



TACOMA MUNICIPAL BUILDING
ROOM 1544
747 MARKET STREET
TACOMA, WASHINGTON 98402
591-2035

Public Meeting Notice

Regular Meeting Board of Administration Tacoma Employees' Retirement System

2:00 p.m., Thursday, November 10, 2005
Tacoma Municipal Building
Retirement System's Conference Room 1544
747 Market Street
Tacoma, Washington 98402

Except for occasional closed executive sessions permitted by law, the meetings are open to the public. Meeting notices, agendas and minutes are also published at the Retirement System website: www.TacomaEmployeesRetirement.com on the Internet and the Intranet. The toll free Retirement Number is 1-888-404-3787.

Regular Meeting
Board of Administration
Tacoma Employees' Retirement System

2:00 PM, Thursday, November 10, 2005
Tacoma Municipal Building
Retirement System Conference Room 1544
747 Market Street
Tacoma, Washington 98402

Agenda

Attachment

- 1. Call to Order**
- 2. Roll Call**
- 3. Citizen Comments**
- 4. Adoption of Minutes**
 - A. October 13, 2005 Regular Meeting Minutes
- 5. Retirement Transactions**
 - A. Retirements/Terminations/Purchase of Time/
Pension Totals
- 6. Fund Activity and Reports**
 - A. Asset Allocation Monitoring Report
- 7. Old Business**
 - A. Performance Appraisal
- 8. New Business**

No items
- 9. Director's Report**
 - A. Quarterly Budget
- 10. Good of the Order**
- 11. Adjourn**

Agenda Item: 1. Call to Order

Agenda Item: 2. Roll Call

Mayor Bill Baarsma
Mike Crisp
Steve Marcotte
Dave Peterson
Doug Read
Diane Supler
Ken Turner
Chris Webster
Diane Wetzel

Agenda Item: 3. Citizen Comments

The Retirement Board received a letter dated October 6, 2005 from plan participants expressing their appreciation to the Board for reviewing pension provisions at the September 8, 2005 Board meeting.

Agenda Item: 4. Adoption of Minutes

4A. Retirement Board Meeting Minutes

Background: A regular Board Meeting was held on October 13, 2005.

Director's Comments/Recommendations: Recommend adoption of minutes.

Action Requested: Approval.

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Board of Administration
Tacoma Employees' Retirement System
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Agenda Item: 5. Retirement Transactions

5A. Retirements/Terminations/Purchase of Time/Pension Totals

Background: Board review of Retirement Transactions.

Director's Comments/Recommendations: Board approval.

Action Requested: Approval.

Agenda Item: 6. Fund Activity and Reports

6A. Asset Allocation Monitoring Report

Background: Board review of asset allocation monitoring report.

Director's Comments/Recommendations: Board review.

Action Requested:

Agenda Item: 7. Old Business

7A. Performance Appraisal

Background: The Board at their October 13, 2005 Regular meeting indicated that they would complete the Director's 2005 evaluation by year end or beginning of 2006.

The Board asked that Legal Counsel contact SKY Resources to meet with the Board at the November 10, 2005 Board meeting to discuss the performance appraisal document or instrument to be used. Legal Counsel has indicated SKY Resources will be in attendance.

Director's Comments/Recommendations: Board discussion.

Action Requested:

Agenda Item: 8. New Business

No items.

Agenda Item: 9. Director's Report

Board Calendar

The Retirement Board requested that we no longer provide calendar information in the Board packet. We would like to remind you that we do keep an on-line Board calendar on behalf of the Board should you wish to review it. In Outlook, you may find it by selecting File\Open\Other User's Folder...*enter* Retirement Board and *choose* Calendar under the Folder Type.

The Retirement Office will provide to Board members an Organizational Form that will automatically add the 2006 meetings to an Outlook Calendar. This Organizational Form will simulate the 2006 City of Tacoma Company Holidays Form sent from the Network Support Center. A separate list of dates will be forwarded to those Board members who may not have access to Outlook.

2006 Retirement Board Meeting Dates

Thursday, January 12, 2006	Thursday, July 13, 2006
Thursday, February 9, 2006	Thursday, August 10, 2006
Thursday, March 9, 2006	Thursday, September 14, 2006
Thursday, April 13, 2006	Thursday, October 12, 2006
Thursday, May 11, 2006	Thursday, November 9, 2006
Thursday, June 8, 2006	Thursday, December 14, 2006

2006 Quarterly Managers' Meeting Dates

Roz Hewsenan, Wilshire Associates, has indicated she is available on the following dates for the 2006 Quarterly Managers' meetings.

