adopted by the City of Maryville: The Board agrees to accept responsibility for all assets and liabilities established October 1, 2016, or later, associated with membership of its current and future employees in TCRS. The resolution will also rescind all previous resolutions regarding this issue that have been adopted by the Board.

City of Alcoa

- Resolution F: Pursuant to state law regarding the participation of joint ventures in TCRS, the City of Alcoa agrees for the Recreation and Parks Commission to participate in TCRS.

Blount County

- Resolution G: Pursuant to state law regarding the participation of joint ventures in TCRS, the Blount County Commission agrees for Recreation and Parks Commission to participate in TCRS.

Compliance

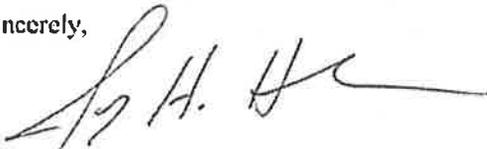
We have conferred with the Tennessee Comptroller of the Treasury and legal counsel and are in agreement that the proposed course of action is the reasonable resolution to correct the issues described.

Summary

We recommend the course of action as set out above to resolve the participation of employees of the Recreation and Parks Commission and the employees of Blount County ECD in the TCRS.

We sincerely appreciate the proactive attention to this matter by all entities listed above. As you may know, TCRS is one of the top rated plans in the country and that is in part to the excellent leadership of our local government partners. If there are any questions or if you need additional information, please feel free to contact us.

Sincerely,



Joy H. Harris

Assistant Treasurer, Financial Empowerment

cc: Joe Huff, Recreation and Parks Commission of Maryville, Alcoa and Blount County

Jeff Caylor, Director, Emergency Communications of Blount County



STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
502 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-0201

DAVID H. LILLARD, JR.
STATE TREASURER

JILL BACHUS
DIRECTOR

MEMORANDUM

TO: Sandi Thompson, Division of Local Finance
FROM: Karen Curtis, TCRS Employer Services
SUBJECT: Participation in Tennessee Consolidated Retirement System
DATE: October 27, 2016

Employees of the Maryville, Alcoa, Blount County Parks & Rec were being reported to Tennessee Consolidated Retirement System (TCRS) as a division of the City of Maryville as City employees. We were notified by the Comptroller's Office that this may be in error. After research done by our legal counsel, it was determined that this is considered an administrative error by the City of Maryville in that Maryville, Alcoa, Blount County Parks & Rec is considered a separate legal entity. As such, the Parks & Rec must join TCRS as a separate legal entity.

The Maryville, Alcoa, Blount County Parks & Rec will be participating in Tennessee Consolidated Retirement System effective 1/1/2017.

The Board of Trustees of the TCRS requires a political subdivision to appropriate the necessary funds in their annual budget for retirement costs. The Parks & Rec will continue to pay the contribution rate that was previously paid for those employees under the County participation at 11.26%. Effective July 1, 2017, the employer contribution rate shall change to 20.16%. With 17 employees this would equal a dollar amount of \$ 94,318.00 for the fiscal year 2017. One hundred percent (100%) of this figure is required to be budgeted for the fiscal year ending June 30, 2017.

Enclosed is the fiscal year 2017 budget for this entity. Please let me know if this information is sufficient and accurately reflects adequate funding for retirement costs for this entity.

If you have any questions, please call me at (615) 253-6134.

Enclosure



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

Memorandum

TO: Karen Curtis, TCRS Employer Services
FROM: Sandra Thompson, Director *Sandra Thompson*
DATE: November 4, 2016
SUBJECT: Maryville, Alcoa, Blount County Parks & Rec Commission

It appears the Maryville, Alcoa, Blount County Parks & Rec Commission (the "Commission") will have adequate revenues to fund the retirement costs associated with becoming a member of the Tennessee Consolidated Retirement System (TCRS) effective January 1, 2017.

Pursuant to your request, we have reviewed the Commission's budget for the fiscal year ending June 30, 2017. The budget includes retirement costs of \$105,831, which adequately covers the Board's total first year cost of \$94,318 to participate in TCRS. The condensed annual budget presented below demonstrates that the Commission has sufficient revenues budgeted to cover all expenditures including the TCRS pension expenditures.

Maryville, Alcoa, Blount County Parks & Rec Commission
Condensed Annual Budget
Fiscal Year Ending June 30, 2017

Operating Revenue	\$	2,839,584
Operating Expenditures		<u>2,839,584 *</u>
Increase (Decrease) in Fund Balance	\$	-

*Operating expenditures include retirement costs of \$105,831.

The financial information received by this Office with the request for the review of the Commission's fiscal year 2017 budget represents the Commission's assertions of its financial condition that may or may not reflect its current or future financial condition.

If you need additional information, please do not hesitate to contact me.

**Tennessee Consolidated
Retirement System**
Recreation and Parks Commission of Maryville,
Alcoa, and Blount County

A RESOLUTION to authorize a joint venture's participation in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated, Title 8, Chapters 34 – 37.

WHEREAS, Tennessee Code Annotated, Section 8-35-201 provides that any governing body of a joint venture between one or more political subdivisions of this State may by resolution authorize the employees of the joint venture to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; provided that each political subdivision of the State which is represented in the joint venture passes a resolution guaranteeing the payment of its prorated share of any outstanding liability so incurred by the participation; and

WHEREAS, the Recreation and Parks Commission of Maryville, Alcoa, and Blount County ("Joint Venture") desires to participate in TCRS under the provisions of state law, and under the following terms and conditions, which shall apply to all individuals employed with the Recreation and Parks Commission of Maryville, Alcoa, and Blount County as of December 1, 2016, and all employees hired on or after December 1, 2016:

- A. **TYPE PLAN.** The Joint Venture adopts the following type plan: Regular Defined Benefit Plan;
- B. **EMPLOYEE CONTRIBUTIONS.** The Employees shall contribute: 5% of the employees' earnable compensation;
- C. **COST-OF-LIVING INCREASES FOR RETIREES.** The Joint Venture shall: PROVIDE cost-of-living increases for its retirees;
- D. **ELIGIBILITY OF PART-TIME EMPLOYEES.** The Joint Venture shall: NOT allow its part-time employees to participate in TCRS;
- E. **PRIOR SERVICE.** All service by employees of the Joint Venture that was rendered to the Joint Venture and established in TCRS as of the effective date of the Joint Venture's participation in TCRS, shall be recognized as service established with the Joint Venture; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Joint Venture and the public entities that are represented in the Joint Venture, and not the State of Tennessee; and

WHEREAS, the Joint Venture has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

WHEREAS, the effective date of participation shall be on December 1, 2016 or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be 11.26%. Effective July 1, 2017, the employer contribution rate shall be 20.16%, which shall be subject to change based on subsequent annual actuarial valuations. The unfunded accrued liability that remains at the effective date of participation, following the transfer of assets within TCRS to the Joint Venture's account approved by the City of Maryville by separate resolution, is \$1,327,251.

NOW, THEREFORE, BE IT RESOLVED That the Board of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County hereby authorizes all its employees in all its departments or instrumentalities to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 the Joint Venture shall not make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution

wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Hybrid Plan is adopted by the Joint Venture for such employee.

STATE OF TENNESSEE

COUNTY OF Blount

I, Dallas Monroe, clerk of the Board of the

Recreation and Parks Commission of Maryville, Alcoa, and Blount County, Tennessee, do hereby certify that this is a true and exact

copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the

14th day of October, 2016, the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County,

Dallas Monroe
As Clerk of the Board, as aforesaid

Seal

A RESOLUTION to authorize a joint venture's
participation in the Tennessee
Consolidated Retirement System
in accordance with Tennessee Code
Annotated Title 8, Chapters 34-37

WHEREAS, Tennessee Code Annotated, Section 8-35-201 provides that any governing body of a joint venture between one or more political subdivisions of this State may by resolution authorize the employees of the joint venture to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; provided that each political subdivision of the State which is represented in the joint venture passes a resolution guaranteeing the payment of its prorated share of any outstanding liability so incurred by the participation; and

WHEREAS, the Board of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County ("Joint Venture") has passed a resolution authorizing its employees to become members of TCRS under the provisions of state law, and under the following terms and conditions:

- A. TYPE PLAN. The Joint Venture adopts the following type plan: Regular Defined Benefit Plan;
- B. EMPLOYEE CONTRIBUTIONS. The Employees shall contribute: 5% of the employees' earnable compensation;
- C. COST-OF-LIVING INCREASES FOR RETIREES. The Joint Venture shall: PROVIDE cost-of-living increases for its retirees;
- D. ELIGIBILITY OF PART-TIME EMPLOYEES. The Joint Venture shall: NOT allow its part-time employees to participate in TCRS.
- E. PRIOR SERVICE. All service by employees of the Joint Venture that was rendered to the Joint Venture and established in TCRS as of the effective date of the Joint Venture's participation in TCRS, shall be recognized as service established with the Joint Venture; and

WHEREAS, the effective date of participation shall be on December 1, 2016 or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be 11.26%. Effective July 1, 2017, the employer contribution rate shall be 20.16%, which shall be subject to change based on subsequent annual actuarial valuations. The unfunded accrued liability that remains at the effective date of participation, following the transfer of assets within TCRS to the Joint Venture's account approved by the City of Maryville by separate resolution, is \$1,327,251.

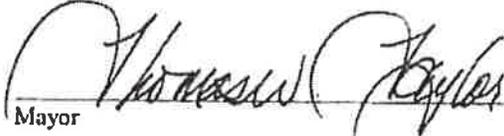
WHEREAS, the City of Maryville is represented in such Joint Venture and desires to allow all the employees of the Joint Venture to participate in TCRS under the above terms and conditions, or under such other terms and conditions the governing body of the Joint Venture may adopt pursuant to the laws governing TCRS; provided, however, this governing body must approve by resolution any such action that would increase the liabilities of either the Joint Venture or the Political Subdivision; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Joint Venture and all public entities responsible for the direct funding of the Joint Venture and not the State of Tennessee; and

WHEREAS, the Joint Venture has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto.

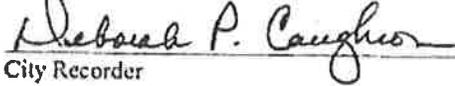
NOW, THEREFORE, BE IT RESOLVED That the Maryville City Council hereby authorizes all the employees of the Joint Venture to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees, and hereby guarantees the payment of its prorated share of any outstanding liability so incurred by the above-referenced action of the Joint Venture. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 neither the Joint Venture nor the Political Subdivision shall make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Joint Venture for such employee.

Adopted and approved this 4th day of Oct., 2016.



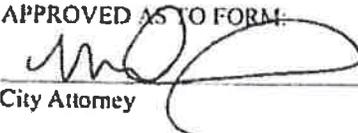
Mayor

ATTEST:



City Recorder

APPROVED AS TO FORM:



City Attorney

STATE OF TENNESSEE

COUNTY OF Blount

I, Deborah P. Caughion, City Recorder of the Maryville City Council of Maryville, Tennessee do hereby certify that this is a true and exact copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the 4th day of October, 2016, the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the City of Maryville.

Deborah P. Caughion
City Recorder



RESOLUTION NO. R16-304

A RESOLUTION TO AUTHORIZE A JOINT VENTURE'S PARTICIPATION IN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM IN ACCORDANCE WITH TENNESSEE CODE ANNOTATED TITLE 8, CHAPTERS 34 - 37

WHEREAS, Tennessee Code Annotated, Section 8-35-201 provides that any governing body of a joint venture between one or more political subdivisions of this State may by resolution authorize the employees of the joint venture to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; provided that each political subdivision of the State which is represented in the joint venture passes a resolution guaranteeing the payment of its prorated share of any outstanding liability so incurred by the participation; and

WHEREAS, the Board of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County ("Joint Venture") has passed a resolution authorizing its employees to become members of TCRS under the provisions of state law, and under the following terms and conditions:

- A. TYPE PLAN. The Joint Venture adopts the following type plan: Regular Defined Benefit Plan;
- B. EMPLOYEE CONTRIBUTIONS. The Employees shall contribute: 5% of the employees' earnable compensation;
- C. COST-OF-LIVING INCREASES FOR RETIREES. The Joint Venture shall: PROVIDE cost-of-living increases for its retirees;
- D. ELIGIBILITY OF PART-TIME EMPLOYEES. The Joint Venture shall: NOT allow its part-time employees to participate in TCRS;
- E. PRIOR SERVICE. All service by employees of the Joint Venture that was rendered to the Joint Venture and established in TCRS as of the effective date of the Joint Venture's participation in TCRS, shall be recognized as service established with the Joint Venture; and

WHEREAS, the effective date of participation shall be on December 1, 2016 or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be 11.26%. Effective July 1, 2017, the employer contribution rate shall be 20.16%, which shall be subject to change based on subsequent annual actuarial valuations. The unfunded accrued liability that remains at the effective date of participation, following the transfer of assets within TCRS to the Joint Venture's account approved by the City of Maryville by separate resolution, is \$1,327,251.

WHEREAS, the City of Alcoa is represented in such Joint Venture and desires to allow all the employees of the Joint Venture to participate in TCRS under the above terms and conditions, or under such other terms and conditions the governing body of the Joint Venture may adopt pursuant to the laws governing

TCRS; provided, however, this governing body must approve by resolution any such action that would increase the liabilities of either the Joint Venture or the Political Subdivision; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Joint Venture and all public entities responsible for the direct funding of the Joint Venture and not the State of Tennessee; and

WHEREAS, the Joint Venture has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto.

NOW, THEREFORE, BE IT RESOLVED That the Alcoa Board of Commissioners hereby authorizes all the employees of the Joint Venture to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees, and hereby guarantees the payment of twenty-six percent (26%) representing its prorated share of any outstanding liability so incurred by the above-referenced action of the Joint Venture. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 neither the Joint Venture nor the Political Subdivision shall make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Joint Venture for such employee.

Section 3. This resolution shall take effect immediately upon its adoption, the public welfare requiring it.

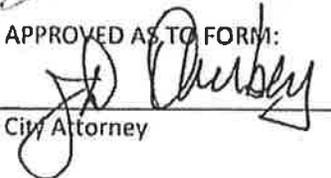
Adopted this 11th day of October, 2016.



Mayor

ATTEST:


Recorder

APPROVED AS TO FORM:


City Attorney

**Blount County, Tennessee
Grant (Contract) Worksheet**
(Adopted February 21, 2015)

Please provide the information below for any Grant being applied for or recently awarded.
Once completed, return this worksheet via e-mail to the Grant Accountant at accounting@blounttn.org

Requesting Department: Blount Co. Records Management & Archives

Contact Person's Name, email, phone # (person applying for grant): Jackie Glenn

Financial Reporting Person's information (if different than contact): _____

Project/Program Director's Name, email, phone #: Jackie Glenn, glenn@bcourtn.org 380-4295

Name of Granting Agency: Tennessee State Library & Archives

Grant Name: State Board Programming Grant

Is a grant application required? YES NO

Is this a one-time grant? YES NO If no, is the grant recurring? _____

Grant Funds Requested: _____ \$5,000.00

Are County Funds Required (Match)? If so when approved, a budget commitment for match will need to be included with the form. No

Total Amount of Grant: \$ 5,000

Brief Description for Use of Grant Funds: (Equipment, Gear, Personnel, etc.) Archive Supplies and Materials

If the grant is in the application process, what is the submission deadline? _____ 19 Oct-16

Worksheet reviewed by - Grant Accountant and/or Finance Director: Angie Shurtle

Date of Commission approval: _____

Grant CFDA# (Catalog of Federal Domestic Assistance): _____

Date of Grant Award: _____

Grant Period: (such as: Oct 1 - Sept 30)
Expiration Date of Grant, as established by the Granting Agency: _____

Anticipated Closing Date of Grant Project: _____

How will we receive the Grant Funds? (direct deposit, check, other) _____

How often will the Grant Funds be sent? (monthly, quarterly, one payment, other) _____

**** Attach Budget Amendment(s) to this form when grant approved ****

IN RE: A RESOLUTION TO AUTHORIZE A JOINT VENTURE'S PARTICIPATION IN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM IN ACCORDANCE WITH TENNESSEE CODE ANNOTATED TITLE 8, CHAPTERS 34-37 (16-10-004)

Commissioner Bennett made a motion to adopt the resolution. Commissioner Caylor seconded the motion.

An electronic vote was taken.

Akard-Yes	Caskey-Yes	Mike Lewis-Yes
Allen-Yes	Caylor-Yes	Melton-Yes
Archer-Yes	Cole-Yes	Miller-No
Bennett-Yes	Crowe-Yes	Monroe-No
Bowers-Absent	Daly-Yes	Moon-Yes
Carter-Yes	Farmer-Yes	Samples-Yes
Carver-Yes	French-Yes	Stinnett-Yes

There were 18 voting yes, 2 voting no, 0 abstain, and 1 absent.

