

TRS Board of Trustees
Minutes of Bimonthly Meeting
July 22, 2020

The Board of Trustees of the Teachers Retirement System of Georgia met in its bimonthly meeting on July 22, 2020, at 10:30 a.m. via Webex Video/Audio Conference. Trustees present were: Ms. Deborah K. Simonds, Chair, Dr. Jason L. Branch, Ms. Marion R. Fedrick, Mr. Greg S. Griffin, Mr. Steven N. McCoy, Mr. Thomas W. Norwood and Mr. Christopher M. Swanson.

TRS staff members present were: Dr. L. C. (Buster) Evans, Mr. C. William Cary, Mr. Winston C. Buckley, 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.

Ms. Shelley Seinberg was present as legal counsel.

Visitors in attendance: Ms. Anne S. Cardella, Mr. Sean DeVetter, Ms. Melody DuBussey, Mr. Tom Horkan, Mr. Dan Powers, Mr. James Salzer, Dr. William G. Sloan, Ms. Toni Smith, Ms. Karen Solheim and Mr. Don Splinter.

Ms. Simonds called the meeting to order. A roll was conducted for board trustees. Ms. Simonds welcomed members and visitors to the meeting. Ms. Simonds welcomed Mr. McCoy back to the board as he now serves as Interim State Treasurer.

Item 1

Dr. Branch made a motion to adopt the Board of Trustees meeting minutes for May 13, 2020, and June 24, 2020, and the Investment Committee meeting minutes for May 13, 2020, and June 24, 2020. Mr. Swanson seconded the motion. The motion was unanimously adopted.

Item 2

Dr. Evans provided an operational update for FY 2020. Work items, statistical data and updates for each division were reviewed. Financial Services completed FY 20 interim audit by KPMG, fiscal year end processing activities and GASB 68 employer packets compiled and distributed. Ms. Lanier will be serving as Interim Chief Financial Officer. Web portal activity comparison was provided for FY 2019 versus FY 2020. Average monthly malicious network scans and probes increased 85% during Covid-19 months (March -June). Average monthly number of employees working remotely during Post Covid-19 increased 633%. Communications launched new podcast titled "Your Retirement in Focus," along with a video, "TRS & Your Beneficiaries." Communications conducted 3,804 counseling sessions in FY 20 compared to 3,700 in FY 19 and total member touches increased by 22% in FY 20 with 32,960 versus 26,930 in FY 19. TRS received the Governor's Award for GASCCP for second straight year and raised \$51,180.51. New service retirements decreased in FY 2020 compared to FY 2019: 6,116 to 6,289. Retirement Services Division processed for FY 2020 121,841 service retirees with benefit payroll of \$5.2 billion. Overpayment balance dropped close to 30% since FY 18.

Dr. Evans noted several of the trustees were participating in the NCTR Annual Trustees Workshop this week and Ms. Fedrick participated on a panel. Dr. Evans congratulated Ms. Simonds who is currently holding the position of NCTR President-Elect and will transition into President in October.

Ms. Fedrick congratulated Dr. Evans and TRS staff for receiving the Governor's Award for GASCCP.

Item 3

Dr. Evans reported on the financial statements and expense fund as follows:

- 3.1 Assets restricted to pensions were \$81.1 billion as of June 2020, compared to \$78.8 in June 2019.
- 3.2 Total contributions for FY 2020 \$3.5 billion, 5.3% increase. This increase is attributed to employer required contribution rate increase, salary increases for members and an increase in the number of active members in the system. Change in net position for FY 2020 was \$2.33 billion, compared to \$3.26 billion in FY 2019.
- 3.3 The expense fund closed under budget for FY 2020. With the end-of-the year closing, TRS expended 92.7%. Ms. Fedrick made a motion to approve the expense fund. Dr. Branch seconded the motion. The motion was unanimously adopted.

Item 4

Dr. Evans presented the amended FY 2021 and proposed FY 2022 budgets. The FY 2021 amended budget reflects current assessment of needed resource increase of \$1,648,808 in order to achieve mission objectives. The recommended increase is primarily in support of DIS incentives. Also included are increased costs for personal protective equipment and sanitation costs to address Covid-19, IT security project and computer costs for software licenses to assist with teleworking, increased real estate costs for new location opening in Macon to better serve southern region of state and telecommunication costs for purchase of new call center routing software. There was a decrease in travel costs for movement away from in-person training events and towards more virtual events. These enhancements will be included as the continuation budget for Fiscal Year 2022. Dr. Branch made a motion to adopt the amended FY 2021 budget and FY 2022 budget as presented. Mr. Griffin seconded the motion. The motion was unanimously adopted.

Item 5

Dr. Evans presented a legislative update. House Bill 292, which would eliminate the requirement for certain remittances from the University System of Georgia to Teachers Retirement System, was signed by the Governor on June 29, 2020. Senate Bill 294, which would allow Teachers Retirement System to invest up to 5 percent of the fund's assets in certain alternative investments, passed in the Senate and House and awaits the Governor's signature. The report was provided for information.

Item 6

Mr. Cary provided information regarding the implementation of Senate Bill 294 and alternative investments. Mr. Cary stated Investment Services would use the same approach for TRS which has been used in ERS for the last seven years. The Investment Committee will adopt a policy which will allow 1% percent a year in alternative investments until 5% is reached. The legislation will be effective January 1, 2021, once signed by Governor.

Item 7

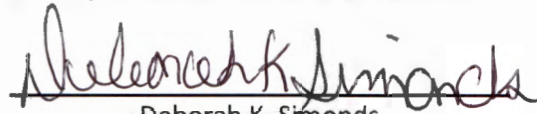
Ms. Jones presented an overview of the new TRS Satellite office in Macon. Mr. Jerry Tookes, a 30-year veteran with TRS, will serve as Retirement Operations Satellite Manager. Video/audio counseling will begin in August and in-person counseling will start when deemed safe. Dr. Evans expressed gratitude for being able to work with one of TRS' larger employers Bibb County and the huge benefit received with the satellite office.

Item 8

Ms. Simonds discussed a new form which will be used in the evaluation process of the Executive Director. Ms. Simonds thanked Ms. Fedrick and Dr. Branch for their help on this revision.

Item 9

There being no further business to discuss, Ms. Simonds thanked members and visitors for being present and adjourned the meeting at 11:38 a.m.



Deborah K. Simonds
Chair



L. C. Evans
Executive Director