

## **Minutes of the Administrative Committee**

**November 18, 2016**

The Administrative Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, November 18, 2016 at 8:30 a.m. The meeting was held in Conference Room G in the Tennessee Tower with Director Jill Bachus presiding.

The following members were present: Ms. Vicki Burton, Mr. Alfred Laney, Ms. Patsy Moore, Mr. Harold Morrison, and Mr. Paul Varble.

### **Approval of the September 30, 2016 Minutes of the TCRS Administrative Committee**

On a motion by Mr. Laney and seconded by Ms. Burton, the minutes of the September 30, 2016 TCRS Administrative Committee meeting were unanimously approved.

### **Political Subdivision Update**

Ms. Bachus introduced Ms. Joy Harris, Assistant Treasurer for Financial Empowerment, to discuss three employers seeking participation whose employees were previously reported erroneously to TCRS as employees of another entity. The three employers are Bi-County Solid Waste Authority; Maryville, Alcoa, and Blount County Parks and Recreation; and Blount County Emergency Communications District. Ms. Harris indicated that Governmental Accounting Standards Board (GASB) Statement Number 68 and AICPA White Papers have put more focus on the data reported to retirement plans. As a result of the closer scrutiny of the data, several entities have been identified as reporting incorrectly to TCRS. The entities identified should have been a participating employer in TCRS, but were instead being reported as a unit of another government. TCRS worked with outside legal counsel and the Comptroller's office on how to correct this administrative error. All of the entities reviewed are a governmental entity eligible to participate in TCRS. TCRS offered a correction plan to affected employers. The plan provides that the employer who previously incorrectly reported the people retain the employer assets and liabilities for all service rendered through December 31, 2016 and for the correct/new employer to begin participation in TCRS effective January 1, 2017. Appropriate resolutions were adopted by the governing boards of all involved entities. Ms. Harris indicated that each employer is seeking participation in the Local Government Legacy Plan.

Next, Ms. Harris provided an update about employer participation in TCRS. Ms. Harris presented information regarding the City of Franklin and the Cookeville Boat Dock Road Utility District seeking to join TCRS. Ms. Harris indicated both entities are petitioning for membership in the Local Government Legacy Plan for new hires effective January 1, 2017.

On a motion by Mr. Varble and seconded by Mr. Laney, the Administrative Committee unanimously recommended to the Board that the Bi-County Solid Waste Authority;

Maryville, Alcoa, and Blount County Parks and Recreation; Blount County Emergency Communications District; City of Franklin; and the Cookeville Boat Dock Road Utility District be approved for participation in TCRS.

### **Third Party Administration of Pension Plans**

Ms. Bachus next discussed TCRS acting as a third party administrator for local governments that maintain a defined benefit plan outside of TCRS. Ms. Bachus indicated that The Public Employee Defined Benefit Financial Security Act of 2014 allows for TCRS to administer pension plans of local governments outside of TCRS. Before TCRS can administer the plan, the employer must close the plan and join TCRS. The administration of the plan can range from investing assets only to full administration of the plan. Ms. Harris discussed the City of Franklin's request that TCRS invest the assets of the City's closed pension plan.

On a motion by Ms. Burton and seconded by Mr. Morrison, the Administrative Committee unanimously recommended to the Board that TCRS be authorized to provide Third Party Administrative services to the City of Franklin's pension plan.

### **Financial Statement Review**

Ms. Bachus introduced Ms. Kim Morrow, Director of Accounting for the Treasury Department. Ms. Morrow presented financial statements for TCRS and the Tennessee Retiree Group Trust (TRGT) for the fiscal year ended June 30, 2016. Ms. Morrow reminded the committee that the TCRS portfolio was unitized effective July 1, 2015. This allowed those participating in the state's defined contribution plans to invest in the TCRS portfolio. The TRGT was created to allow for the unitization of the portfolio. The unitization of the portfolio is the reason there are two sets of financial statements. Ms. Morrow noted that prior to the creation of the TRGT, the TCRS financial statements displayed the assets in which TCRS invested. Now the TCRS financial statements will display an investment in the TRGT and the TRGT financial statements will display the investments detail.

### **Operations Update**

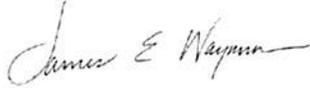
Next, Ms. Bachus introduced Mr. Jamie Wayman to provide an update on TCRS operations. He reported that TCRS continues to test and implement functionality in Concord related to hybrid benefit calculations. Mr. Wayman noted that TCRS plans to release member annual statements soon.

Next, Mr. Wayman discussed the average processing time for retirement applications for October 2016 was 23.7 calendar days and approximately 430 retirement applications are on file. He also mentioned there are approximately 300 service purchase applications on file with an average processing time of 43 days.

**Adjournment**

With no other business, the Administrative Committee of the Board of Trustees adjourned at 9:15 a.m. on November 18, 2016.

**Respectfully Submitted,**

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

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

**Approved:**

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

**Jill Bachus  
Administrative Committee Chair**

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