Chairman Moon declared the motion to have passed and the resolution adopted.

Resolution No. ~~16-10-004~~

Sponsored by: Commissioners Mike Lewis and Jerome Moon

**A RESOLUTION TO AUTHORIZE A JOINT VENTURE'S PARTICIPATION IN THE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM IN ACCORDANCE WITH
TENNESSEE CODE ANNOTATED TITLE 8, CHAPTERS 34-37.**

WHEREAS, Tennessee Code Annotated, Section 8-35-201 provides that any governing body of a joint venture between one or more political subdivisions of this State may by resolution authorize the employees of the joint venture to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; provided that each political subdivision of the State which is represented in the joint venture passes a resolution guaranteeing the payment of its prorated share of any outstanding liability so incurred by the participation; and

WHEREAS, the Board of the Recreation and Parks Commission of Maryville, Alcoa, and Blount County ("Joint Venture") has passed a resolution authorizing its employees to become members of TCRS under the provisions of state law, and under the following terms and conditions:

- A. **TYPE PLAN.** The Joint Venture adopts the following type plan: Regular Defined Benefit Plan;
- B. **EMPLOYEE CONTRIBUTIONS.** The Employees shall contribute: 5% of the employees' earnable compensation.
- C. **COST-OF-LIVING INCREASES FOR RETIREES.** The Joint Venture shall PROVIDE cost-of-living increases for its retirees.
- D. **ELIGIBILITY OF PART-TIME EMPLOYEES.** The Joint Venture shall NOT allow its part-time employees to participate in TCRS;
- E. **PRIOR SERVICE.** All service by employees of the Joint Venture that was rendered to the Joint Venture and established in TCRS as of the effective date of the Joint Venture's participation in TCRS, shall be recognized as service established with the Joint Venture; and

WHEREAS, the effective date of participation shall be on October 1, 2016 or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be 11.26%. Effective July 1, 2017, the employer contribution rate shall be 10.16%, which shall be subject to change based on subsequent annual actuarial valuations. The unfunded accrued liability that remains at the effective date of participation, following the transfer of assets within TCRS to the Joint Venture's account approved by the City of Maryville by separate resolution, is \$1,327,251.

WHEREAS, Blount County is represented in such Joint Venture and desires to allow all the employees of the Joint Venture to participate in TCRS under the above terms and conditions, or under such other terms and conditions the governing body of the Joint Venture may adopt pursuant to the laws governing TCRS; provided, however, this governing body must approve by resolution any such action that would increase the liabilities of either the Joint Venture or the Political Subdivision; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Joint Venture and all public entities responsible for the direct funding of the Joint Venture and not the State of Tennessee; and

WHEREAS, the Joint Venture has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto.

NOW, THEREFORE, BE IT RESOLVED that the Blount County Board of Commissioners hereby authorizes all the employees of the Joint Venture to become eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees, and hereby guarantees the payment of thirty-eight percent (38%), representing its prorated share of any outstanding liability so incurred by the above-referenced entities of the Joint Venture. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 neither the Joint Venture nor the Political Subdivision shall make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Joint Venture for such employee.

Duly authorized and approved this 20th day of October, 2016.

CERTIFICATION OF ACTION ATTEST

[Signature]
Commission Chairman

[Signature]
County Clerk

Approved: [Signature]

Vetoed: _____

[Signature] 10-25-16
County Mayor Date

STATE OF TENNESSEE, COUNTY OF BLOUNT
I, GAYE HASTY CLERK
OF THE COUNTY COURT OF SAID COUNTY, DO CERTIFY
THAT THE FOREGOING IS A TRUE COPY OF THE
MINUTES OF BLOUNT COUNTY COMMISSION
AS THE SAME APPEARS OF RECORD IN MY OFFICE
WITHIN MY HAND AND OFFICIAL SEAL IN MARYVILLE.
THIS 2nd DAY OF NOVEMBER 2016
CLERK Gaye Hasty by
[Signature]
D.C.

MEMO

TO: Budget Committee

FROM: Randy Vineyard, Finance Director

DATE: September 29, 2016

Re: Parks & Recreation (Joint Venture of Blount County, Alcoa and Maryville)

A resolution is proposed for your consideration and that of the County Commission regarding the employees of the Parks & Recreation Commission.

Currently, these employees are participants of the Tennessee Consolidated Retirement System (TCRS) as an employee subset of the City of Maryville. Under state law, TCRS is requiring that those employees of our Joint Venture be participants as their own employee group and actuarially stand on their own assets and liabilities. This action is being prompted by TCRS.

TCRS has suggested a resolution to each legislative body of the Joint Venture for adoption before finalizing this matter. There are no changes in plan design or benefits from what those employees currently have available to them. Currently the Joint Venture is funded at 38% County, Maryville 36%, and Alcoa 26% and there are no changes in that funding participation.

Each governing legislative body will be seeking approval of the same resolution altered only by the funding participation levels.

This is a housekeeping matter required by the TCRS.

If you have any questions, please contact me.

IN RE: A RESOLUTION TO AMEND THE ZONING MAP OF BLOUNT COUNTY TENNESSEE, FROM R-1(RURAL DISTRICT-1) TO RAC2-(RURAL ARTERIAL COMMERCIAL DISTRICT 2) FOR THE PROPERTY LOCATED AT 5823 CALDERWOOD HIGHWAY, (16-10-002)

Commissioner Carver made a motion to adopt the resolution. Commissioner Archer seconded the motion.

An electronic vote was taken.

Akard-No	Caskey-Yes	Mike Lewis-Yes
Allen-Yes	Caylor-Yes	Melton-Yes
Archer-Yes	Cole-Yes	Miller-Yes
Bennett-Yes	Crowe-Yes	Monroe-Yes
Bowers-Absent	Daly-Yes	Moon-Yes
Carter-Yes	Farmer-Yes	Samples-Yes
Carver-Yes	French-Yes	Stinnett-Yes

There were 19 voting yes, 1 voting no, 0 abstain, and 1 absent.

Chairman Moon declared the motion to have passed and the resolution adopted.

Page 396

STATE OF TENNESSEE, COUNTY OF BLOUNT
 I, GAYE HESTIN CLERK
 OF THE COUNTY COURT OF SAID COUNTY, DO CERTIFY
 THAT THE FOREGOING IS A TRUE COPY OF THE
MINUTES OF BLOUNT COUNTY Commission
 AS THE SAME APPEARS OF RECORD IN MY OFFICE
 WITNESS MY HAND AND OFFICIAL SEAL IN MARYVILLE.
 THIS 20th DAY 1 NOVEMBER 2016
 CLERK Gaye Hesty by
Rhonda Ruff D. C.

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INVESTMENT POLICY CHANGES

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STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT

STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

615.741.2956
David.Lillard@tn.gov

MEMORANDUM

TO: Council on Pensions and Insurance

FROM: David H. Lillard, Jr., State Treasurer and as
Chairman of the Board of Trustees for the
Tennessee Consolidated Retirement System

DATE: October 4, 2016

SUBJECT: **Proposed Tennessee Consolidated Retirement System's Investment
Policy Revised and Restated**

Department of Treasury Staff presents, for the Council's consideration, the Tennessee Consolidated Retirement System's Investment Policy Revised and Restated ("proposed Policy") that, if approved by the Council on Pensions and Insurance ("Council") and adopted by the Board of Trustees, would supersede the current Investment Policy.

In short, the proposed Policy was drafted to align with 2016 statutory changes to Tennessee Code Annotated, Section 8-37-104 and to adopt a revised asset allocation strategy as recommended by Department of Treasury Investment Staff and supported by the Tennessee Consolidated Retirement System's general investment consultant, Verus Advisory (fka SIS or Strategic Investment Solutions).

More specifically, the proposed Policy:

- Limits the asset allocation range for private equity, including strategic lending, to not more than twenty percent (20%) and real estate to not more than twenty percent (20%);
- Establishes interim target allocations to private equity (from 3% to 7%), strategic lending (from 5% to 7%) and real estate (from 7% to 10%);
- Creates interim and strategic asset allocation targets for each respective asset classes or sub-asset classes;
- Directs performance reporting to be outlined through procedures approved by the State Treasurer; and
- Transfers process and risk controls for private equity, strategic lending and real estate investments to applicable Investment Guidelines, which are required to be approved by the State Treasurer.

Department of Treasury Staff asks that the Council consider approving, subject to any non-material corrections, the proposed Tennessee Consolidated Retirement System's Investment Policy Revised and Restated. If so approved, the proposed Tennessee Consolidated Retirement System's Investment Policy Revised and Restated will be presented to the Board of Trustees for the Tennessee Consolidated Retirement System at its next meeting.

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THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

**INVESTMENT POLICY
REVISED AND RESTATED**

Table of Contents

I. Definitions	3
II. Overview and Authority	8
A. Introduction	8
B. Investment Authority	8
C. Fiduciary Standard	8
D. Scope	8
III. Objective	9
IV. Roles and Responsibilities	9
A. Board of Trustees	9
B. Investment Advisory Council	9
C. Investment Committee	10
D. State Treasurer	10
E. Chief Investment Officer	10
F. Investment Staff	11
G. General Consultant	11
V. Governing Principles	12
A. Primary Investment Objective	12
B. Authorized Asset Classes and Investment Activities	12
C. Asset Allocation Ranges	12
D. Asset Allocation Targets	13
E. Benchmarks	13
VI. Additional Investment Criteria	14
A. Equity	14
B. Fixed Income Securities and Short-Term Securities	14
C. Private Equity	14
D. Real Estate	16
E. Cash and Cash Equivalents	16
F. Canadian Securities	16
G. International Securities	17
H. Canadian and International Currency	17
I. Derivative Instruments	18
J. Securities Lending	18
K. Standby Note Purchaser	19
L. Investment Companies	19
VII. Risk Management	19
A. Rebalancing and Transitioning	19
B. Percentage Limitations	19
C. Designated Nationally Recognized Statistical Rating Organizations (“NRSROs”)	20
D. Trading, Brokerage and Research	20
E. Service Providers	20
F. Legal, Compliance and Audit	20
G. Investment Guidelines, Policies and Procedures	21
VIII. Monitoring and Reporting	21
A. Quarterly	21
B. Periodically	21
C. Annually	22
IX. Policy Interpretation	22
X. Approval and Adoption	23

I. Definitions

The following definitions are used hereafter with respect to this Investment Policy:

Board – The Board of Trustees of the TCRS.

Buyout – Generally a type of traditional private equity investment that invests in the purchase of all or part of the stock or assets of a privately or publicly owned company through the use of debt and equity.

Cash Equivalents – Debt investments representing highly rated, highly liquid and readily marketable securities with a remaining term to maturity (at the time of purchase) of ninety days or less (≤ 90 days), including, but not limited to, commercial paper and discount notes. Debt securities issued by the United States, any agency of the United States federal government or any entity with the express or implied backing of the United States with a remaining term to maturity of three hundred ninety-seven days or less (≤ 397 days) may also be considered Cash Equivalents for purposes of this Investment Policy.

Chief Investment Officer (“CIO”) – The Department of Treasury employee responsible for the investment and oversight of the TCRS assets in accordance with statutory guidelines and the investment policies and strategies established by the Board.

Commingled Investment – A pooled investment vehicle that is overseen by an External Investment Manager. The following types of pooled investment vehicles used for real estate investments may include, but are not limited to: open and closed end funds; private limited partnerships; private limited liability companies; private and public Real Estate Investment Trusts (“REITs”); and group trusts. The TCRS may also participate in secondary offerings or purchase fund interests from other investors in the secondary market.

Core Investments – An industry term that generally means a Traditional Property Type that is well-located, of institutional quality and leased, at the time of acquisition, at a rate of eighty percent or greater ($\geq 80\%$). “Core plus,” as defined by the general real estate industry, may also be considered a Core Investment for purposes of this Investment Policy.

Derivative Instruments – Any agreement, option or instrument, or any series or combinations of an agreement, option or instrument: (i) to make or take delivery of, or assume or relinquish, a specified amount of one (1) or more underlying interests, or to make a cash settlement in lieu thereof; or (ii) that has a price, performance, value or cash flow based primarily upon the actual or expected price, yield, level, performance, value or cash flow of one (1) or more underlying interests. Derivative Instruments include, but are not limited to, options, warrants (not attached to another investment), caps, floors, collars, swaps, security-based swaps, security-based swap agreements, mixed swaps, swaptions, forwards, futures and any other agreements, options or instruments substantially similar thereto, or any series or combinations thereof. Derivative Instruments do not include Collateralized Mortgage Obligations (“CMOs”), Treasury Inflation-Protected Securities (“TIPS”), other asset-backed securities, principal-protected structured securities or floating rate securities.

Direct Investment – A direct ownership or co-ownership in Core Investments or Non-Core Investments (real estate).

Direct Lending – The transfer of funds from the ultimate lender to the ultimate borrower, most often through a third (administrative) party.

Distressed – Generally a type of traditional private equity investment that invests in the debt obligations of under-performing companies in need of operating or financial restructuring and that are typically involved in a turnaround, restructuring, deleveraging or bankruptcy situation.

Distressed Debt – A debt instrument issued by a company that is typically involved in a turnaround, restructuring, deleveraging or bankruptcy situation.

Emerging Market Debt – A debt instrument issued by nations or companies that are in the process of rapid growth and industrialization. Emerging Market Debt is subject to the same screening methodology discussed within this Investment Policy (Section VI.G).

Equity(ies) – Investments representing an equity, ownership interest to include, but not limited to, publicly traded common and preferred stock, Initial Public Offerings (“IPOs”), bonds or any security convertible to stock, equity-focused Investment Companies, publicly traded Real Estate Investment Trusts (“REITs”) and equity Restricted Securities.

External Investment Adviser – An individual or entity duly selected and contractually bound, who/that typically provides asset management services on a non-discretionary basis to the TCRS. Such External Investment Adviser will be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules and regulations.

External Investment Manager – An individual or entity, duly selected and contractually bound, who/that typically assumes discretion over a specified portion of the TCRS’s assets. Such External Investment Manager will be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules and regulations.

Fixed Income Security(ies) – Investments representing an instrument under which the issuer owes the holder (debt) to include, but not limited to, notes, bonds or other fixed income securities, Mortgage-Backed Securities (“MBS”), Asset-Backed Securities (“ABS”), Collateralized Mortgage Obligations (“CMO”), Commercial Mortgage Backed Securities (“CMBS”), Medium Term Notes (“MTN”), municipal securities, corporate securities, bond-focused Investment Companies and debt Restricted Securities.

General Consultant – An entity or individual, duly selected and contractually bound, with substantial experience in providing advice on and/or consulting services related to the Total Assets based upon its/his/her expertise and analysis of the issues and/or assets under consideration.

Growth Equity – Generally a type of traditional private equity investment that invests in an established company for the purpose of growing its business.

Hedging Transaction – A derivative transaction that is entered into and maintained to manage: (i) the risk of a change in the value, yield, price, cash flow or quantity of assets or liabilities, or a portfolio of assets and/or liabilities; or (ii) the currency exchange rate risk related to assets or liabilities, or a portfolio of assets and/or liabilities.

High Yield Bonds – A debt instrument with a credit rating below Investment Grade.

Income Generation Transaction – A derivative transaction, excluding Hedging Transactions and Replication Transactions, which is entered into to generate income.

Internal Legal Counsel – The Assistant Treasurer for Legal, Compliance and Audit or his/her authorized designee(s) who represent the Department of Treasury.

Investment Advisory Council (“IAC”) – A council consisting of at least five (5) persons, duly qualified and selected, which will review information furnished to it and provide such investment advice to the State Treasurer and Chief Investment Officer as the Investment Advisory Council deems appropriate.

Investment Committee – A committee of the Board comprised of Board members that will assist the Board in fulfilling its responsibilities with respect to the investments of the TCRS.

Investment Companies – An entity, primarily engaged in the business of investing, that issues publicly listed securities. Investment Companies include, but are not limited to publicly listed unit investment trusts (“UITs”), exchange-traded funds (“ETFs”), open-ended mutual funds and close-ended mutual funds.

Investment Grade – Rating description given to debt securities. For purposes of this Investment Policy, Investment Grade for long-term debt securities must be within the four (4) highest tiers (e.g., AAA, AA, A, or BBB) and short-term debt securities must be within the three (3) highest tiers (e.g., A-1, A-2 or A-3); rating modifiers (+, -) should not be considered when determining the tiers. Debt securities issued by the United States, any agency of the United States federal government or any entity with the express or implied backing of the United States shall be considered as holding the highest possible rating.

Investment Guidelines – Policies and procedures that provide operational framework for implementing and monitoring various investment strategies and activities. Investment Guidelines are often drafted by Investment Staff and must be recommended by the Chief Investment Officer and approved by the State Treasurer before becoming effective.

Investment Staff – Each Department of Treasury, Investment Division employee involved in the investment management of the Total Assets.