Dates

Quarter Ending

Thursday, February 16, 2006	December 31, 2005 – 4 th Quarter
Thursday, May 18, 2006	March 31, 2006 – 1 st Quarter
Thursday, August 17, 2006	June 30, 2006 – 2 nd Quarter
Thursday, November 16, 2006	September 30, 2006 – 3 rd Quarter

Fiduciary Liability Insurance

The Retirement Office has renewed our Fiduciary Liability Insurance policy effective October 5, 2005 to October 5, 2006.

The Retirement Office pays 85% (\$41,785.15) of the total bill \$49,159.00; and Risk Management pays 15% (\$7,373.85).

Agenda Item: 9. Director's Report, continued

Fiduciary Liability Insurance, continued

The premium has decreased 4.4% from \$51,431.00 to \$49,159.00. The Retirement Director and Risk Manager maintained the deductible limit at \$25,000.

As there was a reduction in fees from 2004, the Retirement office asked for clarification.

Cindy Ramsey of Brown & Brown Insurance reported that upon behalf of Tacoma Employees' Retirement System and the City of Tacoma Deferred Compensation Plan, Dan DeLorenzo, of Brown & Brown Insurance, requested of the underwriters, a reduction in policy fees due to the fact that Tacoma Employees' Retirement System and Deferred Compensation have had no claims for several years, the underwriters granted this request.

Strategic Plan Subcommittee

In a follow up to the September 8, 2005 Board meeting, the Strategic Plan Subcommittee will meet with Mary Morrison on Monday, December 5, 2005 from 2:00 to 3:00 p.m. in conference room 1544 of the Tacoma Employees' Retirement System.

Mary Morrison will meet with the Strategic Plan Subcommittee to review goals.

Retention List/Schedule

Yvonne has notified the Retirement staff that due to additional duties that require her time, she will be unable to provide necessary information for review in preparation for the November Retirement Board meeting.

The Retirement Director recommends that this item be deferred to the December Board meeting.

Milliman Invoice

As per the Board's request, the Milliman monthly billing statement is included in the Board packet.

Included in this month's Board packet is the General Consulting hours report for September, 2005 in addition to the October billing.

Agenda Item: 9. Director's Report, continued

Resolution/Ordinance

The Resolution Request for renewing the 2006 contract with The Northern Trust and Davis Wright Tremaine will be presented to Council on November 15th.

The first reading for the Ordinance request for amendments to section 1.30 will be presented to Council on November 15th; second reading will be November 29th.

Investment Advisory Committee Statement

The 2006 Investment Advisory Committee Statement has been forwarded to the Investment Advisory Committee for their input. Signatures will be requested at the November 16th Quarterly Managers' Meeting.

Quarterly Budget

At the August 11, 2005 Retirement Board meeting the Retirement Board requested a quarterly Budget Report be presented by the Assistant Director. The Retirement Office contacted the Budget Committee consisting of Michael Crisp, Dave Peterson, Chris Webster, and Diane Wetzel to recommend a format to the Retirement Board.

Attached you find the first draft of the Budget Report, please let us know if you have any suggested changes on the formatting.

The rolling quarterly actual administrative cost per plan participant for the third quarter ending 2005 (October, 2004 through September, 2005), was \$248.16.

The Assistant Director, Andrian Smith, is prepared to provide a verbal report on the Quarterly Budget as per the Board's request.

Budget Process

The Retirement Office met with OMBA regarding possible recommendations to improve the budget process. OMBA has indicated that the budget reports have continued to be more user friendly. OMBA was kind enough to offer their time and assistance in meeting with the Budget Committee prior to the budget to review what kinds of information they would like to receive.

Agenda Item: 9. Director's Report, continued

Wilshire Consulting Report

Wilshire Associates will be discussing the 2005 City and County Funding Report at the November 16th Quarterly Manager's meeting.

Retirement Introduction

The Retirement Introduction classes are scheduled as follows:

January 11, 2006, March 8, 2006, May 10, 2006, July 12, 2006, September 13, 2006, and November 15, 2006.

Quarterly Legislative Report

Attached you will find a copy of the Quarterly Legislative Report from Davis Wright Tremaine and Milliman. Please let us know if you have any suggested recommendations on the formatting.

New Process or Procedures

Departmental Issue: Coordination of priorities between Human Resources and Finance.

