

TRS Board of Trustees  
Minutes of Bi-monthly Meeting  
March 27, 2019

The Board of Trustees of the Teachers Retirement System of Georgia met in its bi-monthly meeting on March 27, 2019, at 10:30 a.m. in the 1<sup>st</sup> floor conference room, Two Northside 75, Atlanta, Georgia. Trustees present were Mr. J. Alvin Wilbanks, Chair, Dr. Jason L. Branch, Ms. Anne S. Cardella, Ms. Marion R. Fedrick, Mr. Greg S. Griffin, Mr. Steven N. McCoy, Mr. Thomas W. Norwood, Ms. Deborah K. Simonds, Dr. William G. Sloan and Mr. Christopher M. Swanson.

TRS staff members present were Dr. L. C. (Buster) Evans, Mr. T. Randall Dennis, Mr. C. William Cary, Mr. R. Cory Buice, Ms. K. Paige Donaldson, Ms. Susan Garland, Ms. Evangeline Griffin, Ms. Dina N. Jones, Mr. Travis Kettering, Ms. Sonya M. Kinley, Ms. Laura L. Lanier, Mr. Carlos Marshall, Mr. J. Gregory McQueen, Ms. Kolita Mosley, Ms. Vonnie B. Stewart and Ms. Lisa Watry.

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

Visitors in attendance were Mr. David Arner, Mr. Sean DeVetter, Mr. Jim Hays, Ms. Leslie McGuire, Mr. Dan Powers, Mr. Charlie Roberts, Ms. Toni Smith, Mr. Don Splinter and Mr. Edward Tate.

Mr. Wilbanks called the meeting to order and welcomed members and guests to the meeting. Dr. Evans introduced three (3) staff members in attendance who are participating in the Leadership Development Institute Program (LDIP).

Item 1

Dr. Branch made a motion to adopt the January 23, 2019, Board of Trustees meeting minutes and the Investment Committee meeting minutes for January 23, 2019, and February 27, 2019. Ms. Simonds seconded the motion. The motion was unanimously adopted.

Item 2

Dr. Evans presented the Executive Director's Operational Status Update. Information Technology Division built new data sharing process with Georgia Department of Labor to assist Retirement Services Division to enhance Disability Retirement business process. Between January and February 2019, Communications had 62 visits to 48 counties, with 4,222 event attendees. Executive Director Employee Advisory Committee held their first meeting February 28, 2019. This committee was created to offer TRS employees an opportunity to address various agency topics or issues with the Director, Division Directors and colleagues. Call Center saw increase in call volume for January and February due to members inquiring about retirement. The center processed 18,191 calls for January and 18,178 for February. The March 1, 2019, benefit payroll showed 115,562 service retirees receiving an average monthly benefit of \$3,332. The average monthly benefit for new retirees for FY 2018 was \$2,331.

Item 3

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

- 3.1 Assets restricted to pensions were \$75.8 as of February 2019, .06% increase from February 2018. Total assets are \$76.1 for February 2019, .44% above February 2018.
- 3.2 Total contributions received fiscal year-to-date as of February 28, 2019, were \$2,159,898,240, while benefit payments made were \$3.29 billion.

- 3.3 The expense fund remained under budget. Year-to-date with 67.0% of the year completed, TRS has expended 60.3%. Mr. McCoy made a motion to approve the expense fund. Ms. Simonds seconded the motion. The motion was unanimously adopted.

Item 4

Dr. Evans presented a legislative update. HB 196, requiring each public retirement system trustee to complete appropriate education applicable to his/her fiduciary duties and obligations under the public retirement system, was passed by House and Senate and awaiting Governor's signature. The report was provided for information.

Item 5

Dr. Evans introduced Mr. Greg McQueen to present an update of the Information Technology Division. Mr. McQueen outlined the Division's focus on cybersecurity and provided information on the infrastructure of TRS's cybersecurity system.

Item 6

Ms. Lisa Watry and Mr. Carlos Marshall provided an update on TRS' Strategic Plan. Strategic plan highlights included: outstanding balance of overpayments decreased by 13%; completed website redesign; website traffic increased by 21%; and number of online accounts for retirees increased almost 15%.

Item 7

Mr. McCoy made a motion to approve the purchase of the Johnson Control proposal for 250 ton and 300 ton magnetic chillers for the Beta Building. Ms. Simonds seconded the motion. The motion was unanimously adopted.

Item 8

Dr. Evans introduced two staff members from Georgia Department of Audits and Accounts: Ms. Leslie McGuire, Director, Performance Audits and Mr. David Arner, lead investigator for audit.

Dr. Evans provided a brief overview of the Special Examination Report 18-11 released in January 2019. This report primarily deals with the impact of creation of Georgia State Employees' Pension and Savings Plan (GSEPS), options to improve the financial viability of Teachers Retirement System while maintaining defined benefit plan and comparison of Optional Retirement Plan (ORP) to similar plans. Chairman Wilbanks stated as board of trustees we need to consider options to make sure board is doing their part to prevent impact on state budget but maintain current retirement system.

Dr. Evans explained Special Examination Report 18-11A. This report reviews the process for calculating the University System of Georgia's budgetary request for employer contributions to TRS and ORP.

Ms. Simonds presented board members and legal staff a list of questions she would like to see answered. She requested Legal Counsel to review the fiduciary responsibilities of the Board of Trustees for Teachers Retirement System of Georgia, specifically in light of this USG/ORP issue. Ms. Simonds would like to make sure if recommendations and decisions are made by a study committee at the annual meeting in May, fiduciary responsibilities have been met by the Board of Trustees in a reasonable time frame.

Ms. Fedrick stated as one of their fiduciary responsibilities, there needs to be more answers and information gathered before informing an employer they owe funds into the retirement system, especially this late in the fiscal year.

Mr. Griffin expressed he felt the Board has a fiduciary responsibility to fulfill the law. Information has been provided in the audit, there is a statute in the law and there is a fiduciary responsibility to all parties in the plan. If this board is to collect funds in accordance with this statute, an invoice needs to be sent this fiscal year.

Mr. McCoy believes since this is a complicated issue and impacts several parties, it is in the best interest of TRS to proceed slowly and take the time to know the intended and unintended consequences of the report and the board's recommendation.

Dr. Branch stated he believes the board members have all made great comments with this complex issue. He values from hearing from others and going slow in this situation is not a negative but making the right fiduciary choice, which is important.

Chairman Wilbanks appointed a subcommittee to meet and study USG/ORP payment issue and present a recommendation to the full board at the annual May meeting. Members are: Ms. Simonds, Ms. Fedrick, Mr. Griffin, Mr. McCoy, Mr. Swanson and Mr. Wilbanks, Ex-Officio. Other board members are welcome to attend if so desired. Meetings will be held on Wednesday, April 24, 2019, at 10:00 a.m. and Monday, May 6, 2019, 9:00 a.m. Location to be determined.

Dr. Evans presented the board members a white paper regarding changing TRS methodology from Smoothed Valuation Interest Rate to Constant Valuation.

There being no further business to discuss, Mr. Wilbanks adjourned the meeting.

  
J. Alvin Wilbanks  
Chair

  
L. C. Evans  
Executive Director