Legal Advisor – The Attorney General and Reporter or his/her authorized designee(s) who represent the Board in all matters.

Levered and Unlevered Loans – A debt instrument from companies with below Investment Grade credit ratings. Leveraged loans are typically secured with a lien on the company's assets and are generally senior to the company's other debt.

Market Value – Sometimes referred to as aggregate book value or book value, Market Value are determined in accordance with applicable financial reporting requirements. For additional guidance, refer to the TCRS’s Comprehensive Annual Financial Report.

Master Custodian – A bank, savings and loan association or trust company, duly selected and contractually bound, that, at a minimum, holds the assets of and processes securities transactions for the State of Tennessee, Department of Treasury on behalf of the TCRS.

Mezzanine Debt – Placed between debt and equity in a company's capital structure, mezzanine debt is typically a subordinated debt instrument for late-stage venture and mature companies and offers income through a current coupon and equity participation through a warrant.

Non-Core Investments – Broadly defined as all other real estate assets that are not Core Investments. Non-Core Investments include “value-added,” “opportunistic,” “build to core” or “lease to core” investments, as defined by the general real estate industry.

Outside Legal Counsel – Attorney(s) or law firm(s), duly selected and contractually bound, who/that provide legal advice to the TCRS or the Department of Treasury for or on behalf of the TCRS.

Other Opportunities – Generally a type of private equity investment that is designed to capture innovative investment opportunities created by the marketplace that do not fit an existing category.

Real Estate Debt – A debt instrument that is secured by the collateral of specified real estate property.

Replication Transaction – A derivative transaction or combination of derivative transactions, excluding Hedging Transactions, affected either separately or in conjunction with cash market investments included in a portfolio in order to replicate the risks and returns of another authorized transaction, investment or instrument and/or operate as a substitute for cash market transactions.

Resource – Generally a type of traditional private equity investment that invests in commodities or natural resources.

Restricted Securities – Has the same meaning as set forth in Rule 144(a)(3) promulgated under the Securities Act of 1933.

Service Providers – Any external party who/that performs investment-related services for or on behalf of the TCRS, including, but not limited to, the General Consultant, External Investment Advisers, External Investment Managers, Outside Legal Counsel, investment consultants, data providers, data aggregators, securities litigation monitors, etc.

Short-Term Security(ies) – Debt investments representing highly rated, highly liquid and readily marketable securities with a remaining term to maturity (at the time of purchase) of three hundred sixty days or less (≤ 360 days), including, but not limited to, commercial paper, discount notes and short-term United States agency debt.

Structured Credit – Products comprised of tranches of portfolios of credit instruments or exposures, including credit derivatives, usually securitized by various financial assets.

T.C.A. – Tennessee Code Annotated.

TCRS – Tennessee Consolidated Retirement System, which may also be referred to under state law as “retirement system.”

Total Assets – The total plan assets or overall investment portfolio of the TCRS.

Traditional Property Type – Real estate that consists of only office, multifamily (apartment), retail and/or industrial assets.

Venture Capital – Generally a type of traditional private equity investment that invests in the financing of rapidly-growing companies that do not have access to public equity or debt financing.

DRAFT

II. Overview and Authority

A. Introduction

The Tennessee Consolidated Retirement System was established by the General Assembly as of July 1, 1972 for the purpose of providing retirement and other benefits for state employees, teachers, higher education employees, local government employees and employees of other entities authorized to participate.

B. Investment Authority

General administration and responsibility for the proper operation of the TCRS are vested with the TCRS Board of Trustees (“Board”), including the authority for investing and reinvesting the assets of the TCRS. The State Treasurer, a constitutional officer, is the custodian of the funds of the TCRS. The day-to-day administration and operation of the TCRS are primarily delegated to the State Treasurer.

Implementation of the TCRS Investment Policy established by the Board is hereby delegated to the State Treasurer, who shall put such policy into effect. In implementing this Investment Policy, the State Treasurer hereby delegates certain responsibilities to the Chief Investment Officer and Investment Staff, including the power to invest and reinvest the TCRS’s assets in accordance with the criteria established by this Investment Policy.

The Chief Investment Officer with the approval of the State Treasurer may, through written Investment Guidelines, provide additional investment criteria or guidance.

C. Fiduciary Standard

All assets of the TCRS shall be invested and managed solely in the interest of the TCRS’s beneficiaries and in a manner consistent with T.C.A. §35-14-107, the prudent investor rule pursuant to T.C.A. §35-14-103 and the standard of care pursuant to T.C.A. §35-14-104. Furthermore, the delegation of investment and management functions shall be carried out in accordance with T.C.A. §35-14-111. Notwithstanding the foregoing, and in accordance with T.C.A. §8-37-104, the assets of the TCRS shall be invested subject to the criteria further established by the Board through this Investment Policy, as may be amended from time to time.

D. Scope

The Investment Policy is binding on all persons and entities with authority over the TCRS’s assets, including, but not limited to, the Board, Investment Staff, External Investment Managers, External Investment Advisers, General Consultant, Service Providers, Master Custodian and any other person who or entity that may have a fiduciary relationship with the TCRS.

III. Objective

The purpose of this Investment Policy is to support the TCRS's primary investment objective by:

- Outlining the distinct roles and responsibilities of the Board, Investment Staff and Service Providers;
- Establishing formalized benchmarks to measure and evaluate the performance results of the Total Assets;
- Setting forth the additional investment criteria, which the Board determines to be prudent in consideration of the purposes, terms, distribution requirements and other circumstances of the TCRS and in the best interest of the beneficiaries;
- Communicating the Investment Policy, as approved by the Board, to the Investment Staff, External Investment Managers, External Investment Advisers, General Consultant, Service Providers, Master Custodian and any other person who or entity that may have a fiduciary relationship with the TCRS; and
- Functioning as a supervisory tool, guiding the ongoing oversight of the Total Assets.

IV. Roles and Responsibilities

In addition to the responsibilities described below and throughout this Investment Policy, Service Providers, as well as any other person who or entity that may have a fiduciary relationship with the TCRS, may have additional duties and responsibilities outlined within federal and state laws, rules and regulations; executed contracts or agreements; or as dictated by standard business or industry practices.

A. Board of Trustees

- 1) Adopt an Investment Policy that establishes the additional investment criteria, which the Board determines to be prudent in consideration of the purposes, terms, distribution requirements and other circumstances of the TCRS;
- 2) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 3) Review and, if applicable, authorize the use of Service Providers or the processes employed by Investment Staff;
- 4) Evaluate the investment performance of the Total Assets through reports supplied by the State Treasurer, Chief Investment Officer, Investment Staff and Service Providers; and
- 5) Periodically review the actions taken by delegates in order to monitor performance and compliance with the terms of the delegation.

B. Investment Advisory Council

- 1) Review information furnished to the Investment Advisory Council; and
- 2) Provide such investment advice to the State Treasurer and Chief Investment Officer as the Investment Advisory Council deems appropriate.

C. Investment Committee

- 1) Evaluate the investment performance of the traditional private equity, strategic lending and real estate portfolios, through reports supplied by the State Treasurer, Chief Investment Officer, Investment Staff and Service Providers;
- 2) Approve private equity, strategic lending and real estate commitments or transactions that equal or exceed seventy-five million dollars (\geq \$75,000,000) (for an acquisition or disposition of a Direct Investment the seventy-five million dollar-threshold is based upon the equity investment net of any leverage (debt) used or acquired by the TCRS); and
- 3) Review other information that may be furnished to the Investment Committee and, as applicable, provide assistance to the Board, State Treasurer and Chief Investment Officer.

D. State Treasurer

- 1) Implement the Investment Policy, as approved by the Board;
- 2) Operate with a duty of undivided loyalty, investing and managing the TCRS's assets solely in the interest of the beneficiaries;
- 3) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 4) Review and, as applicable, authorize the use of Service Providers and the employment of Investment Staff;
- 5) Evaluate and, as applicable, approve the processes employed and procedures established by Investment Staff;
- 6) Evaluate the investment performance of the Total Assets through reports supplied by the Chief Investment Officer, Investment Staff and Service Providers;
- 7) Negotiate and execute, with the advice and counsel of the Legal Advisor, Internal Legal Counsel and/or Outside Legal Counsel, as applicable, all contracts, agreements, forms and memoranda of understanding deemed necessary or desirable for the efficient administration of the TCRS's assets;
- 8) Monitor the Total Assets' compliance with this Investment Policy and applicable federal and state laws, rules and regulations; and
- 9) Take actions that are deemed essential to protect the assets of the TCRS with any emergency actions being promptly reported to the Board.

E. Chief Investment Officer

- 1) Assume executive responsibility and authority, as delegated by the State Treasurer, for the ongoing evaluation and management of the Total Assets, ensuring compliance with the Investment Policy and such other Investment Guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply;
- 2) Operate with a duty of undivided loyalty, investing and managing the TCRS's assets solely in the interest of the beneficiaries;
- 3) Undertake the necessary authority to effectively manage and supervise the Investment Staff;

- 4) Delegate investment and management functions to Investment Staff that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 5) Review and, as applicable, recommend the use of Service Providers, General Consultant, External Investment Managers and External Investment Advisers and the employment of Investment Staff;
- 6) Report to and consult with the State Treasurer and/or his designee on administrative, organizational and investment activities;
- 7) Collaborate, as applicable, with the Investment Committee, Investment Advisory Council, Investment Staff and Service Providers on development and implementation of appropriate investment strategies, policies, procedures and Investment Guidelines;
- 8) Prepare and submit reports, as required, to document investment activities; and
- 9) Notify the State Treasurer of situations that merit the Board's attention.

F. Investment Staff

- 1) Assume fiduciary responsibility and authority, as delegated by the State Treasurer and Chief Investment Officer, for the Investment Staff member's role in the ongoing evaluation and management of the Total Assets;
- 2) Utilize special skills and expertise in an effort to accomplish the primary objective of the Total Assets, as stated in the Investment Policy;
- 3) Operate with a duty of undivided loyalty, investing and managing the TCRS's assets solely in the interest of the beneficiaries;
- 4) Source and evaluate prospective investments on an as-needed basis;
- 5) Ensure compliance with the Investment Policy and such other Investment Guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply;
- 6) Assist the State Treasurer, or his designee, and Chief Investment Officer with respect to any matters related to the TCRS's assets;
- 7) Prepare and submit reports, as required, to document investment activities; and
- 8) Notify the State Treasurer of situations that merit his attention.

G. General Consultant

- 1) Provide a third-party perspective and oversight to applicable portfolios;
- 2) Assess the TCRS's Investment Policy and applicable Investment Guidelines, policies and procedures;
- 3) Assist with developing and implementing Investment Guidelines, policies, procedures and investment strategies;
- 4) Prepare and submit relevant, reliable and timely research, performance reports and objective advice as required or as needed by the Board, State Treasurer, Chief Investment Officer or Investment Staff;
- 5) Source and evaluate prospective investments on an as-needed basis; and
- 6) Support the Investment Staff with respect to any matters related to applicable portfolios.

V. Governing Principles

The Board has adopted a set of governing principles for the oversight of the Total Assets. Those principles are as follows:

A. Primary Investment Objective

The primary investment objective of the Total Assets is to establish a stable, diversified investment portfolio that, in the long-term, will meet or exceed the assumed actuarial rate of return, as adopted by the Board, in order to provide sufficient liquidity to pay beneficiaries in a timely manner.

B. Authorized Asset Classes and Investment Activities

The Board, in accordance with T.C.A. §8-37-101 et. seq., hereby empowers the State Treasurer and Investment Staff to invest and reinvest the TCRS's assets in the following asset-classes and investment activities, subject to all the terms, conditions, limitations and restrictions imposed, as applicable, by this Investment Policy and other Investment Guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply:

- Equities;
- Fixed Income Securities
- Short-Term Securities;
- Private equity;
- Real estate;
- Cash and Cash Equivalents;
- Canadian securities;
- International securities;
- Canadian and international currency;
- Derivative Instruments;
- Securities lending;
- Investment Companies; and
- Standby note purchaser.

C. Asset Allocation Ranges

Based on input from the Chief Investment Officer, Investment Staff and General Consultant, the Board hereby establishes the following strategic asset allocation ranges:

<u>Asset Classes</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Statutory Limit</u>
Domestic Equity	25%	50%	75%
International Equity	5%	25%	
Emerging Markets Equity	0%	10%	
Domestic Fixed Income Securities	20%	60%	75%
Short-Term Securities	0%	10%	
Inflation Indexed Bonds	0%	15%	
International Fixed Income Securities	0%	10%	40%
Private Equity	0%	20%	
Real Estate	0%	20%	
Cash and Cash Equivalents	0%	10%	

For purposes of the above table: domestic includes United States and Canada; emerging market is a subset of international; and private equity includes traditional and strategic lending. Additional statutory and Investment Policy limitations may apply.

D. Asset Allocation Targets

Based on input from the Chief Investment Officer, Investment Staff and General Consultant, the Board hereby establishes the following interim and strategic asset allocation targets:

<u>Portfolio</u>	<u>Prior Policy Target</u>	<u>Interim Target</u>	<u>Strategic Target</u>
Equity – United States	33%	31%	31%
Equity – Canadian	4%	2%	2%
Equity – International Developed Markets	13%	13%	12%
Equity – Emerging Markets	5%	4%	4%
Domestic Fixed Income/Short-Term Securities	25%	25%	20%
Inflation Indexed Bonds	4%	0%	0%
Private Equity – Traditional	3%	7%	10%
Private Equity – Strategic Lending	5%	7%	10%
Real Estate	7%	10%	10%
Cash and Cash Equivalents	1%	1%	1%

The Board acknowledges that the interim targets are intended to be in effect for a three- to five-year period in order to transition to the long-term, strategic targets. As such, the interim targets will become effective **January 1, 2017**.

E. Benchmarks

Based on input from the Chief Investment Officer, Investment Staff and General Consultant, the Board has determined that the investment performance for the Total Assets and each component portfolio will be compared with the following respective benchmark indices:

<u>Portfolio</u>	<u>Benchmark Index</u>
Equity – United States	S&P 1500
Equity – Canadian	S&P / TSX 60 Index
Equity – International Developed Markets	MSCI EAFE Investable Market Index (IMI)
Equity – Emerging Markets	MSCI Emerging Markets Index*
Domestic Fixed Income and Short-Term Securities	Citigroup Large Pension Fund Index
Inflation Indexed Bonds	Citigroup TIPS Index
Private Equity – Traditional	S&P 500 + 3%
Private Equity – Strategic Lending	Custom Index: 50% Barclay's High Yield 2% Issuer Capped Index + 50% Credit Suisse Leveraged Loan Index
Real Estate	NCREIF Property Index
Cash and Cash Equivalents	91-Day United States Treasury Bills

*The equity emerging markets benchmark index will be adjusted to exclude countries based on the screening methodology, as further discussed below in Section VI.G.

The Total Assets' and each component portfolio's (investment) performance will be calculated in accordance with the performance reporting procedures established by the Investment Staff and approved by the State Treasurer.

VI. Additional Investment Criteria

The Board, in accordance with T.C.A. §8-37-104, hereby imposes the following investment terms, conditions, limitations and restrictions. The disqualification of an investment under one (1) section of this Investment Policy does not prevent its qualification in whole or in part under another section.

A. Equity

No Equity will be purchased with the purpose or with the effect of changing or influencing the control of the issuer. Additionally, no more than four and ninety-nine one hundredths percent ($\leq 4.99\%$) of a voting class of a company's equity securities registered under Section 12 of the Securities Exchange Act of 1934 (i.e., outstanding shares) shall be, directly or indirectly, acquired.

B. Fixed Income Securities and Short-Term Securities

Only Fixed Income Securities and Short-Term Securities rated Investment Grade by one of the designated Nationally Recognized Statistical Rating Organizations ("NRSROs") shall be purchased. This rating restriction does not apply to bond-focused Investment Companies or debt Restricted Securities. Additionally, there is no requirement to divest of an asset if it is downgraded below Investment Grade.

The TCRS may transact in when-issued, To Be Announced ("TBA"), dollar roll and other transactions that result or may result in delayed delivery for the purchase or sale of Fixed Income Securities. Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements.

C. Private Equity

The private equity asset class is categorized into two component portfolios: traditional and strategic lending. Traditional private equity investments may include, but shall not be limited to, the following types of investments: Venture Capital; Buyout; Distressed; Growth Equity; Resource; and Other Opportunities. Strategic lending investments may include, but shall not be limited to, the following types of investments: High Yield Bonds; Levered and Unlevered Loans; Emerging Market Debt; Distressed Debt; Mezzanine Debt; Direct Lending; Structured Credit; Real Estate Debt; and Other Opportunities.

1. Disclosure Process

Any TCRS employee or Board member who has a role in determining whether the TCRS assets should be invested in a private equity investment and who is directly solicited by any person or entity on a specific private equity investment proposal must disclose such to the Investment Staff.

