Regular Meeting
Board of Administration
Tacoma Employees' Retirement System

10:00 a.m., Thursday, May 9, 2013
Tacoma Public Utilities
Administration Building North
Conference Room G1
3628 S. 35th Street
Tacoma, Washington 98409

Minutes

Call to Order

Mayor Marilyn Strickland, Chair of the Retirement Board, called the meeting to order on
Thursday, May 9, 2013.

Roll Call

Members Present:	Mayor Marilyn Strickland, Sam Benscoter, Gordon Cavanaugh, Andy Cherullo, Jim Curley, Tansy Hayward, Wayne Reed and Chris Webster
Members Absent:	Bill Gaines and Alice Phillips
Investment Advisory Committee Present:	Dr. Kevin Boeh, Dr. Alva Butcher, Joseph Cook and Dr. Lynda Livingston
Others Present:	Monica Butler, Retirement Director
	Tim Allen, Assistant Retirement Director
	Kathleen Mason, Recording Secretary
	Martha Lantz, Deputy City Attorney
	Catherine Marx, TERS Financial Supervisor
	John O'Loughlin, TERS Member
	Ian Hartley
	Matthew Hedges
Presenters:	Andrew Junkin, Wilshire Associates
	Mark Olleman, Milliman
	Daniel Wade, Milliman

Citizen Comments

None.

Consent Agenda

Upon motion by Chris Webster, seconded by Jim Curley, the Retirement Board moved to adopt
the Consent Agenda and approved the drafted minutes of the April 11, 2013 Retirement Board
meeting.

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Old Business

None.

New Business

Investment Advisory Committee Introduction

Monica Butler indicated that Tansy Hayward had requested an introduction of the Investment Advisory Committee members highlighting their areas of expertise. Dr. Kevin Boeh, Dr. Alva Butcher, Dr. Lynda Livingston and Joseph Cook each provided the Board with a brief summary of their areas of expertise and length of time on the committee.

Wilshire Presentation

The Retirement Board and Investment Advisory Committee received the Executive Summary – 1st Quarter 2013 from Wilshire Associates in hard copy.

Andrew Junkin, of Wilshire Associates, presented the Executive Summary of Performance, including a review of the TERS plan asset allocation and investment performance for the quarter ended March 31, 2013.

The Tacoma Employees' Retirement System's rates of return were reported as follows: 5.51% for the First Quarter, 11.69% for the one-year period, 9.80% for the three-year period, 5.10% for the five-year period, and 9.50% for the ten-year period ended March 31, 2013.

The Executive Summary of Performance for the period ending March 31, 2013 serves as an addendum to the minutes.

Risk Reduction Strategies

Tim Allen provided the Board with an overview of Risk Reduction Strategies for investment portfolios and the pros and cons of different approaches that can be utilized to reduce risk. Andrew Junkin also provided various examples and clarification of the potential risk mitigation approaches.

Tim reported that seven responses were received to the RFI for commodities. TERS staff and Wilshire will review the documents and will make recommendations to the Board at a future meeting.

Retirement Director's Report

The Retirement Director's report serves as an addendum to the minutes.

Andy Cherullo, Finance Director, addressed the Board regarding the April 30, 2013 memo from City Manager, T.C. Broadnax – Consultant Study-Policy Options for Retirement Benefits. Mr. Cherullo explained that the City Council had requested this information as part of the City's fiscal sustainability and that the cost of this study will be paid by the City and not TERS.

The purpose of the consultant study is to help ensure the long-term viability of the system. A Task Force has been created and it is expected that the results of the study will be available for review by late fall.

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Board Member Conference Attendance

Tim Allen and Sam Benscoter attended the Annual Wilshire Client Conference 2013 that was held in Sonoma, CA, April 21-23, 2013. They reported that there were relevant topics that included inflation hedging, private equity, farmland investing and socially responsible investing.

Lynda Livingston and Alva Butcher attended the 2013 Pension Bridge Annual Conference that was held in San Francisco, CA, April 16-17, 2013. Alva reported that the conference was well organized and interesting and recommended it to the Board. Lynda indicated that the format provided a new topic every ½ hour and that the socially responsible investing topic was very interesting.

Upon motion by Sam Benscoter, seconded by Jim Curley, the Board approved Kevin Boeh's attendance at the Pension Bridge Conference, "Private Equity Exclusive" to be held in Chicago, IL, July 22-23, 2013.

Retirement Transactions Report – April 2013

The Retirement Transactions Report – April 2013 was provided to the Board.

BREAK

The Board took a break for lunch at 11:40 a.m. and reconvened at 12:15 p.m.

New Business

Milliman Presentation – Actuarial Valuation

The January 1, 2013 Actuarial Valuation was distributed to the Retirement Board prior to the meeting in the Board packet. At the meeting, Mark Olleman and Daniel Wade, Milliman actuaries, reviewed the handout Actuarial Terminology and Funding Principles and TERS Funding & Benefits Policy with the Board. Mark and Daniel then reviewed the highlights of the Actuarial Valuation.
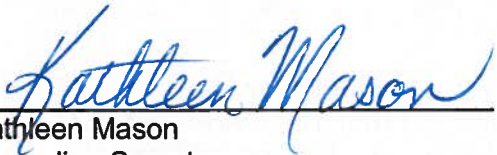
Citizen Board Member Candidates Interview

The Board interviewed two candidates for the Citizen Board Member position. Both candidates had experience with financial services. Following deliberation the Mayor called for a vote from the Board. The Board voted unanimously to select Matthew Hedges. Upon motion by Tansy Hayward, seconded by Chris Webster the Board moved to appoint Matthew Hedges to the Citizen Board Member position.

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Adjourn

Upon motion by Chris Webster, seconded by Jim Curley the Board meeting was adjourned at 2:28 p.m.

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Kathleen Mason
Recording Secretary

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Mayor Marilyn Strickland
Board Chair