

Minutes of the Administrative Committee

June 26, 2015

The Administrative Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, June 26, 2015 at 9:00 a.m. The meeting was held in Legislative Plaza Room 29 with Director Jill Bachus presiding.

The following members were present: Ms. Angie Judish, Mr. Alfred Laney, Ms. Patsy Moore, and Ms. Deborah Taylor-Tate, Administrative Director of the Courts.

Concord Update

Ms. Bachus introduced Mr. Fred Marshall, TCRS Assistant Director for Concord, to provide an update on the Concord project. Mr. Marshall informed the committee that TCRS and Deloitte continue to review and work on correcting the Problem Incident Reports (PIRs). Currently, enhancement PIRs are being prioritized and distributed between Deloitte and Treasury Information Systems staff for resolution. The current focus is related to improving the efficiency of the retirement process, including automation of the AFC calculation. Several of these PIRs are in the June build and others are scheduled for future builds.

Mr. Marshall discussed that work continues with designing Concord to manage the administration of retirement plans for local governments. Mr. Marshall indicated that this is a new process and requires in-depth review due to the complexity.

Next, Mr. Marshall discussed the replacement of ILOG in Concord. ILOG is Concord's rules engine that contains the rules for eligibility for retirement as well as the calculation of benefits. IBM will stop supporting the ILOG tool and Treasury, Deloitte and North Highland are reviewing alternative solutions.

Political Subdivision Participation

Ms. Bachus introduced Ms. Melissa Davis, Supervisor of Employer Services, to provide an update about employer participation in TCRS. Ms. Davis presented information regarding two entities seeking to join TCRS. Ms. Davis indicated the Coffee County Board of Education is petitioning for membership in the State Employee and Teacher Hybrid Plan and Marshall County Emergency Communications District is petitioning for membership in the Legacy Defined Benefit Plan. The Administrative Committee gave a unanimous recommendation to the Board that these two entities be approved for participation in TCRS.

GASB Update

Ms. Bachus introduced Mr. Jamie Wayman, Assistant Director of TCRS, to give an overview of the information TCRS will be providing to participating employers as a result of the new Governmental Accounting Standards Board (GASB) statements on pensions effective for fiscal year ending June 30, 2015. Mr. Wayman discussed that GASB Statement No. 67 provides how the pension plan should account for pensions and GASB Statement No. 68 provides how employers participating in TCRS should account for the pension expense and pension liabilities/assets. GASB Statement No. 68 was effective for employers this fiscal year. TCRS will be sending census data directly to local governments participating in TCRS for use by their auditors in order to be able to issue an opinion on the amounts to

be recorded in the employer' financial statements. TCRS is using a secure process to send the census data to all local governments. In addition, TCRS will be providing an actuarial report, Notes to the Financial Statements, Required Supplementary Information, and suggested accounting entries to all local governments participating in TCRS. The information will be posted to the TCRS website.

Operations Update

Ms. Bachus requested Mr. Wayman provide an update on TCRS operations. Mr. Wayman reported that TCRS is making progress on completing retirement applications with current volume under 1,000 outstanding applications. TCRS has increased the number of staff working and approving retirement benefits as well as implemented an incentive to complete items. TCRS continues to work diligently to process the retirement applications in a timely manner by prioritizing the applications based on the date of retirement and the date of receipt. Mr. Wayman mentioned that most of the retirement applications are being completed within 60 days of receipt and our goal is for retirement applications to be completed within 30 days of receipt.

Legislative Update

Ms. Bachus provided an update on legislation impacting TCRS that was enacted by the 2015 General Assembly. Ms. Bachus indicated that the only legislation impacting TCRS was the TCRS Omnibus bill. This legislation contained technical corrections and clarifications that have no cost to TCRS.

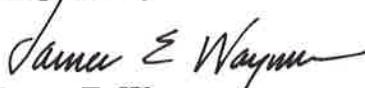
Other Business

Ms. Bachus introduced Ms. Christy Allen, Assistant Treasurer for Legal, Compliance and Internal Audit, who provided an update on the status of the lawsuit filed by TCRS to recover losses related to investments in mortgage-backed securities.

Adjournment

With no other business, the Administrative Committee of the Board of Trustees adjourned at 9:50 a.m. on June 26, 2015.

Respectfully Submitted,



James E. Wayman
Assistant Director, TCRS

Approved:



Jill Bachus
Administrative Committee Chair