For purposes of this disclosure process, "directly solicited" means direct personal contact by person(s) or entity(ies) intending to solicit funding for a specific private equity fund or transaction. This direct contact will typically include a discussion on a particular investment, the merits of that investment and detailed

documentation supporting the investment. Casual meetings and telephone calls of a general nature are not deemed to be a direct solicitation for purpose of this disclosure process.

The names of any person(s) or entity(ies) disclosed to Investment Staff pursuant to this disclosure process will be recorded by the Investment Staff and reported to the audit committee of the Board on a quarterly basis.

2. Selection, Approval and Monitoring

The process for selecting and approving traditional private equity and strategic lending investments will be outlined within the Traditional Private Equity and Strategic Lending Investment Guidelines. At a minimum, such Investment Guidelines must detail the introduction, due diligence, recommendation, approval, legal review, closing, and monitoring processes.

The Board recognizes that various factors and differing standards should be used in evaluating and selecting traditional private equity and strategic lending investments and relies on Investment Staff and the respective investment consultant to use reasonable judgment in proactively investigating proposed traditional private equity and strategic lending investments. Prior to consideration of a traditional private equity or strategic lending investment, an independent third-party advisor selected by the TCRS (i.e., External Investment Advisor, External Investment Manager, General Consultant, investment consultant, etc.) must determine that the proposed investment complies with the factors and standards as established within this Investment Policy and any applicable Investment Guidelines.

3. Open Records Exception

Traditional private equity or strategic lending investment records shall be open to public inspection in accordance with and pursuant to T.C.A. §8-37-104(a)(10)(B).

4. Holding Entities

The Board authorizes the State Treasurer and Investment Staff to create holding entities, to the extent permitted by law, on behalf of the TCRS for the purpose of acquiring, holding title to and collecting income from traditional private equity or strategic lending investments. The Board also authorizes the transfer of a traditional private equity or strategic lending investment from direct ownership to a title holding entity on behalf of the TCRS (or the converse) during the course of a holding period of the traditional private equity or strategic lending investment, if deemed prudent.

D. Real Estate

Acquisitions of real estate may be made in Direct Investments or Commingled Investments provided that:

- No Direct Investment may be located in the state of Tennessee; and
- No Direct Investment shall exceed one percent (< 1%) of the Market Value of the Total Assets.

The process for selecting and approving real estate investments will be outlined within the Real Estate Investment Guidelines. At a minimum, such Investment Guidelines must detail the introduction, due diligence, recommendation, approval, legal review, closing and monitoring processes.

The Board authorizes the State Treasurer and Investment Staff to create entities, to the extent permitted by law, on behalf of the TCRS for the purpose of acquiring, holding title to, and collecting income from real property. The Board also authorizes the transfer of real estate property from direct ownership to a title holding entity on behalf of the TCRS (or the converse) during the course of a holding period of the real estate investment.

E. Cash and Cash Equivalents

Cash that cannot be invested immediately, or that is needed for operations, should be actively managed through the use of cash and Cash Equivalents to obtain the best return available. Cash may also be invested in short-term, open-end mutual funds under the contractual arrangement with the Master Custodian or invested in the State Pooled Investment Fund.

Cash Equivalents must be rated within the highest tier (e.g., A-1) by at least two (≥ 2) of the designated NRSROs; rating modifiers (+, -) should not be considered when determining the tiers.

The TCRS shall invest not more than one hundred million dollars ($\leq \$100,000,000$) in Cash Equivalents issued by any one issuer, excluding Cash Equivalents

- Issued by the United States, any agency of the United States federal government or any entity with the express or implied backing of the United States; or
- That matures on the next business day.

For purposes of this section, "business day" shall mean any day on which (i) the United States securities exchanges, (ii) the Master Custodian and (iii) the State of Tennessee, Department of Treasury are open for regular business activity.

F. Canadian Securities

The TCRS may invest in publicly traded, Canadian securities that are otherwise of the same kinds, classes and investment grades otherwise eligible for investment.

G. International Securities

The TCRS may invest in publicly traded, international securities that are otherwise of the same kinds, classes and investment grades otherwise eligible for investment.

The Board hereby authorizes up to twenty-five percent ($\leq 25\%$) of the Total Assets may be invested in international securities, up to ten percent ($\leq 10\%$) of which may be invested in emerging markets.

The Board hereby determines that the following international countries are permissible:

- International countries included in the Morgan Stanley Capital International (“MSCI”) EAFE Investable Market Index (“IMI”), as amended from time to time (i.e., international developed markets); and
- International countries included in the MSCI Emerging Markets (“EM”) Index, as amended from time to time (i.e., emerging markets).

Suitability of investing in such emerging markets countries shall be further subject to a screening methodology reviewed by the TCRS’s General Consultant, recommended by the Chief Investment Officer and approved by the State Treasurer.

For purposes of the TCRS’s international securities investments, a security’s country classification will be determined, at the time of acquisition, using the following criteria:

- Market in which the issuer conducts its primary business (“Country Classification”);
- Issuer’s management location, country of primary listing, country of revenue and reporting currency (“Country of Risk”);
- Country in which the issuer is legally established (“Country of Incorporation”); and
- Investment’s geographical focus (“Geo Focus”).

The issuer’s parent and ultimate parent entity(ies) may also be evaluated in order to determine a security’s country classification.

H. Canadian and International Currency

Canadian and international currency transactions are permitted as necessary to facilitate the settlement of Canadian and international securities transactions and to mitigate currency risk. The TCRS may engage in “bona fide spot foreign exchange transactions,” as defined by the United States Commodities Futures Trading Commission (“CFTC”), Hedging Transactions, Income Generation Transactions or Replication Transactions involving currencies of Canada and those international countries authorized pursuant to this Investment Policy. Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements related to currency transactions.

Hedging Transactions, Income Generation Transactions and Replication Transactions will be executed only with registered swap dealers.

I. Derivative Instruments

The TCRS may purchase or sell stock index futures. Stock index futures contracts shall

- Not be utilized for purposes of “speculative leveraging” as defined in T.C.A. §8-37-104(a)(7);
- Be classified by and included in the asset allocation ranges of the domestic and international equity portfolios;
- Be measured in their notional principal or notional equivalent amount; and
- Not exceed ten percent ($\leq 10\%$) of the Market Value of the Total Assets.

Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements related to stock index futures.

Additionally, the TCRS may engage in Hedging Transactions, Income Generation Transactions or Replication Transactions involving Derivative Instruments under the following conditions:

- Derivative Instruments will be measured in their notional principal or notional equivalent amount;
- Derivative Instruments, excluding currency Derivative Instruments, shall not exceed twenty percent ($\leq 20\%$) of the Market Value of the Total Assets; and
- Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements.

Hedging Transactions, Income Generation Transactions and Replication Transactions shall be executed only with registered swap dealers.

J. Securities Lending

The TCRS may loan its securities for a fee, provided that:

- The total market value of securities on loan does not exceed thirty percent ($< 30\%$) of the Market Value of the Total Assets; and
- Each loan is collateralized in accordance with this Investment Policy.

Only the following types of financial instruments will be acceptable collateral for purposes of securities lending:

- Bonds, notes and treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States government or any of its agencies;
- Obligations guaranteed as to principal and interest by the United States government or United States sponsored corporations or enterprises; and
- Cash.

Collateral will be marked-to-market, each business day, to ensure that on any business day the market value, plus accrued but unpaid rebates and, in the case of debt securities, accrued but unpaid interest, of the collateral held in respect to a securities lending transaction is not less than:

- 102% ($\geq 102\%$) of the aggregate market value of the loaned securities for domestic securities and international securities that are denominated in the same currency as the collateral provided by the borrower;

- 105% ($\geq 105\%$) of the aggregate market value of the loaned securities for international securities that are not denominated in the same currency as the collateral provided by the borrower; or
- 100% ($\geq 100\%$) for cash collateral.

Cash received as collateral may be invested by or on behalf of the TCRS in any investment instrument in which the TCRS's assets may be directly invested. Such cash may also be invested in short-term investment funds, provided the portfolio of such funds contains only those investment instruments in which the TCRS's assets may be directly invested.

K. Standby Note Purchaser

The TCRS may enter into contracts to serve as a standby note purchaser for the Tennessee State School Bond Authority, the Tennessee State Funding Board and the Tennessee Local Development Authority, provided said contracts contain the following provisions:

- The TCRS receives an annual commission, representing a fair market value fee for serving as the standby note purchaser; such fee shall be reviewed annually and, as appropriate, adjusted; and
- If called upon to purchase such notes, the TCRS shall receive a market rate of return exceeding the market rate for short-term investments.

L. Investment Companies

The TCRS may invest in shares of publicly listed Investment Companies. Investment Companies shall be classified by and subject to the asset allocation range of the underlying asset class type (e.g. equity-focused ETF included in the equity allocation calculation, etc.).

VII. Risk Management

A. Rebalancing and Transitioning

The Total Assets should be actively managed in an effort to attain, within acceptable risk limitations, the TCRS's primary investment objective. As such, the Chief Investment Officer and Investment Staff shall have the ability to make tactical shifts in asset allocations as deemed appropriate to increase risk-adjusted returns, so long as such changes are within the approved asset allocation ranges as stated within this Investment Policy.

Additionally, the Board recognizes that one or more component portfolio may experience a period of transition due to, for example, an initial funding phase, rebalancing or strategy shift. The Board acknowledges that during a transition period it may be necessary to analyze assets based upon terminal value and not relative to a benchmark.

B. Percentage Limitations

In determining compliance with the percentage limitations stated within this Investment Policy, the Total Assets will be valued at Market Value. Accordingly, an investment may be made on any given day provided that such investment does not cause any applicable limitation prescribed in this Investment Policy to be exceeded on such day.

C. Designated Nationally Recognized Statistical Rating Organizations (“NRSROs”)

The credit ratings of any credit rating agency that is registered with the Securities and Exchange Commission (“SEC”) as a NRSRO will be deemed sufficiently reliable for use to determine a security’s investment grade and eligibility under this Investment Policy.

D. Trading, Brokerage and Research

Best execution, cost and benefits that serve the exclusive interest of the beneficiaries are the overriding principles in determining the trading and brokerage counterparty to be used in any transaction.

The State Treasurer and Investment Staff are hereby authorized to transact with duly selected trading and brokerage counterparties. Selection of trading and brokerage counterparties shall be subject to the qualifications and processes established by the Investment Staff and approved by the State Treasurer.

The State Treasurer and Investment Staff are hereby authorized to enter into client commission agreements or commission sharing or rebate arrangements in order to obtain research services permitted under the safe harbor protections of Section 28(e) of the Securities and Exchange Act of 1934.

E. Service Providers

The State Treasurer, in consultation with the Chief Investment Officer and Internal Legal Counsel, is authorized to contract for investment management services, personal services, professional services and consultant services as necessary and in the best interest of the TCRS. Such services include, but are not limited to, those provided by a General Consultant, External Investment Advisers, External Investment Managers, Outside Legal Counsel, investment consultants, data providers, data aggregators, securities litigation monitors, proxy advisors, investment and performance analytics, trading and execution platforms, research providers, etc. The Board delegates to the State Treasurer, in consultation with the Chief Investment Officer and Internal Legal Counsel, the responsibility to determine the procurement method for and duties and responsibilities of such Service Providers.

Pursuant to, and as defined in, T.C.A. §8-37-113 the State Treasurer shall endeavor to use “emerging investment managers” to the greatest extent feasible within the bounds of financial and fiduciary prudence. Use of “emerging investment managers” shall be subject to the qualifications established by the Investment Staff and approved by the State Treasurer.

F. Legal, Compliance and Audit

The State Treasurer, in consultation with Internal Legal Counsel and with the approval of the Legal Advisor, has primary responsibility for the retention of Outside Legal Counsel. The State Treasurer and Internal Legal Counsel shall consult, as needed and applicable, with the Legal Advisor and/or Outside Legal Counsel. The State Treasurer, or his designee(s), has the authority to negotiate and execute, with the advice and counsel of the Legal Advisor, Internal Legal Counsel and/or Outside Legal Counsel, as applicable, all contracts, agreements, forms and

memoranda of understanding deemed necessary or desirable for the efficient administration of the TCRS's assets.

The Chief Investment Officer and Investment Staff will collaborate with the Department of Treasury compliance staff to ensure efficient and effective development and administration of a compliance program that is reasonably designed to prevent, detect and, if necessary, remedy violations of the laws, rules, regulations and policies applicable to the Department of Treasury Investment Division's investment and securities activities.

To aid in the safeguarding of the TCRS's assets, the Department of Treasury internal audit staff will periodically evaluate risk control areas as to their adequacy, efficiency and effectiveness. Additionally, the State Treasurer shall ensure that critical investment, accounting and legal, compliance and audit functions are segregated within the Department of Treasury.

G. Investment Guidelines, Policies and Procedures

The Investment Policy includes references to Investment Guidelines, policies and procedures established and implemented by the State Treasurer and Investment Staff. The Board deems these Investment Guidelines, policies and procedures as integral components to the implementation and oversight of the TCRS's Investment Policy. At a minimum, the State Treasurer shall implement detailed Investment Guidelines for Derivative Instruments, traditional private equity, strategic lending, real estate and securities lending. Additionally, the State Treasurer shall implement written policies and procedures related to proxy voting, trade management and supervision, evaluation of research services, the use of placement agents, conflicts of interest, and performance reporting.

VIII. Monitoring and Reporting

A. Quarterly

The State Treasurer shall report quarterly to the Council on Pensions and Insurance any holdings in securities issued by companies that have substantial current operations in nations determined by the United States Department of State to be state-sponsors of terrorism.

The State Treasurer shall also report quarterly to the Council on Pensions and Insurance the investments in emerging market countries.

The Chief Investment Officer shall provide a detailed, written review of the investment activity at the quarterly Board meetings. Pursuant to the private equity disclosure process (Section VI.C.1), the Investment Staff will report the required information to the audit committee of the Board on a quarterly basis.

B. Periodically

The Chief Investment Officer shall provide a detailed, written report of the investment activity, including, but not limited to, presenting all receipts, disbursements and changes in the assets and liabilities, at all Investment Advisory Council meetings.

The State Treasurer, Chief Investment Officer, Investment Staff and Service Providers, shall provide other reports as requested or as needed by the Board or State Treasurer.

C. Annually

The Board shall publish an annual report. The Chief Investment Officer, Investment Staff and, as needed, Service Providers shall assist in preparing the investment-related portions of the annual report.

The State Treasurer shall prepare an annual report of investment activity to the Council on Pensions and Insurance. Such report will consist of the General Consultant's report and a summary of the closing balances of investments in emerging market countries.

The State Treasurer, in accordance with T.C.A. §8-37-113(b) shall submit an annual statement to the general assembly regarding the use of emerging investment managers.

At least annually, the General Consultant shall review the TCRS's Investment Policy and applicable Investment Guidelines, policies and procedures and provide its recommendations to the State Treasurer and Chief Investment Officer for consideration.

IX. Policy Interpretation

The Board, State Treasurer, Investment Staff and Service Providers are required to comply with all applicable federal and state laws, rules and regulations. The Investment Policy may reference or restate applicable laws, rules and regulations, or portions thereof, for convenience; however, in the event of any conflict between the law and this Investment Policy, the law prevails. Each fiduciary to the TCRS is ultimately responsible for compliance with applicable laws, rules and regulations.

The Board hereby authorizes the State Treasurer to take, for and on behalf of the TCRS, all actions necessary to comply with applicable federal and state securities laws, rules and regulations. In implementing such, the State Treasurer may delegate certain responsibilities to the Investment Staff, Department of Treasury staff or Service Providers.

In cases of uncertainty, the State Treasurer is authorized to provide written interpretive guidance and approve in writing, from time to time, variances from the requirements contained within the Investment Policy in furtherance of compliance or as deemed in the best interest of the TCRS's beneficiaries, consistent with both fiduciary standards and the scope of the Investment Policy. Such interpretive guidance or variance shall be reported in writing to the Board at its next meeting and to the Council of Pensions and Insurance within a reasonable time.

X. Approval and Adoption

The Council on Pensions and Insurance hereby approved, as required, the applicable provisions within this revised and restated Investment Policy of the Tennessee Consolidated Retirement System at its meeting held on the _____ day of _____, 2016.

RANDY McNALLY, COMMITTEE CHAIR
Council on Pensions and Insurance

The Board of Trustees of the Tennessee Consolidated Retirement System hereby approved and adopted this revised and restated Investment Policy of the Tennessee Consolidated Retirement System at its meeting on the _____ day of _____, 2016.

