

The Board of Trustees of the Teachers Retirement System of Georgia met in its annual meeting on May 13, 2020, at 10:30 a.m. via Webex Video/Audio Conference. Trustees present were: Ms. Deborah K. Simonds, Chair, Dr. Jason L. Branch, Ms. Anne S. Cardella, Ms. Marion R. Fedrick, Mr. Greg S. Griffin, Mr. Thomas W. Norwood, Ms. Lynnette T. Riley, Dr. William G. Sloan and Mr. Christopher M. Swanson.

TRS staff members present were: Dr. L. C. Evans, Mr. T. Randall Dennis, Mr. C. William Cary, Mr. Winston C. Buckley, Mr. R. Cory Buice, Ms. K. Paige Donaldson, Ms. Dina N. Jones, Ms. Sonya M. Kinley, Ms. Laura L. Lanier, Mr. J. Gregory McQueen, Mr. Beau Puckett and Ms. Vonnie B. Stewart.

Mr. Bryan Webb and Ms. Shelley Seinberg were present as legal counsel.

Visitors in attendance were: Mr. Sean DeVetter, Mr. Joseph Fleming, Ms. Charlene Fletcher, Mr. John Garrett, Mr. Harold Grindle, Mr. Craig Harper, Mr. David Harris, Ms. Natalie Heath, Mr. Ed Koebel, Mr. David McCleskey, Mr. Jim Potvin, Mr. Dan Powers, Ms. Toni Smith, Ms. Karen Solheim, Mr. Don Splinter and Ms. Cathy Turcot.

Ms. Simonds called the meeting to order and welcomed board members, staff and visitors to the meeting. Ms. Simonds noted all visitors were provided a copy of Board Policy 1-J, "Public Comment at Meetings" upon registration and no one at this time has requested to present to the board. Ms. Simonds expressed to visitors that board members and staff were available for any discussion on the issues today or in the future. Ms. Simonds provided an audio conference number in case the use of Webex needed to be discontinued.

Item 1

Dr. Branch made a motion to adopt the March 25, 2020, Board of Trustees meeting minutes and the Investment Committee meeting minutes for March 25, 2020, and April 22, 2020. Ms. Fedrick seconded the motion. The motion was unanimously adopted.

Item 2

Dr. Evans presented an operational update. Work items processed, detailed statistical information and updates for each division were reviewed. Information Technology provided data on number of staff able to work remotely and peak connection times. Communications Division reached membership via videoconference workshops and produced first podcast: Your Retirement in Focus. Human Resources offered remote training for the first time in history of agency and successfully implemented and delivered 24 remote training sessions during Covid-19 office closure. Approximately 70% of staff made transition to work remote without losing productivity. Member Services continued to meet with members via video/audio counseling. At present time, there are approximately 400 fewer retirement applications than May 2019. The May 1, 2020, benefit payroll showed there were 119,359 service retirees who received an average monthly benefit of \$3,377. The Maximum Plan remained the most elected by retirees at 59%. Process for automation of employment verifications released April 23, 2020, allows for automated evaluations for Board of Education's substitute, part-time and temporary full-time employments and Board of Regents and Technical College System of Georgia's part-time employment (non-instructional).

Dr. Evans expressed his gratitude to the entire team for their responsiveness in make working remote happen in such a short time frame during this pandemic.

Ms. Cardella inquired due to the fact TRS is now doing more work either remotely and/or via video/audio conferencing if that will affect the transition to the satellite office discussed earlier in Macon. Dr. Evans stated the opening might be delayed until late summer or early fall but still looking forward to moving with this initiative in the coming months.

Item 3

Mr. Dennis reported on the financial statements and expense fund as follows:

- 3.1 Total assets decreased 1.59% from April 2019, totaling \$77,631,031,685 and assets restricted for pensions were \$77,117,245,248, a 1.68% decrease from April 30, 2019.
- 3.2 Total contributions received fiscal year-to-date as of April 30, 2020, were \$2,911,413,680, an increase of 7.25% from April 2019. Benefit payments made as of April 30, 2020, were \$4.3 billion, 4.9% increase from April 2019.
- 3.3 The expense fund remained under budget with a total cost of \$32,452,373. Year-to-date with 83.0% of the year completed, TRS expended 77.8%. Mr. Griffin made a motion to approve the expense fund. Dr. Sloan seconded the motion. The motion was unanimously adopted.

Dr. Evans discussed possible future budget reductions as requested by the Governor's Office of 14%. Working with staff, TRS has developed a plan of budget cuts that would be done as progressively as needed.

Item 4

Dr. Evans reviewed the five (5) following bills which were passed out of the House or Senate on Crossover Day before the suspension of the legislative session: House Bills 292 and 336 and Senate Bills 117, 175 and 294.