Policy Procedure: We are working with the HRMS Ownership group and the Finance User group to discuss, develop and improve common processes. Some of these priorities were discussions held as a result of GAP analysis. Discussions include developing a customized report for Human Resources and Retirement to audit deductions as well as developing a customized report for Human Resources and Retirement to assist in reconciling. A special thanks to Human Resources and Finance.

Departmental Issue: Duplication of beneficiary processing.

Policy Procedure: Human Resources will be processing all beneficiary forms. This should assist in providing employees with a centralized place for submitting changes in beneficiaries. A special thanks to Human Resources.

Agenda Item: 9. Director's Report, continued

Customer Linkage

The Retirement Director is working with the Retirement Office to link work to the customer needs.

As the office deals with a large volume of task oriented projects, they have indicated it is helpful to remind themselves that each of these projects relate to a customer.

The office has indicated that remembering that the Board of Administration and the Retirement Office staff are also customers has been helpful as well.

A special thanks to Mary Morrison for assistance in sharing material.

Due to time constraints, the Retirement Director may need to enlist additional consulting resources. Human Resources has recommended Jan Brazzell as a resource for this type of training.

Article – End of Pensions

We will be providing copies of the article "End of Pensions" on the Board's reading table.

Ongoing Sarbanes Discussion

The Washington State Auditor's Office will conduct the audit of the Tacoma Employees' Retirement System. As a result of Sarbanes that has had significant private sector impact relative to corporate oversight and increased scrutiny of what auditors do, the Board may wish to consider a level of scrutiny over the auditors. Enclosed is a draft on Audit Committee Policy provided by Legal counsel.

Comprehensive Financial Annual Report

The Retirement office is in the process of reformatting the layout and design of the 2005 Comprehensive Financial Annual Report and Summary Annual Report. We appreciate any recommendations the Board may wish to address.

Agenda Item: 10. Good of the Order

Agenda Item: 11. Adjourn

ADDENDUM TO BOARD PACKET (UP DATE)

Other Systems

Note: Should Board members wish a copy of the full report, please contact the Retirement Office.

Policy Decisions/Actions: State and Local Government: Where Pensions are Golden.

Successful/Unsuccessful: Public employees in state and local governments enjoy a defined-benefit pension compared with 20% of the private work force. This benefit is provided through taxes and the employees' own contributions along with investment returns.

Data Source: NASRA, Time Magazine, October 23, 2005

Policy Decisions/Actions: CalPERS deal would bring choice, revise benefit design.

Successful/Unsuccessful: State employees union has agreed to a new tentative two-year contract representing state lawyers and administrative law judges. It is yet to be approved by union members and lawmakers.

Data Source: NASRA, Sacramento Bee, October 22, 2005

Policy Decisions/Actions: Oregon PERS board works out plan to cut benefits.

Successful/Unsuccessful: Jackson County retirees could see a drop on their benefits under the state's retirement system. A court ruling could give the Oregon PERS's board to consider this reduction that could affect thousands of retirees statewide. A repayment plan is under discussion by the Oregon PERS board.

Data Source: NASRA, Southern Oregon Mail Tribune, October 22, 2005

Policy Decisions/Actions: Study says late retirement extends lifespan.

Successful/Unsuccessful: A statistical study is showing that retiring at later dates could benefit people in having a survival advantage over those who retire earlier. This

study took into account health and socioeconomic status, but overall, found that workers who retired at 55 lived an average of 4 years shorter than those who retired at age 65.

Data Source: NASRA, AFP Manila Times, Paris

Policy Decisions/Actions: MOSERS Hires Firms to Screen for Terrorism.

Successful/Unsuccessful: The Missouri State Employees' Retirement System (MOSERS) has hired two firms that provide information about businesses with potential links to terrorism.

The Associated Press reports that system director Gary Findlay said the board unanimously voted to hire Conflict Securities Advisory Group and Regulatory Data Corp. International to provide lists of companies doing business with countries sanctioned by the US government and companies that reportedly have links to or have sponsored terrorism.

MOSERS instituted terrorism on its direct investments this summer after state treasurer Sarah Steelman demanded the fund stop investing in companies that support terrorism (See MOSERS Ups Ante on Terrorism Investments).

Retirement system staff will compare the lists provided by the firms with the system's portfolio. Findlay said that staff will further investigate any matches, and if the issue is clear, they can decide to get rid of the state's investment. If there is conflicting evidence, the issue will be brought to the board to decide. Findlay said that just because a company is active in a particular country doesn't mean it's working against US interests.

MOSERS invests about \$6 billion, of which around 20% is in foreign investments.

Data Source: October 25, 2005 (PLANSPONSOR.com).