DAVID H. LILLARD, JR., CHAIRMAN
BOARD OF TRUSTEES
Tennessee Consolidated Retirement System

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THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

**INVESTMENT POLICY
REVISED AND RESTATED**

Table of Contents

I. Definitions	3
II. Overview and Authority	8
A. Introduction	8
B. Investment Authority	8
C. Fiduciary Standard	8
D. Scope	8
III. Objective	9
IV. Roles and Responsibilities	9
A. Board of Trustees	9
B. Investment Advisory Council	9
C. Investment Committee	10
D. State Treasurer	10
E. Chief Investment Officer	10
F. Investment Staff	11
G. General Consultant	11
V. Governing Principles	12
A. Primary Investment Objective	12
B. Authorized Asset Classes and Investment Activities	12
C. Asset Allocation Ranges	12
D. Asset Allocation Targets	13
E. Benchmarks	13
VI. Additional Investment Criteria	15
A. Equity	15
B. Fixed Income Securities and Short-Term Securities	15
C. Private Equity	15
D. Real Estate	18
E. Cash and Cash Equivalents	19
F. Canadian Securities	20
G. International Securities	21
H. Canadian and International Currency	21
I. Derivative Instruments	22
J. Securities Lending	22
K. Standby Note Purchaser	23
L. Investment Companies	23
VII. Risk Management	23
A. Rebalancing and Transitioning	23
B. Percentage Limitations	23
C. Designated Nationally Recognized Statistical Rating Organizations (“NRSROs”)	24
D. Trading, Brokerage and Research	24
E. Service Providers	24
F. Legal, Compliance and Audit	24
G. Investment Guidelines, Policies and Procedures	25
VIII. Monitoring and Reporting	25
A. Quarterly	25
B. Periodically	25
C. Annually	26
IX. Policy Interpretation	26
X. Approval and Adoption	27

I. Definitions

The following definitions are used hereafter with respect to this Investment Policy:

~~Aggregate Book Value~~ — *see Market Value.*

Board – The Board of Trustees of the TCRS.

~~Book Value~~ — *see Market Value.*

Buyout – Generally a type of traditional private equity investment that invests in the purchase of all or part of the stock or assets of a privately or publicly owned company through the use of debt and equity.

Cash Equivalents – Debt investments representing highly rated, highly liquid and readily marketable securities with a remaining term to maturity (at the time of purchase) of ninety days or less (≤ 90 days), including, but not limited to, commercial paper and discount notes. Debt securities issued by the United States, any agency of the United States federal government or any entity with the express or implied backing of the United States with a remaining term to maturity of three hundred ninety-seven days or less (≤ 397 days) may also be considered Cash Equivalents for purposes of this Investment Policy.

Chief Investment Officer (“CIO”) – The Department of Treasury employee responsible for the investment and oversight of the TCRS assets in accordance with statutory guidelines and the investment policies and strategies established by the Board.

Commingled Investment – A pooled investment vehicle that is overseen by an External Investment Manager. The following types of pooled investment vehicles used for real estate investments may include, but are not limited to: open and closed end funds; private limited partnerships; private limited liability companies; private and public Real Estate Investment Trusts (“REITs”); and group trusts. The TCRS may also participate in secondary offerings or purchase fund interests from other investors in the secondary market.

Core Investments – An industry term that generally means a Traditional Property Type that is well-located, of institutional quality and leased, at the time of acquisition, at a rate of eighty percent or greater ($\geq 80\%$). “Core plus,” as defined by the general real estate industry, may also be considered a Core Investment for purposes of this Investment Policy.

Derivative Instruments – Any agreement, option or instrument, or any series or combinations of an agreement, option or instrument: (i) to make or take delivery of, or assume or relinquish, a specified amount of one (1) or more underlying interests, or to make a cash settlement in lieu thereof; or (ii) that has a price, performance, value or cash flow based primarily upon the actual or expected price, yield, level, performance, value or cash flow of one (1) or more underlying interests. Derivative Instruments include, but are not limited to, options, warrants (not attached to another investment), caps, floors, collars, swaps, security-based swaps, security-based swap agreements, mixed swaps, swaptions, forwards, futures and any other agreements, options or instruments substantially similar thereto, or any series or combinations thereof. Derivative

Instruments do not include Collateralized Mortgage Obligations (“CMOs”), Treasury Inflation-Protected Securities (“TIPS”), other asset-backed securities, principal-protected structured securities or floating rate securities.

Direct Investment – A direct ownership or co-ownership in Core Investments or Non-Core Investments (real estate).

Direct Lending – The transfer of funds from the ultimate lender to the ultimate borrower, most often through a third (administrative) party.

Distressed – Generally a type of traditional private equity investment that invests in the debt obligations of under-performing companies in need of operating or financial restructuring and that are typically involved in a turnaround, restructuring, deleveraging or bankruptcy situation.

Distressed Debt – A debt instrument issued by a company that is typically involved in a turnaround, restructuring, deleveraging or bankruptcy situation.

Emerging Market Debt – A debt instrument issued by nations or companies that are in the process of rapid growth and industrialization. Emerging Market Debt is subject to the same screening methodology discussed within this Investment Policy (Section VI.G).

Equity(ies) – Investments representing an equity, ownership interest to include, but not limited to, publicly traded common and preferred stock, Initial Public Offerings (“IPOs”), bonds or any security convertible to stock, ~~equity Exchange Traded Funds (“equity ETFs”),~~ focused Investment Companies, publicly traded Real Estate Investment Trusts (“REITs”) and equity Restricted Securities.

External Investment Adviser – An individual or entity duly selected and contractually bound, who/that typically provides asset management services on a non-discretionary basis to the TCRS. Such External Investment Adviser will be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules and regulations.

External Investment Manager – An individual or entity, duly selected and contractually bound, who/that typically assumes discretion over a specified portion of the TCRS’s assets. Such External Investment Manager will be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules and regulations.

Fixed Income Security(ies) – Investments representing an instrument under which the issuer owes the holder (debt) to include, but not limited to, notes, bonds or other fixed income securities ~~exceeding one year (> 1) in maturity,~~ Mortgage-Backed Securities (“MBS”), Asset-Backed Securities (“ABS”), Collateralized Mortgage Obligations (“CMO”), Commercial Mortgage Backed Securities (“CMBS”), Medium Term Notes (“MTN”), municipal securities, corporate securities, ~~bond Exchange Traded Funds (“bond ETFs”),~~ focused Investment Companies and debt Restricted Securities.

General Consultant – An entity or individual, duly selected and contractually bound, with substantial experience in providing advice on and/or consulting services related to the Total Assets based upon its/his/her expertise and analysis of the issues and/or assets under consideration.

Growth Equity – Generally a type of traditional private equity investment that invests in an established company for the purpose of growing its business.

Hedging Transaction – A derivative transaction that is entered into and maintained to manage: (i) the risk of a change in the value, yield, price, cash flow or quantity of assets or liabilities, or a portfolio of assets and/or liabilities; or (ii) the currency exchange rate risk related to assets or liabilities, or a portfolio of assets and/or liabilities.

High Yield Bonds – A debt instrument with a credit rating below Investment Grade.

Income Generation Transaction – A derivative transaction, excluding Hedging Transactions and Replication Transactions, which is entered into to generate income.

Internal Legal Counsel – The Assistant Treasurer for Legal, Compliance and Audit or his/her authorized designee(s) who represent the Department of Treasury.

Investment Advisory Council (“IAC”) – A council consisting of at least five (5) persons, duly qualified and selected, which will review information furnished to it and provide such investment advice to the State Treasurer and Chief Investment Officer as the Investment Advisory Council deems appropriate.

Investment Committee – A committee of the Board comprised of Board members that will assist the Board in fulfilling its responsibilities with respect to the investments of the TCRS.

Investment Companies – An entity, primarily engaged in the business of investing, that issues publicly listed securities. Investment Companies include, but are not limited to publicly listed unit investment trusts (“UITs”), exchange-traded funds (“ETFs”), open-ended mutual funds and close-ended mutual funds.

Investment Grade – Rating description given to debt securities. For purposes of this Investment Policy, Investment Grade for long-term debt securities must be within the four (4) highest tiers (e.g., AAA, AA, A, or BBB) and short-term debt securities must be within the three (3) highest tiers (e.g., A-1, A-2 or A-3); rating modifiers (+, -) should not be considered when determining the tiers. Debt securities issued by the United States, any agency of the United States federal government or any entity with the express or implied backing of the United States shall be considered as holding the highest possible rating.

Investment Guidelines – Policies and procedures that provide operational framework for implementing and monitoring various investment strategies and activities. Investment Guidelines are often drafted by Investment Staff and must be recommended by the Chief Investment Officer and approved by the State Treasurer before becoming effective.

Investment Staff – Each Department of Treasury, Investment Division employee involved in the investment management of the Total Assets.

Legal Advisor – The Attorney General and Reporter or his/her authorized designee(s) who represent the Board in all matters.

Levered and Unlevered Loans – A debt instrument from companies with below Investment Grade credit ratings. Leveraged loans are typically secured with a lien on the company's assets and are generally senior to the company's other debt.

Market Value – ~~Aggregate Book Value, Book Value and~~ Sometimes referred to as aggregate book value or book value, Market Value are determined in accordance with applicable financial reporting requirements. For additional guidance, refer to the TCRS's Comprehensive Annual Financial Report.

Master Custodian – A bank, savings and loan association or trust company, duly selected and contractually bound, that, at a minimum, holds the assets of and processes securities transactions for the State of Tennessee, Department of Treasury on behalf of the TCRS.

Mezzanine Debt – Placed between debt and equity in a company's capital structure, mezzanine debt is typically a subordinated debt instrument for late-stage venture and mature companies and offers income through a current coupon and equity participation through a warrant.

Non-Core Investments – Broadly defined as all other real estate assets that are not Core Investments. Non-Core Investments include “value-added,” “opportunistic,” “build to core” or “lease to core” investments, as defined by the general real estate industry.

Outside Legal Counsel – Attorney(s) or law firm(s), duly selected and contractually bound, who/that provide legal advice to the TCRS or the Department of Treasury for or on behalf of the TCRS.

Other Opportunities – Generally a type of private equity investment that is designed to capture innovative investment opportunities created by the marketplace that do not fit an existing category.

Real Estate Debt – A debt instrument that is secured by the collateral of specified real estate property.

Replication Transaction – A derivative transaction or combination of derivative transactions, excluding Hedging Transactions, affected either separately or in conjunction with cash market investments included in a portfolio in order to replicate the risks and returns of another authorized transaction, investment or instrument and/or operate as a substitute for cash market transactions.

Resource – Generally a type of traditional private equity investment that invests in commodities or natural resources.

Restricted Securities – Has the same meaning as set forth in Rule 144(a)(3) promulgated under the Securities Act of 1933.

Service Providers – Any external party who/that performs investment-related services for or on behalf of the TCRS, including, but not limited to, the General Consultant, External Investment Advisers, External Investment Managers, Outside Legal Counsel, investment consultants, data providers, data aggregators, securities litigation monitors, etc.

Short-Term Security(ies) – Debt investments representing highly rated, highly liquid and readily marketable securities with a remaining term to maturity (at the time of purchase) of three hundred sixty days or less (≤ 360 days), including, but not limited to, commercial paper, discount notes and short-term United States agency debt.

Structured Credit – Products comprised of tranches of portfolios of credit instruments or exposures, including credit derivatives, usually securitized by various financial assets.

T.C.A. – Tennessee Code Annotated.

TCRS – Tennessee Consolidated Retirement System, which may also be referred to under state law as “retirement system.”

Total Assets – The total plan assets or overall investment portfolio of the TCRS.

Traditional Property Type – Real estate that consists of only office, multifamily (apartment), retail and/or industrial assets.

Venture Capital – Generally a type of traditional private equity investment that invests in the financing of rapidly-growing companies that do not have access to public equity or debt financing.

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II. Overview and Authority

A. Introduction

The Tennessee Consolidated Retirement System was established by the General Assembly as of July 1, 1972 for the purpose of providing retirement and other benefits for state employees, teachers, higher education employees, local government employees and employees of other entities authorized to participate.

B. Investment Authority

General administration and responsibility for the proper operation of the TCRS are vested with the TCRS Board of Trustees (“Board”), including the authority for investing and reinvesting the assets of the TCRS. The State Treasurer, a constitutional officer, is the custodian of the funds of the TCRS. The day-to-day administration and operation of the TCRS are primarily delegated to the State Treasurer.

Implementation of the TCRS Investment Policy established by the Board is hereby delegated to the State Treasurer, who shall put such policy into effect. In implementing this Investment Policy, the State Treasurer hereby delegates certain responsibilities to the Chief Investment Officer and Investment Staff, including the power to invest and reinvest the TCRS’s assets in accordance with the criteria established by this Investment Policy.

The Chief Investment Officer with the approval of the State Treasurer may, through written Investment Guidelines, provide additional investment criteria or guidance.

C. Fiduciary Standard

All assets of the TCRS shall be invested and managed solely in the interest of the TCRS’s beneficiaries and in a manner consistent with T.C.A. §35-14-107, the prudent investor rule pursuant to T.C.A. §35-14-103 and the standard of care pursuant to T.C.A. §35-14-104. Furthermore, the delegation of investment and management functions shall be carried out in accordance with T.C.A. §35-14-111. Notwithstanding the foregoing, and in accordance with T.C.A. §8-37-104, the assets of the TCRS shall be invested subject to the criteria further established by the Board through this Investment Policy, as may be amended from time to time.

D. Scope

The Investment Policy is binding on all persons and entities with authority over the TCRS’s assets, including, but not limited to, the Board, Investment Staff, External Investment Managers, External Investment Advisers, General Consultant, Service Providers, Master Custodian and any other person who or entity that may have a fiduciary relationship with the TCRS.

III. Objective

The purpose of this Investment Policy is to support the TCRS's primary investment objective by:

- Outlining the distinct roles and responsibilities of the Board, Investment Staff and Service Providers;
- Establishing formalized benchmarks to measure and evaluate the performance results of the Total Assets;
- Setting forth the additional investment criteria, which the Board determines to be prudent in consideration of the purposes, terms, distribution requirements and other circumstances of the TCRS and in the best interest of the beneficiaries;
- Communicating the Investment Policy, as approved by the Board, to the Investment Staff, External Investment Managers, External Investment Advisers, General Consultant, Service Providers, Master Custodian and any other person who or entity that may have a fiduciary relationship with the TCRS; and
- Functioning as a supervisory tool, guiding the ongoing oversight of the Total Assets.

IV. Roles and Responsibilities

In addition to the responsibilities described below and throughout this Investment Policy, Service Providers, as well as any other person who or entity that may have a fiduciary relationship with the TCRS, may have additional duties and responsibilities outlined within federal and state laws, rules and regulations; executed contracts or agreements; or as dictated by standard business or industry practices.

A. Board of Trustees

- 1) Adopt an Investment Policy that establishes the additional investment criteria, which the Board determines to be prudent in consideration of the purposes, terms, distribution requirements and other circumstances of the TCRS;
- 2) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 3) Review and, if applicable, authorize the use of Service Providers or the processes employed by Investment Staff;
- 4) Evaluate the investment performance of the Total Assets through reports supplied by the State Treasurer, Chief Investment Officer, Investment Staff and Service Providers; and
- 5) Periodically review the actions taken by delegates in order to monitor performance and compliance with the terms of the delegation.

B. Investment Advisory Council

- 1) Review information furnished to the Investment Advisory Council; and
- 2) Provide such investment advice to the State Treasurer and Chief Investment Officer as the Investment Advisory Council deems appropriate.

C. Investment Committee

- 1) Evaluate the investment performance of the traditional private equity, strategic lending and real estate portfolios, through reports supplied by the State Treasurer, Chief Investment Officer, Investment Staff and Service Providers;
- 2) Approve private equity, strategic lending and real estate commitments or transactions that equal or exceed seventy-five million dollars ($\geq \$75,000,000$) (for an acquisition or disposition of a Direct Investment the seventy-five million dollar-threshold is based upon the equity investment net of any leverage (debt) used or acquired by the TCRS); and
- 3) Review other information that may be furnished to the Investment Committee and, as applicable, provide assistance to the Board, State Treasurer and Chief Investment Officer.

D. State Treasurer

- 1) Implement the Investment Policy, as approved by the Board;
- 2) Operate with a duty of undivided loyalty, investing and managing the TCRS's assets solely in the interest of the beneficiaries;
- 3) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 4) Review and, as applicable, authorize the use of Service Providers and the employment of Investment Staff;
- 5) Evaluate and, as applicable, approve the processes employed and procedures established by Investment Staff;
- 6) Evaluate the investment performance of the Total Assets through reports supplied by the Chief Investment Officer, Investment Staff and Service Providers;
- 7) Negotiate and execute, with the advice and counsel of the Legal Advisor, Internal Legal Counsel and/or Outside Legal Counsel, as applicable, all contracts, agreements, forms and memoranda of understanding deemed necessary or desirable for the efficient administration of the TCRS's assets;
- 8) Monitor the Total Assets' compliance with this Investment Policy and applicable federal and state laws, rules and regulations; and
- 9) Take actions that are deemed essential to protect the assets of the TCRS with any emergency actions being promptly reported to the Board.