Item 5

Dr. Evans introduced Mr. Buckley as the new Communications Director for TRS. Mr. Buckley presented an overview in the efforts of Communications and Outreach on communicating with membership using videoconferencing. The videoconferencing initiative began with a pilot at Albany State University. Videoconferencing has reduced travel and printing costs and has provided a convenience for members and employers around the state to meet on their schedule. Podcasts are another tool Communications is providing as information to membership. Ms. Simonds requested a list of the systems we have been working with and number of members reached using videoconferencing be provided to board members. Ms. Fedrick thanked Mr. Buckley and his team and expressed what a great resource this tool is for members and employers in the rural areas.

Item 6

Dr. Evans presented the FY 2021 maximum percentage increase allowed for the two-year salary calculation. Due to the absence of an approved FY 2021 budget by the Georgia General assembly, maximum salary increases allowed for FY 2021 will be adopted at a later date.

Item 7

Mr. John Garrett and Ms. Cathy Turcot from Cavanaugh Macdonald Consulting presented the results of Experience Investigation for the Five-Year Period ending June 30, 2018. The study covered the five-year period from July 1, 2013 through July 30, 2018. Mr. Garrett explained the study focused on how well the System's actuarial assumptions compared to the actual experience of the System. The purpose of the experience study is to develop a reasonable estimate of the System's future experience based on the recent data and emerging trends. The experience study reviewed the economic and demographics assumptions. Based on the actual experiences of the System during the five-year period, the actuaries recommended continued use of price inflation of 2.50% and wage inflation of 3.0%. Demographic assumptions reviewed included rates of termination, service retirement, disability retirement, mortality, salary increases and others such as administrative expenses and unused sick leave.

The study recommended changes to current assumed rates of withdrawal and retirement. For mortality, recommendation is to adopt Pub 2010 Teachers Headcount Weighted Below Median mortality tables with ages set forward one year and increased 6%. In regards to Disability retirement, recommended lowering rates of expected disability retirement. The actuaries further recommended changes to the deferred vested members, option factors, administrative expenses and unused sick leave.

Mr. Griffin inquired as to why the actuaries are suggesting use of the Headcount Weighted table versus the Amount Weighted table as suggested in the Pub 2010 document. Mr. Garrett explained the liability weighted measures used in the Amount Weighted table are more for a diverse group and since the group is made of primarily teachers and teachers are a homogenous group with similar pay structures, using the Headcount Weighted table was a reasonable approach. Mr. Griffin asked for the explanation to be included in the report for future reference as to why the headcount weighted table was chosen.

Dr. Branch made a motion to adopt the actuary's recommendations as outlined on pages one and two of the experience study. Ms. Cardella seconded the motion. The motion was unanimously adopted.

Item 8

Mr. John Garrett and Ms. Cathy Turcot from Cavanaugh Macdonald Consulting presented the results of the June 30, 2019, actuarial valuation. The market value of investment return was 6.80% for FY 2019. The funded ratio was 76.7%. The increase in the UAAL was primarily due to changes in assumptions resulting from the experience study and valuation asset growth less than expected. There was a .14% increase in active membership and 1.53% increase in payroll.

The actuarial valuation indicated FY 2022 contribution rates of 6.00% for the employee rate and 19.81% for the employer rate, and would be sufficient to support the benefit of the System in accordance with the Board's funding policy. Ms. Fedrick made a motion to accept the June 30, 2019, actuarial valuation. Mr. Swanson seconded the motion. The motion was unanimously adopted.

Item 9

Ms. Simonds called for a motion to adopt the FY 2022 employer contribution rate of 19.81%, the employee contribution rate of 6.00%, and the contribution rate for participants in Board of Regents' Optional Retirement Plan (ORP) of 12.36%. Dr. Branch made a motion to adopt the rates. Ms. Cardella seconded the motion. The motion was unanimously adopted.

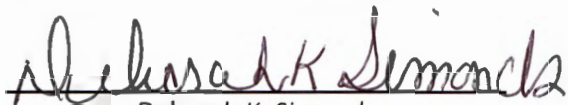
Item 10

- 10.1 The Trustees voted by ballot. Ms. Simonds was re-elected as Chair.
- 10.2 The Trustees voted by ballot. Mr. Norwood was re-elected as Vice-Chair.
- 10.3 The Trustees voted by ballot. The following Trustees were elected to the Investment Committee: Branch, Griffin, Norwood, Riley, Simonds and Sloan.

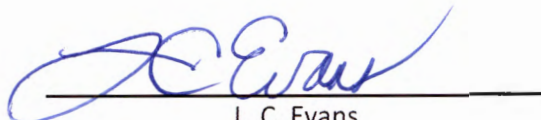
Item 11

Ms. Simonds presented the FY 2021 committee assignments for adoption. Dr. Sloan made a motion to adopt the committee assignments as presented. Ms. Riley seconded the motion. The motion was unanimously adopted.

There being no further business to discuss, Ms. Simonds called for a motion to adjourn. Ms. Fedrick made a motion to adjourn the meeting. Mr. Swanson seconded the motion. The motion was unanimously adopted. The meeting was adjourned at 12:35 p.m.



Deborah K. Simonds
Chair



L. C. Evans
Executive Director