

Minutes of the Administrative Committee

June 28, 2019

The Administrative Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, June 28, 2019 at 9:00 a.m. The meeting was held in Conference Room D, Eighth Floor Cordell Hull Building, with Director Jamie Wayman presiding.

The following members were present: Mr. Paul Varble, Mr. Alfred Laney, Mr. Kevin Fielden, Ms. Patsy Moore, and Ms. Deborah Taylor Tate.

Approval of the March 29, 2019 Minutes of the TCRS Administrative Committee

On a motion by Mr. Varble and seconded by Ms. Tate, the minutes of the March 29, 2019, TCRS Administrative Committee meeting were unanimously approved.

New Board Members

Mr. Wayman shared with the Committee that there would be new Board members introduced at the next Board meeting and that this was the last meeting for several members of the board. He discussed with the Committee that this would be the last meeting for Mr. Varble, Mr. Fielden, Ms. Vickie Burton and Mr. Ed Taylor. Ms. Burton and Mr. Taylor elected not to seek re-election and Mr. Wendell Cheek and Ms. Paula Shaw were elected as the state employee representative from the May 2019 election. Mr. Fielden chose not to pursue reappointment as the East Tennessee teacher representative. Mr. Varble is required to step down as the public officer position is required to switch between a firefighter and police officer every three years. Mr. Wayman discussed the appointment process for all positions on the Board.

Political Subdivision Update

Mr. Wayman introduced Mr. Joe Walker, Manager of Employer Participation, to discuss five employers seeking participation in TCRS.

The City of Celina seeks participation effective July 1, 2019 in the Local Government Hybrid Plan without Cost Controls. Employees will contribute 5% of salary to the TCRS defined benefit portion of the plan, and the initial employer rate to the TCRS defined benefit portion will be 1.1%. City of Celina will not offer the plan to part-time employees, and it will provide cost of living adjustments. City of Celina will not allow employees to establish prior service.

The City of Eagleville seeks participation effective July 1, 2019 in the Local Government Hybrid Plan without Cost Controls. Employees will contribute 0% of salary to the TCRS defined benefit portion of the plan, and the initial employer rate to the TCRS defined benefit portion will be 5.9%. City of Eagleville will not offer the plan to part-time employees, and it will provide cost of living adjustments. City of Eagleville will not allow employees to establish prior service.

The City of South Fulton seeks participation effective July 1, 2019 in the Local Government Hybrid Plan without Cost Controls. Employees will contribute 5% of salary to the TCRS defined benefit portion of the plan, and the initial employer rate to the TCRS defined benefit portion will be 1.1%. City of South Fulton will not offer the plan to part-time employees, and it will provide cost of living adjustments. City of South Fulton will not allow employees to establish prior service. South Fulton previously withdrew from TCRS July 1, 2000 and are re-entering the plan, the law states an employer who has withdrawn and later returns

to TCRS cannot withdraw again at a future date. Mr. Wayman explained that the law allows them to transfer plans within TCRS, but cannot withdraw in the future.

South Giles Utility District seeks participation effective July 1, 2019 in the Regular Defined Benefit Plan. Employees will contribute 5% of salary to the TCRS defined benefit portion of the plan, and the initial employer rate to the TCRS defined benefit portion will be 6.5%. South Giles Utility District will not offer the plan to part-time employees, and it will provide cost of living adjustments. South Giles Utility District will not allow employees to establish prior service.

Upper Cumberland Local Workforce Development Board seeks participation effective July 1, 2019 in the Regular Defined Benefit Plan. Employees will contribute 5% of salary to the TCRS defined benefit portion of the plan, and the initial employer rate to the TCRS defined benefit portion will be 6.5%. Upper Cumberland Local Workforce Development Board will not offer the plan to part-time employees, and it will provide cost of living adjustments. South Giles Utility District will not allow employees to establish prior service.

Mr. Drew Freeman, Director of Outreach, explained that their team talks to each entity about their cost and participation options. Mr. Wayman explained that there is not initial liability when the employer does not offer prior service and additional conversation was had about the law which requires to pay their contributions and ability for TCRS to withhold state-shared taxes in the event an employer didn't pay their contributions.

On a motion by Mr. Varble and seconded by Ms. Tate, the Administrative Committee unanimously recommended to the Board of Trustees that all five entities be allowed entry to TCRS.

Operations Update

Ms. Ashley Nabors, Assistant Treasurer of Financial Empowerment, introduced Mr. Freeman to discuss the plans which have transferred membership within TCRS in 2019. The plans transferring in 2009 are Brentwood, Johnson City Energy Authority and Cookeville. Mr. Fielden asked about the ability for an entity to transfer from a hybrid plan back to the legacy plan and Mr. Wayman explained that would be an option. Ms. Nabors then discussed the number of phone calls and meetings with participants and employers during the period January 1 to March 31, 2019. Over 50,000 member phone calls were answered and 376 group meetings for members were held during the time period, and there were approximately 7,500 attendees at the meetings. Ms. Nabors also provided a summary for the seven employer summits held to present contribution rates and a summary of participation in the deferred compensation program.

Next Ms. Erica Nale, Assistant Director of TCRS, shared an update on TCRS operations. Ms. Nale discussed TCRS is receiving approximately 50% of retirement application online and is further refining the process based on feedback from both staff and members. Additional online services are set to be rolled out later this year as TCRS continues to provide more services to members. Next, Ms. Nale mentioned during this quarter TCRS received approximately 2,500 retirement applications, which is slightly above average, 6,700 requests to change address or tax information, and processed more than 6,000 notifications of deceased members. Ms. Nale discussed the new contracts and Requests for Proposals being prepared in relation to the actuary and the death match process. Finally, Ms. Nale discussed the cost of living adjustment (COLA) of 1.9% that would be effective July 1, 2019. Mr. Varble asked about the difference in TCRS compared to

federal COLA adjustments. Mr. Wayman explained that the calculations are separate and based on different time frames.

Mr. Wayman added that goals of online retirement is to move to 100% online processing of retirement application by the end of 2019. Mr. Wayman also mentioned that TCRS is also exploring enhancements to the security of the self-service functionality based on conversation with other state pension plans.

Other Business

Adjournment

With no other business, the Administrative Committee of the Board of Trustees adjourned at 9:49 a.m. on June 28, 2019.

Respectfully Submitted,

/S/Erica Nale

Erica Nale

Assistant Director, TCRS

Approved:

/s/Jamie Wayman 9/26/2019

James E. Wayman

Administrative Committee Chair