E. Chief Investment Officer

- 1) Assume executive responsibility and authority, as delegated by the State Treasurer, for the ongoing evaluation and management of the Total Assets, ensuring compliance with the Investment Policy and such other Investment Guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply;
- 2) Operate with a duty of undivided loyalty, investing and managing the TCRS's assets solely in the interest of the beneficiaries;
- 3) Undertake the necessary authority to effectively manage and supervise the Investment Staff;

- 4) Delegate investment and management functions to Investment Staff that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 5) Review and, as applicable, recommend the use of Service Providers, General Consultant, External Investment Managers and External Investment Advisers and the employment of Investment Staff;
- 6) Report to and consult with the State Treasurer and/or his designee on administrative, organizational and investment activities;
- 7) Collaborate, as applicable, with the Investment Committee, Investment Advisory Council, Investment Staff and Service Providers on development and implementation of appropriate investment strategies, policies, procedures and Investment Guidelines;
- 8) Prepare and submit reports, as required, to document investment activities; and
- 9) Notify the State Treasurer of situations that merit the Board's attention.

F. Investment Staff

- 1) Assume fiduciary responsibility and authority, as delegated by the State Treasurer and Chief Investment Officer, for the Investment Staff member's role in the ongoing evaluation and management of the Total Assets;
- 2) Utilize special skills and expertise in an effort to accomplish the primary objective of the Total Assets, as stated in the Investment Policy;
- 3) Operate with a duty of undivided loyalty, investing and managing the TCRS's assets solely in the interest of the beneficiaries;
- 4) Source and evaluate prospective investments on an as-needed basis;
- 5) Ensure compliance with the Investment Policy and such other Investment Guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply;
- 6) Assist the State Treasurer, or his designee, and Chief Investment Officer with respect to any matters related to the TCRS's assets;
- 7) Prepare and submit reports, as required, to document investment activities; and
- 8) Notify the State Treasurer of situations that merit his attention.

G. General Consultant

- 1) Provide a third-party perspective and oversight to applicable portfolios;
- 2) Assess the TCRS's Investment Policy and applicable Investment Guidelines, policies and procedures;
- 3) Assist with developing and implementing Investment Guidelines, policies, procedures and investment strategies;
- 4) Prepare and submit relevant, reliable and timely research, performance reports and objective advice as required or as needed by the Board, State Treasurer, Chief Investment Officer or Investment Staff;
- 5) Source and evaluate prospective investments on an as-needed basis; and
- 6) Support the Investment Staff with respect to any matters related to applicable portfolios.

V. Governing Principles

The Board has adopted a set of governing principles for the oversight of the Total Assets. Those principles are as follows:

A. Primary Investment Objective

The primary investment objective of the Total Assets is to establish a stable, diversified investment portfolio that, in the long-term, will meet or exceed the assumed actuarial rate of return, as adopted by the Board, in order to provide sufficient liquidity to pay beneficiaries in a timely manner.

B. Authorized Asset Classes and Investment Activities

The Board, in accordance with T.C.A. §8-37-101 et. seq., hereby empowers the State Treasurer and Investment Staff to invest and reinvest the TCRS's assets in the following asset-classes and investment activities, subject to all the terms, conditions, limitations and restrictions imposed, as applicable, by this Investment Policy and other Investment Guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply:

- Equities;
- Fixed Income Securities
- Short-Term Securities;
- Private equity;
- Real estate;
- Cash and Cash Equivalents;
- Canadian securities;
- International securities;
- Canadian and international currency;
- Derivative Instruments;
- Securities lending; and
- Investment Companies; and
- Standby note purchaser.

C. General Asset Allocation Ranges

Based on input from the Chief Investment Officer, Investment Staff and General Consultant, the Board hereby establishes the following strategic asset allocation ranges:

<u>Asset Classes</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Statutory Limit</u>
Domestic Equity	25%	50%	75%
International Equity	5%	25%	
Emerging Markets Equity	0%	10%	
Domestic Fixed Income Securities	20%	60%	75%
Short-Term Securities	0%	10%	
Inflation Indexed Bonds	0%	15%	
International Fixed Income Securities	0%	10%	40%
Private Equity	0%	20%	
Real Estate	0%	20%	10%
Cash and Cash Equivalents	0%	10%	10%

For purposes of the above table: domestic includes United States and Canada; emerging market is a subset of international; and private equity includes traditional and strategic lending. Additional statutory and Investment Policy limitations may apply.

D. Asset Allocation Targets

Based on input from the Chief Investment Officer, Investment Staff and General Consultant, the Board hereby establishes the following interim and strategic asset allocation targets:

<u>Portfolio</u>	<u>Prior Policy Target</u>	<u>Interim Target</u>	<u>Strategic Target</u>
Equity – United States	33%	31%	31%
Equity – Canadian	4%	2%	2%
Equity – International Developed Markets	13%	13%	12%
Equity – Emerging Markets	5%	4%	4%
Domestic Fixed Income/Short-Term Securities	25%	25%	20%
Inflation Indexed Bonds	4%	0%	0%
Private Equity – Traditional	3%	7%	10%
Private Equity – Strategic Lending	5%	7%	10%
Real Estate	7%	10%	10%
Cash and Cash Equivalents	1%	1%	1%

The Board acknowledges that the interim targets are intended to be in effect for a three- to five-year period in order to transition to the long-term, strategic targets. As such, the interim targets will become effective **January 1, 2017**.

D.E. Benchmarks

Based on input from the Chief Investment Officer, Investment Staff and General Consultant, the Board has determined that the investment performance for the Total Assets and each component portfolio will be compared with the following respective benchmark indices:

<u>Portfolio</u>	<u>Benchmark Index</u>	<u>Weight</u>
Equity – United States	S&P 1500	33%
Equity – Canadian	S&P / TSX 60 Index	4%
Equity – International Developed Markets	MSCI EAFE Investable Market Index (IMI)	13%
Equity – Emerging Markets	MSCI Emerging Markets Index*	5%
Domestic Fixed Income and Short-Term Securities	Citigroup Large Pension Fund Index	25%
Inflation Indexed Bonds	Citigroup TIPS Index	4%
International Fixed Income and Short Term Securities	Citigroup Non-U.S. G-5 Government Bond Index	0%
Private Equity – Traditional	S&P 500 + 3%	3%
Private Equity – Strategic Lending	Custom Index: 50% Barclay's High Yield 2% Issuer Capped Index + 50% Credit Suisse Leveraged Loan Index	5%
Real Estate	NCREIF Property Index	7%
Cash and Cash Equivalents	91-Day United States Treasury Bills	1%
	TOTAL	100%

To facilitate proper evaluation of the ~~the equity emerging markets equity portfolio, the benchmark index returns will be adjusted to exclude countries based on the country screening methodology, as further discussed below in Section VI.G.~~

The developed Total Assets' and each component portfolio's (investment) performance will be calculated in accordance with the performance reporting procedures established by the Investment Staff and approved by the Chief Investment Officer and State Treasurer. Additionally, the Board recognizes that the performance for some investments, such as private equity and real estate, will lag by a quarter due to the reporting schedules of the underlying holdings.

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~~In recognition of the TCRS's long-term perspective, these performance benchmarks are to be measured through the use of a five year (5) rolling average. The Total Assets' overall annualized total return should exceed the return available if the TCRS were to invest in an index fund comprised of the above referenced benchmark indices, weighted as referenced above.~~

~~Furthermore, the Total Assets' performance will be calculated on an as-allocated basis, using the actual percentages invested versus the target weight.~~

VI. Additional Investment Criteria

~~The Board, in accordance with T.C.A. §8-37-104(a) and (b), hereby imposes the following investment terms, conditions, limitations and restrictions, which supersede, as applicable, those terms, conditions, limitations and restrictions contained in T.C.A. §56-3-303 through 306. The disqualification of an investment under one (1) section of this Investment Policy does not prevent its qualification in whole or in part under another section.~~

A. Equity

No Equity will be purchased with the purpose or with the effect of changing or influencing the control of the issuer. Additionally, no more than four and ninety-nine one hundredths percent ($\leq 4.99\%$) of a voting class of a company's equity securities registered under Section 12 of the Securities Exchange Act of 1934 (i.e., outstanding shares) shall be, directly or indirectly, acquired.

B. Fixed Income Securities and Short-Term Securities

Only Fixed Income Securities and Short-Term Securities rated Investment Grade by one of the designated Nationally Recognized Statistical Rating Organizations ("NRSROs") shall be purchased. This rating restriction does not apply to bond-ETFs-focused Investment Companies or debt Restricted Securities. Additionally, there is no requirement to divest of an asset if it is downgraded below Investment Grade.

The TCRS may transact in when-issued, To Be Announced ("TBA"), dollar roll and other transactions that result or may result in delayed delivery for the purchase or sale of Fixed Income Securities. Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements.

C. Private Equity

The private equity asset class is categorized into two component portfolios: traditional and strategic lending. Traditional private equity investments may include, but shall not be limited to, the following types of investments: Venture Capital; Buyout; Distressed; Growth Equity; Resource; and Other Opportunities. Strategic lending investments may include, but shall not be limited to, the following types of investments: High Yield Bonds; Levered and Unlevered

1. Disclosure Process

Any TCRS employee or Board member who has a role in determining whether the TCRS assets should be invested in a private equity investment and who is directly solicited by any person or entity on a specific private equity investment proposal must disclose such to the Investment Staff.

For purposes of this disclosure process, “directly solicited” means direct personal contact by person(s) or entity(ies) intending to solicit funding for a specific private equity fund or transaction. This direct contact will typically include a discussion on a particular investment, the merits of that investment and detailed documentation supporting the investment. Casual meetings and telephone calls of a general nature are not deemed to be a direct solicitation for purpose of this disclosure process.

The names of any person(s) or entity(ies) disclosed to Investment Staff pursuant to this disclosure process will be recorded by the Investment Staff and reported to the audit committee of the Board on a quarterly basis.

2. ~~Contractual Obligations~~

~~Traditional private equity and strategic lending investments may involve various contracts and legal agreements. Any contractual terms, including those related to fees, will be consistent with the then current market for comparable investments.~~

3.2. Process for and Factors Used in Selection, Approval and Monitoring

The process for selecting and approving traditional private equity and strategic lending investments will be outlined within the Traditional Private Equity and Strategic Lending Investment Guidelines. At a minimum, such Investment Guidelines must detail the introduction, due diligence, recommendation, approval, legal review and closing, and monitoring processes.

The following factors and standards are to be used, at a minimum, by Investment Staff in the selection of traditional private equity and strategic lending investments:

- ~~Key Personnel~~—Key personnel should possess specialized skills and expertise; reputable professional background; and be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules and regulations;
- ~~Strategy and Strategic Fit~~—A private equity investment should be selected based, in part, on its ability to improve the overall risk and return profile of the Total Assets and its contribution to portfolio diversification;
- ~~Legal and Economic Terms~~—Investment terms and/or contracts should be actively negotiated to ensure that the interest of the partners and/or investment managers align with the interests of the TCRS and that the

TCRS is adequately compensated based, in part, on the level of investment risk.

The Board recognizes that ~~other~~ various factors and differing standards should be used in evaluating and selecting traditional private equity and strategic lending investments and relies on Investment Staff and the respective investment consultant to use reasonable judgment in proactively investigating proposed traditional private equity and strategic lending investments. Prior to consideration of a traditional private equity or strategic lending investment, an independent third-party advisor selected by the TCRS (i.e., External Investment Advisor, External Investment Manager, General Consultant, investment consultant, etc.) must determine that the proposed investment complies with the factors and standards as established within this Investment Policy and any applicable Investment Guidelines.

4.3.Open Records Exception

Traditional private equity or strategic lending investment records shall be open to public inspection in accordance with and pursuant to T.C.A. §8-37-104(a)(10)(~~CB~~).

5.4.Holding Entities

The Board authorizes the State Treasurer and Investment Staff to create holding entities, to the extent permitted by law, on behalf of the TCRS for the purpose of acquiring, holding title to and collecting income from traditional private equity or strategic lending investments. The Board also authorizes the transfer of a traditional private equity or strategic lending investment from direct ownership to a title holding entity on behalf of the TCRS (or the converse) during the course of a holding period of the traditional private equity or strategic lending investment, if deemed prudent.

~~6. Investment Types and Risk Control Measures—Traditional Private Equity~~

~~Traditional private equity investments may include, but shall not be limited to, the following types of investments: Venture Capital; Buyout; Distressed; Growth Equity; Resource; and Other Opportunities.~~

~~The following risk control measures will be implemented in the oversight of the traditional private equity portfolio:~~

- ~~• Financing Stage—The traditional private equity portfolio will mitigate company and financing life cycle risk through diversification in investment types.~~
- ~~• Investment Timing—Vintage year risk will be monitored during the initial funding phase of the traditional private equity portfolio;~~
- ~~• Industry Concentration—No more than forty percent ($\leq 40\%$) of the traditional private equity portfolio commitments will be made to a single industry within a particular sector;~~
- ~~• General Partner Concentration—No more than twenty percent ($\leq 20\%$) of the traditional private equity portfolio target shall be committed to a single External Investment Manager;~~
- ~~• Investment Size—The TCRS will represent no more than fifteen percent ($\leq 15\%$) of the targeted size of a limited partnership without the written approval of the State Treasurer; and~~
- ~~• Operational Matters—The traditional private equity portfolio will mitigate operational risk through the use of multiple managers, strategies and investment types.~~

~~7. Investment Types and Risk Control Measures—Strategic Lending~~

~~Strategic lending investments may include, but shall not be limited to, the following types of investments: High Yield Bonds; Levered and Unlevered Loans; Emerging Market Debt; Distressed Debt; Mezzanine Debt; Direct Lending; Structured Credit; Real Estate Debt; and Other Opportunities.~~

~~The following risk control measures will be implemented in the oversight of the strategic lending portfolio:~~

- ~~• Financing Stage and Industry Concentration—The strategic lending portfolio may be somewhat under diversified on a standalone basis due to the opportunistic nature of the portfolio and such risks are mitigated at the Total Assets level;~~
- ~~• Investment Timing—Generally, vintage year risk does not pose a concern for the strategic lending portfolio;~~
- ~~• General Partner Concentration—No more than fifty percent ($\leq 50\%$) of the strategic lending portfolio target shall be committed to a single External Investment Manager;~~
- ~~• Investment Size—The TCRS will represent no more than fifteen percent ($\leq 15\%$) of the targeted size of a commingled investment vehicle without the written approval of the State Treasurer; and~~

- ~~Operational Matters — The strategic lending portfolio will mitigate operational risk through the use of multiple managers, strategies and investment types.~~

D. Real Estate

Acquisitions of real estate may be made in Direct Investments or Commingled Investments provided that:

- No Direct Investment may be located in the state of Tennessee; and
- No Direct Investment shall exceed ~~one-half of one percent~~ ($< 0.51\%$) of the Market Value of the Total Assets.

~~Furthermore, of the greater of the real estate portfolio's target allocation or the total value invested:~~

- ~~No more than forty percent ($\leq 40\%$) shall be committed to a single External Investment Manager or External Investment Adviser; and~~
- ~~Seventy percent or more ($\geq 70\%$) will be comprised of Core Investments.~~

The process for selecting and approving real estate investments will be outlined within the Real Estate Investment Guidelines. At a minimum, such Investment Guidelines must detail the introduction, due diligence, recommendation, approval, legal review ~~and closing and monitoring~~ processes.

The Board authorizes the State Treasurer and Investment Staff to create entities, to the extent permitted by law, on behalf of the TCRS for the purpose of acquiring, holding title to, and collecting income from real property. The Board also authorizes the transfer of real estate property from direct ownership to a title holding entity on behalf of the TCRS (or the converse) during the course of a holding period of the real estate investment.

E. Cash and Cash Equivalents

Cash that cannot be invested immediately, or that is needed for operations, should be actively managed through the use of cash and Cash Equivalents to obtain the best return available. Cash may also be invested in short-term, open-end mutual funds under the contractual arrangement with the Master Custodian or invested in the State Pooled Investment Fund.

Cash Equivalents must be rated within the highest tier (e.g., A-1) by at least two (≥ 2) of the designated NRSROs; rating modifiers (+, -) should not be considered when determining the tiers.

The TCRS shall invest not more than one hundred million dollars ($\leq \$100,000,000$) in Cash Equivalents issued by any one issuer, excluding Cash Equivalents

- Issued by the United States, any agency of the United States federal government or any entity with the express or implied backing of the United States; or
- That matures on the next business day.

For purposes of this section, "business day" shall mean any day on which (i) the United States securities exchanges, (ii) the Master Custodian and (iii) the State of Tennessee, Department of Treasury are open for regular business activity.

F. Canadian Securities

The TCRS may invest in publicly traded, Canadian securities that are otherwise of the same kinds, classes and investment grades otherwise eligible for investment.

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G. International Securities

The TCRS may invest in publicly traded, international securities that are otherwise of the same kinds, classes and investment grades otherwise eligible for investment.

The Board hereby authorizes up to twenty-five percent ($\leq 25\%$) of the Total Assets may be invested in international securities, up to ten percent ($\leq 10\%$) of which may be invested in emerging markets.

The Board hereby determines that the following international countries are permissible:

- International countries included in the Morgan Stanley Capital International (“MSCI”) EAFE Investable Market Index (“IMI”), as amended from time to time (i.e., international developed markets); and
- International countries included in the MSCI Emerging Markets (“EM”) Index, as amended from time to time (i.e., emerging markets).

Suitability of investing in such emerging markets countries shall be further subject to a screening methodology reviewed by the TCRS’s General Consultant, recommended by the Chief Investment Officer and approved by the State Treasurer.

For purposes of the TCRS’s international securities investments, a security’s country classification will be determined, at the time of acquisition, using the following criteria:

- Market in which the issuer conducts its primary business (“Country Classification”);
- Issuer’s management location, country of primary listing, country of revenue and reporting currency (“Country of Risk”); and
- Country in which the issuer is legally established (“Country of Incorporation”); and
- Investment’s geographical focus (“Geo Focus”).

~~The issuer’s parent and ultimate parent entity(ies) and the security’s geographical focus, if applicable, may also be evaluated in order to determine a security’s country classification.~~

H. Canadian and International Currency

Canadian and international currency transactions are permitted as necessary to facilitate the settlement of Canadian and international securities transactions and to mitigate currency risk. The TCRS may engage in “bona fide spot foreign exchange transactions,” as defined by the United States Commodities Futures Trading Commission (“CFTC”), Hedging Transactions, Income Generation Transactions or Replication Transactions involving currencies of Canada and those international countries authorized pursuant to this Investment Policy. Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements related to currency transactions.

Hedging Transactions, Income Generation Transactions and Replication Transactions will be executed only with registered swap dealers.

I. Derivative Instruments

The TCRS may purchase or sell stock index futures. Stock index futures contracts shall

- Not be utilized for purposes of “speculative leveraging” as defined in T.C.A. §8-37-104(a)(7);
- Be classified by and included in the asset allocation ranges of the domestic and international equity portfolios;
- Be measured in their notional principal or notional equivalent amount; and
- Not exceed ten percent ($\leq 10\%$) of the Market Value of the Total Assets.

Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements related to stock index futures.

Additionally, the TCRS may engage in Hedging Transactions, Income Generation Transactions or Replication Transactions involving Derivative Instruments under the following conditions:

- Derivative Instruments will be measured in their notional principal or notional equivalent amount;
- Derivative Instruments, excluding currency Derivative Instruments, shall not exceed twenty percent ($\leq 20\%$) of the Market Value of the Total Assets; and
- Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements.

Hedging Transactions, Income Generation Transactions and Replication Transactions shall be executed only with registered swap dealers.

J. Securities Lending

The TCRS may loan its securities for a fee, provided that:

- The total market value of securities on loan does not exceed thirty percent ($< 30\%$) of the Market Value of the Total Assets; and
- Each loan is collateralized in accordance with this Investment Policy.

Only the following types of financial instruments will be acceptable collateral for purposes of securities lending:

- Bonds, notes and treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States government or any of its agencies;
- Obligations guaranteed as to principal and interest by the United States government or United States sponsored corporations or enterprises; and
- Cash.

Collateral will be marked-to-market, each business day, to ensure that on any business day the market value, plus accrued but unpaid rebates and, in the case of debt securities, accrued but unpaid interest, of the collateral held in respect to a securities lending transaction is not less than:

- 102% ($\geq 102\%$) of the aggregate market value of the loaned securities for domestic securities and international securities that are denominated in the same currency as the collateral provided by the borrower;

- 105% ($\geq 105\%$) of the aggregate market value of the loaned securities for international securities that are not denominated in the same currency as the collateral provided by the borrower; or
- 100% ($\geq 100\%$) for cash collateral.

Cash received as collateral may be invested by or on behalf of the TCRS in any investment instrument in which the TCRS's assets may be directly invested. Such cash may also be invested in short-term investment funds, provided the portfolio of such funds contains only those investment instruments in which the TCRS's assets may be directly invested.

K. Standby Note Purchaser

The TCRS may enter into contracts to serve as a standby note purchaser for the Tennessee State School Bond Authority, the Tennessee State Funding Board and the Tennessee Local Development Authority, provided said contracts contain the following provisions:

- The TCRS receives an annual commission, representing a fair market value fee for serving as the standby note purchaser; such fee shall be reviewed annually and, as appropriate, adjusted; and
- If called upon to purchase such notes, the TCRS shall receive a market rate of return exceeding the market rate for short-term investments.

L. Investment Companies

The TCRS may invest in shares of publicly listed Investment Companies. Investment Companies shall be classified by and subject to the asset allocation range of the underlying asset class type (e.g. equity-focused ETF included in the equity allocation calculation, etc.).

VII. Risk Management

A. Rebalancing and Transitioning

The Total Assets should be actively managed in an effort to attain, within acceptable risk limitations, the TCRS's primary investment objective. As such, the Chief Investment Officer and Investment Staff shall have the ability to make tactical shifts in asset allocations as deemed appropriate to increase risk-adjusted returns, so long as such changes are within the approved asset allocation ranges as stated within this Investment Policy.

Additionally, the Board recognizes that one or more component portfolio may experience a period of transition due to, for example, an initial funding phase, rebalancing or strategy shift. The Board acknowledges that during a transition period it may be necessary to analyze assets based upon terminal value and not relative to a benchmark.

B. Percentage Limitations

In determining compliance with the percentage limitations stated within this Investment Policy, the Total Assets will be valued at Market Value. Accordingly, an investment may be made on any given day provided that such investment does not cause any applicable limitation prescribed in this Investment Policy to be exceeded on such day.

C. Designated Nationally Recognized Statistical Rating Organizations (“NRSROs”)

The credit ratings of any credit rating agency that is registered with the Securities and Exchange Commission (“SEC”) as a NRSRO will be deemed sufficiently reliable for use to determine a security’s investment grade and eligibility under this Investment Policy.

D. Trading, Brokerage and Research

Best execution, cost and benefits that serve the exclusive interest of the beneficiaries are the overriding principles in determining the trading and brokerage counterparty to be used in any transaction.

The State Treasurer and Investment Staff are hereby authorized to transact with duly selected trading and brokerage counterparties. Selection of trading and brokerage counterparties shall be subject to the qualifications and processes established by the Investment Staff and approved by the State Treasurer.

The State Treasurer and Investment Staff are hereby authorized to enter into client commission agreements or commission sharing or rebate arrangements in order to obtain research services permitted under the safe harbor protections of Section 28(e) of the Securities and Exchange Act of 1934.

E. Service Providers

The State Treasurer, in consultation with the Chief Investment Officer and Internal Legal Counsel, is authorized to contract for investment management services, personal services, professional services and consultant services as necessary and in the best interest of the TCRS. Such services include, but are not limited to, those provided by a General Consultant, External Investment Advisers, External Investment Managers, Outside Legal Counsel, investment consultants, data providers, data aggregators, securities litigation monitors, proxy advisors, investment and performance analytics, trading and execution platforms, research providers, etc. The Board delegates to the State Treasurer, in consultation with the Chief Investment Officer and Internal Legal Counsel, the responsibility to determine the procurement method for and duties and responsibilities of such Service Providers.

Pursuant to, and as defined in, T.C.A. §8-37-113 the State Treasurer shall endeavor to use “emerging investment managers” to the greatest extent feasible within the bounds of financial and fiduciary prudence. Use of “emerging investment managers” shall be subject to the qualifications established by the Investment Staff and approved by the State Treasurer.

F. Legal, Compliance and Audit

The State Treasurer, in consultation with Internal Legal Counsel and with the approval of the Legal Advisor, has primary responsibility for the retention of Outside Legal Counsel. The State Treasurer and Internal Legal Counsel shall consult, as needed and applicable, with the Legal Advisor and/or Outside Legal Counsel. The State Treasurer, or his designee(s), has the authority to negotiate and execute, with the advice and counsel of the Legal Advisor, Internal Legal Counsel and/or Outside Legal Counsel, as applicable, all contracts, agreements, forms and

memoranda of understanding deemed necessary or desirable for the efficient administration of the TCRS's assets.

The Chief Investment Officer and Investment Staff will collaborate with the Department of Treasury compliance staff to ensure efficient and effective development and administration of a compliance program that is reasonably designed to prevent, detect and, if necessary, remedy violations of the laws, rules, regulations and policies applicable to the Department of Treasury Investment Division's investment and securities activities.

To aid in the safeguarding of the TCRS's assets, the Department of Treasury internal audit staff will periodically evaluate risk control areas as to their adequacy, efficiency and effectiveness. Additionally, the State Treasurer shall ensure that critical investment, accounting and legal, compliance and audit functions are segregated within the Department of Treasury.

G. Investment Guidelines, Policies and Procedures

The Investment Policy includes references to Investment Guidelines, policies and procedures established and implemented by the State Treasurer and Investment Staff. The Board deems these Investment Guidelines, policies and procedures as integral components to the implementation and oversight of the TCRS's Investment Policy. At a minimum, the State Treasurer shall implement detailed Investment Guidelines for Derivative Instruments, traditional private equity, strategic lending, real estate and securities lending. Additionally, the State Treasurer shall implement written policies and procedures related to proxy voting, trade management and supervision, evaluation of research services, the use of placement agents and conflicts of interest, and performance reporting.

VIII. Monitoring and Reporting

A. Quarterly

The State Treasurer shall report quarterly to the Council on Pensions and Insurance any holdings in securities issued by companies that have substantial current operations in nations determined by the United States Department of State to be state-sponsors of terrorism.

The State Treasurer shall also report quarterly to the Council on Pensions and Insurance the investments in emerging market countries.

The Chief Investment Officer shall provide a detailed, written review of the investment activity at the quarterly Board meetings. Pursuant to the private equity disclosure process (Section VI.C.1), the Investment Staff will report the required information to the audit committee of the Board on a quarterly basis.

B. Periodically

The Chief Investment Officer shall provide a detailed, written report of the investment activity, including, but not limited to, presenting all receipts, disbursements and changes in the assets and liabilities, at all Investment Advisory Council meetings.

The State Treasurer, Chief Investment Officer, Investment Staff and Service Providers, shall provide other reports as requested or as needed by the Board or State Treasurer.

C. Annually

The Board shall publish an annual report. The Chief Investment Officer, Investment Staff and, as needed, Service Providers shall assist in preparing the investment-related portions of the annual report.

The State Treasurer shall prepare an annual report of investment activity to the Council on Pensions and Insurance. Such report will consist of the General Consultant's report and a summary of the closing balances of investments in emerging market countries.

The State Treasurer, in accordance with T.C.A. §8-37-113(b) shall submit an annual statement to the general assembly regarding the use of emerging investment managers.

At least annually, the General Consultant shall review the TCRS's Investment Policy and applicable Investment Guidelines, policies and procedures and provide its recommendations to the State Treasurer and Chief Investment Officer for consideration.

IX. Policy Interpretation

The Board, State Treasurer, Investment Staff and Service Providers are required to comply with all applicable federal and state laws, rules and regulations. The Investment Policy may reference or restate applicable laws, rules and regulations, or portions thereof, for convenience; however, in the event of any conflict between the law and this Investment Policy, the law prevails. Each fiduciary to the TCRS is ultimately responsible for compliance with applicable laws, rules and regulations.

The Board hereby authorizes the State Treasurer to take, for and on behalf of the TCRS, all actions necessary to comply with applicable federal and state securities laws, rules and regulations. In implementing such, the State Treasurer may delegate certain responsibilities to the Investment Staff, Department of Treasury staff or Service Providers.

In cases of uncertainty, the State Treasurer is authorized to provide written interpretive guidance and approve in writing, from time to time, variances from the requirements contained within the Investment Policy in furtherance of compliance or as deemed in the best interest of the TCRS's beneficiaries, consistent with both fiduciary standards and the scope of the Investment Policy. Such interpretive guidance or variance shall be reported in writing to the Board at its next meeting and to the Council of Pensions and Insurance within a reasonable time.

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STATISTICAL REPORTS

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ANALYSIS OF MEMBERS ACTIVELY CONTRIBUTING

	9/30/2013	6/30/2014	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Group I Members:								
(State & Higher Ed.)	55,609	56,390	55,179	53,447	51,412	50,691	45,516	44,225
Highway Patrol					764	756	726	717
Wildlife Officers					191	191	190	191
Teachers	78,393	78,506	69,975	69,977	69,589	68,474	61,820	60,876
General Employees of Polisubs	77,592	78,144	85,531	87,163	80,580	81,199	73,655	73,734
Firemen & Policemen					7,358	7,446	7,040	7,108
General Assembly	127	128	113	114	111	111	103	103
County Officials	2	2	2	2	2	2	1	1
Board Members					439	435	392	386
County Judges	1	1	20	19	18	18	17	15
Attorneys General	671	683	617	621	619	608	574	571
Total Group I	212,395	213,854	211,437	211,343	211,083	209,931	190,033	187,984
Group II & Prior Class:								
Wildlife Officers	2	2	1	1	1			
Highway Patrol	1	1	1	1	1	1		
Firemen & Policemen-Political Subdivisions	13	11	10	9	8	10	10	11
Total Group II & Prior Class	16	14	12	11	10	11	10	11
Group III and Prior Class:								
State Judges	1	1	1	1	1	1	1	1
County Judges			1	1	1	1	1	1
Attorneys General	4	3	1	2	1	1	1	1
County Officials	4	4	2	2	2	2	2	2
Total Group III & Prior Class	9	8	5	6	5	5	5	5
Group IV								
State Judges	184	184	128	123	122	121	113	13
State & Teacher Hybrid Plan								
State			5,689	7,905	9,242	10,754	10,271	11,251
General Assembly			15	16	16	17	17	17
Teacher			6,189	11,205	11,967	12,229	11,142	14,560
Attorneys General, Judges			31	35	37	37	37	37
Political Subdivisions			85	189	349	453	474	673
Local Government Plans								
Alternate DB			14	24	30	35	25	30
Hybrid Plan W/O Cost Controls			92	125	179	207	173	194
Total Membership								
Contributing to TCRS	212,604	214,060	223,697	230,982	233,040	233,800	212,300	215,058
Teachers Contributing to ORP	11,688	11,683	10,632	10,290	10,043	9,763	9,609	9,586
Grand Totals	224,292	225,743	234,329	241,272	243,083	243,563	222,025	224,644

**RETIRED PAYROLL
STATISTICS
September 30, 2016**

	<u>AMOUNT</u>	<u># OF RETIREES</u>
STATE EMPLOYEES	\$ 61,002,606.50	45,157
STATE PAID JUDGES	1,016,002.68	211
COUNTY PAID JUDGES	294,236.55	78
ATTORNEY GENERALS	959,082.79	247
COUNTY OFFICIALS	363,926.41	173
PUBLIC SERVICE COMMISSIONERS	8,721.68	4
POLITICAL SUBDIVISIONS	31,538,159.07	37,815
TEACHERS	102,230,325.49	49,038
LOCAL TEACHERS	3,303,039.51	1,769
GOVERNORS AND WIDOWS	31,280.00	5
AGED TEACHERS	515.98	4
OTHERS	<u>148,387.80</u>	<u>59</u>
TOTAL	\$200,896,284.46	134,560

RETIRED PAYROLL STATISTICS
July 1, 2016
THROUGH
September 30, 2016

	<u>AMOUNT</u>	<u># OF RETIREES</u>
STATE EMPLOYEES	\$ 181,845,293.38	45,157
STATE PAID JUDGES	3,048,871.16	211
COUNTY PAID JUDGES	903,205.04	78
ATTORNEY GENERALS	2,879,838.31	247
COUNTY OFFICIALS	1,092,391.13	173
PUBLIC SERVICE COMMISSIONERS	27,595.58	4
POLITICAL SUBDIVISIONS	93,944,536.85	37,815
TEACHERS	306,726,030.87	49,038
LOCAL TEACHERS	9,943,491.38	1,769
GOVERNORS AND WIDOWS	93,840.00	5
AGED TEACHERS	1,547.94	4
OTHERS	<u>435,335.52</u>	<u>59</u>
TOTAL	\$600,941,977.16	134,560

NOTE: NINETY-NINE PERCENT (99%) OF THE RETIREES ARE ON DIRECT DEPOSIT AND DEBIT CARD

NUMBER OF MEMBERS REFUNDED

<u>Month</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
July	499	496	475	516	613	512	417
August	406	466	471	782	820	403	425
September	431	447	394	457	586	522	458
October	379	383	375	378	483	364	
November	293	364	319	314	244	359	
December	276	257	241	276	338	326	
January	307	348	338	402	322	386	
February	265	312	335	310	238	351	
March	299	262	253	284	331	355	
April	277	346	311	424	338	347	
May	662	329	274	866	247	332	
June	406	339	336	674	383	336	
TOTAL	<u>4,500</u>	<u>4,349</u>	<u>4,122</u>	<u>5,683</u>	<u>4,943</u>	<u>4,593</u>	<u>1,300</u>

**REFUND EXPENDITURES
2016-2017 FISCAL YEAR**

MONTH	MEMBER'S CONTRIBUTIONS	414(H) CONTRIBUTIONS	MEMBER'S INTEREST	EMPLOYER CONTRIBUTIONS	DEATH PAYMENTS	TOTAL
July	21,332.26	2,712,550.18	923,930.33	56,742.24	138,448.17	\$3,853,003.18
August	78,814.85	3,592,116.13	1,167,734.13	47,813.62	454,668.06	\$5,341,146.79
September	21,543.90	3,063,254.35	1,045,483.50	108,020.41	555,234.52	\$4,793,536.68
October						
November						
December						
January						
February						
March						
April						
May						
June						
TOTAL	121,691.01	9,367,920.66	3,137,147.96	212,576.27	1,148,350.75	\$13,987,686.65

PRIOR SERVICE ACTIVITY
April 1, 2016 through June 30, 2016

State:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	2	1	\$ 1,611
	Military	-	-	-
	Redeposit	10	97	\$ 218,901
	Totals	12	98	\$ 220,512

Teachers:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	6	8	\$ 51,171
	Military	-	-	-
	Redeposit	14	57	\$ 288,327
	Totals	20	65	\$ 339,498

Higher Education:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	6	33	\$ 466,283
	Military	-	-	-
	Redeposit	1	2	12,570
	Totals	7	36	\$ 478,853

Political Subdivisions:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	24	12	\$ 9,387
	Military	-	-	\$ -
	Redeposit	13	57	\$ 185,307
	Totals	37	68	\$ 194,694

Grand Totals:	Type of Service	No of Members	Years of Service	Amount
	Backpayment	38	54	\$ 528,452
	Military	-	-	-
	Redeposit	38	212	705,105
	Totals	76	266	\$ 1,233,557

DISABILITY RETIREMENT REPORT

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Disability Statistical Report

First Quarter 16-17

Disability Applications Received	July	18
	August	26
	September	<u>29</u>
	TOTAL	73
Initial Claims Approved	July	12
	August	13
	September	<u>12</u>
	TOTAL	37
Initial Claims Disapproved	July	11
	August	04
	September	<u>10</u>
	TOTAL	25
Initial Claims Approved after Reconsideration		08
Initial Claims Disapproved after Reconsideration		05
Re-Evaluation Claims Approved		20
Re-Evaluation claims Disapproved		00

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**APPROVED FOR DISABILITY
FIRST QUARTER
2016-2017**

TYPE	Re-E	Re-C	SVC	AFC	OPT.	MO. BEN.	AGE	EMPLOYER	POSITION	DISABILITY SUMMARY
SS-ORD	NO	NO	234	\$ 28,563	D	\$642	58	STATE	DEV. TECH	DDD/ HYPERTENSION/ EMPHYSEMA
SS-ORD	YES	YES	167	\$ 15,609	A	\$293	48	POL SUB	COOK	OSTEOARTHRITIS/LUMBAR FACET DYSFUNCTION/DEPRESSION W/PSYCHOTIC FEATURES
ORD.	YES	NO	136	\$ 28,524	B	\$656	37	STATE	CORRECTION OFFICER	LUMBAR RADICULOPATHY/ CHRONIC PAIN/ DEPRESSION
SS-INACT.	NO	NO	105	\$ 31,706	N/A	N/A	44	POL SUB	POLICE OFFICER	CORONARY ARTERY DISEASE/ PTSD/ TOTAL HIP REPLACEMENT
SS-ORD	YES	YES	193	\$ 51,464	A	\$1,215	51	TEACHER	TEACHER	MAJOR DEPRESSION/ ANXIETY DISORDER NOS/ LUMBAR DISC DISEASE
ORD.	NO	YES	283	\$ 47,311	A	\$1,322	50	TEACHER	TEACHER	FIBROMYALGIA/ BACK PAIN AND LEG PAIN/ SEVERE CRAMPS AND FATIGUE
SS-ORD	NO	NO	160	\$ 25,359	B	\$522	54	POL SUB	HOUSEKEEPER	HYPOTHYROIDISM/ CHRONIC PAIN SYNDROME/ L. PERONEUS BREVIS
ORD.	YES	NO	305	\$ 37,495	A	\$1,126	47	STATE	HABILITATION THERAPY TECH	STAGE IV GASTRIC CANCER
ORD.	YES	NO	65	\$ 23,827	A	\$511	48	POL SUB	EQUIPMENT OPERATOR	C4-C5 AND C5-C6 FUSION/ CHRONIC NECK AND BACK PAIN
ORD.	YES	YES	128	\$ 35,963	A	\$850	50	TEACHER	TEACHER	BIPOLAR DISORDER/ DEPRESSION & ANXIETY/
SS-ORD	NO	NO	235	\$ 34,542	A	\$816	55	POL SUB	SUPERVISOR	DEMENTIA
SS-ORD	NO	NO	169	\$ 22,024	A	\$386	59	STATE	FACILITIES SUPPORT ASSOCIATE	IBM/ MUSCLE WEAKNESS/ GOUT

**APPROVED FOR DISABILITY
FIRST QUARTER
2016-2017**

ORD.	YES	NO	317	\$ 36,476	A	\$ 1,142	52	POL SUB	WATER SERVICES WORKER	ISCHEMIC CARDIOMYOPATHY/ CAD/ MI
ACC.	NO	YES	256	\$ 31,450	A	\$ 1,390	48	STATE	OFFICER	R-ROTATOR CUFF CRUSH/ BACK PAIN
ORD.	YES	NO	89	\$ 15,380	A	\$ 336	49	POL SUB	ISS MONITOR	PEMPHIGUS VULGARIS/ CHRONIC PAIN
ORD.	NO	NO	118	\$ 40,707	A	\$ 962	45	TEACHER	TEACHER	BIPOLAR/ DEPRESSED TYPE W/ PANIC DISORDER
ORD.	YES	YES	70	\$ 21,856	A	\$ 527	43	POL SUB	DETENTION OFFICER	DEGENERATION OF LUMBAR AND SPINE
ORD.	YES	NO	250	\$ 32,225	A	\$ 796	48	STATE	ACCOUNT TECH	SEVERE DEPRESSION/ COPD/ PTSD/ DISSOCIATIVE IDENTITY DISORDER
ORD.	YES	NO	132	\$ 26,395	A	\$ 183	50	STATE	CUSTODIAN	OSTEOARTHRITIS/ CAD/ DM/ HYPERTENSION
ORD.	NO	NO	168	\$ 53,662	B	\$ 1,038	56	STATE	RN II	COPD/ LOW PULMONARY FUNCTION
ORD.	NO	NO	230	\$ 46,985	C	\$ 1,002	55	TEACHER	TEACHER	STAGE IV BREAST CANCER/ METASTATIC DISEASE OF BONE
ORD.	NO	YES	168	\$ 30,767	A	\$ 718	55	TEACHER	TEACHER	RA/ CHRONIC PAIN
SS-ORD	YES	NO	69	\$ 34,801	A	\$ 822	44	POL SUB	TELLICOMMUNICATOR	CARCINOMA OF THE ORAPHARYNX
SS-ORD	YES	NO	109	\$ 45,181	D	\$ 1,010	45	TEACHER	TEACHER	BIPOLAR DISORDER/ DEPRESSION
ORD.	YES	NO	283	\$ 40,623	D	\$ 1,024	51	STATE	CAPTAIN	HYPERTENSION/ CHF/ DIABETES/ SLEEP APNEA/ BULGINH DISCS/ MORBID OBESITY
ORD.	YES	NO	153	\$ 31,681	A	\$ 748	49	STATE	VETERAN OUTREACH	BIPOLAR DISAORDER W/OUT PSYCHOTIC FEATURES/ PANIC DISORDER
ORD.	NO	NO	131	\$ 33,351	A	\$ 456	59	STATE	DEPT. OF REVENUE	HEMICOLECTOMY/ ABDOMINAL OBSTRUCTION

**APPROVED FOR DISABILITY
FIRST QUARTER
2016-2017**

ORD.	NO	NO	238	\$ 43,098	A	\$ 1,018	53	STATE	ADMIN SERVICES	FIBROMYALGIA/ ALLERGIC ASTHMA/ HEARING LOSS/ DEPRESSION
INACT.	NO	YES	120	\$ 32,419	B	\$ 142	47	TEACHER	TEACHER	ESRD/ CAD/ CHEST PAINS
SS-ORD	NO	NO	278	\$ 60,045	N/A	N/A	56	TEACHER	TEACHER	STAGE IV ADNO CARCINOMA
SS-ORD	NO	NO	290	\$ 81,200	N/A	N/A	54	TEACHER	TEACHER	DEGENERATIVE RHEUMATOID ARTHRITIS/ JOINT SWELLING
SS-ORD	NO	NO	259	\$ 52,650	A	\$ 1,347	53	TEACHER	TEACHER	STAGE 4 ADENOCARCINOMA OF THE ESOPHAGUS
ORD.	NO	NO	173	\$ 35,320	A	\$ 795	48	POL SUB	SUPERVISOR	TYPE II DIABETES/ MORBID OBESITY/ PULMONARY EMBOLISM
ORD.	YES	NO	126	\$ 19,412	A	\$ 459	48	POL SUB	TRUCK DRIVER	ESRD/ HYPERTENSION/ DM
ORD.	YES	NO	271	\$ 51,322	A	\$ 1,369	46	TEACHER	TEACHER	MULTIPLE SCLEROSIS/ ABNORAML GAIT
INACT.	NO	NO	105	\$ 31,706	N/A	N/A	44	POL SUB	POLICE OFFICER	CAD/PTSD/ CERVICAL SPONDYLOSIS W/ RADICULOPATHY/ MORBID OBESITY
ORD.	YES	NO	273	\$ 70,070	N/A	N/A	51	TEACHER	TEACHER	MORBID OBESITY/SEVERE ARTHRITIS IN KNEES/ ANXIETY
ORD.	YES	NO	157	\$ 29,070	N/A	N/A	50	STATE	ADMIN. ASSISTANT	ANXIETY/ DEPRESSION/ ARTHRALGIA/ HYPERTENSION/ MORBID OBESITY

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**DISAPPROVED FOR DISABILITY
FIRST QUARTER
2016-2017**

Type	Re-C	Age	Employer	Position	SVC	Disability Summary	Reason Denied
ORD.	NO	55	STATE	CHILDREN SERVICES OFFICER	9	TRIGEMINAL NEURALGIA/ FACIAL PAIN	MEMBER CAPABLE OF SEDENTARY WORK
ORD.	NO	57	TEACHER	TEACHER	25	SEVERE BACK AND NECK PAIN/ CERVICAL SPINAL SPONDYLOSIS	CAPABLE OF LIGHT WORK
ORD.	NO	55	HIGHER ED	POLICE DISPATCHER	16	FRACTURE DISLOCATION OF RT. ELBOW	CAPABLE OF SEDENTARY WORK
INACT.	YES	47	POL SUB	FOOD SERVER	14	SYSTEMIC LUPUS/ JOINT PAIN & SWELLING	CAPABLE OF SED. WORK
ORD.	NO	46	POL SUB	PARAPROFESSI ONAL	19	ARTHROSCOPIC SUPRASCAPULAR NERVE RELEASE/ DEPRESSION/ ANXIETY	CAPABLE OF SEDENTARY WORK
ORD.	NO	55	STATE	FAMILY SERVICES WORKER	13	CERVICAL AND LUMBAR SPINE DEGENERATION W/ CHRONIC PAIN	CAPABLE OF LIGHT TO SEDENTARY WORK
ORD.	NO	45	STATE	DEV. TECH	20	BACK INJURY/ L5 SPONDYLOSIS/ DDD OF LUMBAR	CAPABLE OF LIGHT TO SEDENTARY WORK
ORD.	NO	51	STATE	VETERAN OUTREACH	10	PTSD/ DEPRESSIVE DISORDER/ ANXIETY/ DJD/ CHRONIC PAIN	CAPABLE OF MEDIUM TO SEDENTARY WORK
ORD.	NO	48	POL SUB	COOK	14	OSTEOARTHRITIS/ LUMBAR FACET DYSFUNCTION/ DEPRESSION W/ PSYCHOTIC FEATURES	LIMITED TO MEDIUM TO SEDENTARY WORK
ORD.	NO	53	POL SUB	JANITOR	20	DISC DEGENERATION/ LUMBAR RADICULOPATHY	LIMITED TO SEDENTARY WORK
ORD.	NO	55	STATE	DEV TECH	26	DIABETES/ NEUROPATHY/ HYPERTENSION/ PLANTAR FASCIATIS	SEDENTARY ACTIVITY POSSIBLE
ORD.	NO	54	STATE	ADMIN ASSISTANT	6	BIPOLAR DISORDER/ COPD/ HEP C/ HX OF ALCOHOL ABUSE	LIGHT ACTIVITY APPEARS POSSIBLE/NON MED COMPLIANCE
ORD.	NO	33	STATE	OFFICER	8	PTSD/ VERTIGO/ CEREBRAL INFRACTION/ HYPERTENSION	LIGHT TO MEDIUM WORK APPEARS POSSIBLE
ORD.	NO	55	POL SUB	HEAVY EQUIP OPERATOR	26	CERVICAL SPONDYLOSIS/ CERVICAL STENOSIS/ CERVICAL DISC HERNIATION	SEDENTARY ACTIVITY APPEARS POSSIBLE

**DISAPPROVED FOR DISABILITY
FIRST QUARTER
2016-2017**

ORD.	YES	47	TEACHER	TEACHER	17	RHEUMATOID ARTHRITIS/ SEVERE JOINT PAIN	LIMITED TO SEDENTARY WORK
ORD.	NO	54	POL SUB	MAINTENANCE WORKER	17	MYASTHENIA GRAVIS/ GENERALIZED MUSCLE WEAKNESS/ LOW BACK PAIN	CAPABLE OF SEDENTARY WORK
ORD.	NO	50	POL SUB	OFFICER	10	OA RT. ELBOW/ CHRONIC LUMBAR PAIN/	LIMITED TO SEDENTARY WORK
INACT.	NO	49	STATE	CONSERVATIONIST	14	MAJOR DEPRESSION W/ PSYCHOTIC SYMPTOMS/ BIPOLAR	CAPABLE OF SEDENTARY WORK
ORD.	NO	51	POL SUB	SPECIAL ED. ASSISTANT	15	LUMBAR SPINAL STENOSIS/ ARTHRITIS/ ROTATOR CUFF SYNDROME/ ASTHMA	LACK OF CURRENT MEDICAL RECORDS
ORD.	NO	52	TEACHER	SCHOOL NURSE	11	BIPOLAR DISORDER/ FEVER OF UNKNOWN ORIGIN	CAPABLE OF SEDENTARY WRA IN LOW STRESS ENVIRONMENT
ORD.	YES	50	STATE	FORESTRY AIDE II	26	DDD/ LUMBAGO/ L6 HNP W/ RADICULOPATHY/ LOW BACK PAIN	CAPABLE OF SED WRA
ORD.	NO	54	STATE	CORRECTION CORPORAL	23	RA/HYPERTENSION/ DIABETES/ CHRONIC BACK PAIN	SEDENTARY ACTIVITY APPEARS POSSIBLE
ORD.	NO	45	STATE	CORPORAL	11	KNEE ACL RECONSTRUCTION/ CHRONIC REGIONAL PAIN SYNDROME	CAPABLE OF SEDENTARY WORK
ORD.	NO	46	TEACHER	TEACHER	13	TRIGEMINAL NEURALGIA/ DEMYELINATING DISEASE	SEDENTARY ACTIVITY IS POSSIBLE
ORD.	YES	52	POL SUB	EDUCATIONAL ASSISTANT	12	PTSD/ MIXED PERSONALITY DISORDER/ CROHNS DISEASE	CAPABLE OF MEDIUM WORK
ORD.	YES	49	STATE	OFFICER	9	OJA/ L2/L3 & L3/L4 HNP W/ LOW GAIT AND DECREASED ROM	LIMITED TO SEDENTARY WORK
ORD.	NO	53	POL SUB	DETECTIVE/ DEPUTY	12	CERVICAL RADICULOPATHY/ BILATERAL LOW BACK PAIN/ FROZEN SHOULDER	SEDENTARY APPEARS POSSIBLE

FINANCIAL STATEMENTS

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Will be distributed at meeting.

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