

**Regular Meeting
Board of Administration
Tacoma Employees' Retirement System**

2:00 p.m., Thursday, December 12, 2013
Tacoma Public Utilities
Administration Building North
Conference Room LT1
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, December 12, 2013.

Roll Call

Members Present: Mayor Marilyn Strickland, Sam Bencoter, Gordon Cavanaugh, Andy Cherullo, Jim Curley, Tansy Hayward, Matthew Hedges, John O'Loughlin and Wayne Reed

Members Absent: Bill Gaines

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

Citizen Comments

None.

Consent Agenda

Upon motion by Gordon Cavanaugh, seconded by Matthew Hedges, the Retirement Board moved to adopt the Consent Agenda and approved the drafted minutes of the November 14, 2013 Retirement Board meeting.

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Old Business

Private Equity

Tim Allen, Retirement CIO, provided the Board with a presentation on different approaches to investing in private equity investment and some corresponding fee comparisons.

Upon motion by John O'Loughlin, seconded by Sam Benscoter, the Board authorized the TERS staff to initiate and issue an RFI for Private Equity Separate Account providers.

Tim estimated that the TERS staff and Wilshire will have evaluated the results and would likely have something to present to the Board for review in the second quarter of 2014.

Investments

Tim Allen provided an investment update citing the Wilshire publication *Perspectives* that illustrates the Market Update for periods ended November 30, 2013. Tim indicated that he will continue to have periodic due diligence meetings with the current investment managers. He also noted although INTECH had had a minor re-organization, it was not a reason to place them on the Watch List.

He reported that he had confirmed with Andrew Junkin of Wilshire that the Asset Liability Study will be proposed to the Board at the February 2014 meeting.

New Business

Wilshire Contract Extension

Tim Allen provided a memo to the Board presenting the terms of the current contract with Wilshire Associates including the fee schedule. Tim reported that if an extension of the contract is agreed upon it must be provided no later than February 28, 2014.

Upon motion by Jim Curley, seconded by Matthew Hedges, the Board authorized the extension of the Wilshire contract for two one-year extensions according to the terms contained in the Professional Services Contract. This would take the final agreement to March 31, 2016.

Proposed Changes to Duties and Delegations of Retirement Director

The Board was provided with a proposed revision of the Duties and Delegations of Authority to the Retirement Director (December 13, 2013) for review and consideration. Monica recommended that final decisions on Disability Retirement could be approved by the Director after recommendation by the Retirement Disability Committee.

Upon motion by Tansy Hayward, seconded by Sam Benscoter, the Board approved the proposed changes as set forth in the revised Duties and Delegations of Authority to the Retirement Director (December 13, 2013).

The finalized document will be distributed at the next Board meeting.

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New Business continued

Alternate Board Member

The current Alternate Board member's term will end in March, 2014.

Monica provided a memo to the Board with information regarding the Alternate Board member citing the Tacoma Municipal Code and the Board Bylaws. The Board had the option to reappoint the current alternate board member or solicit applications for a new member. The current alternate Board member, Wayne Reed, had indicated that he was interested in continuing to serve on the Board.

Upon motion by Tansy Hayward, seconded by Gordon Cavanaugh, the Board reappointed Wayne Reed for another three-year term.

Retirement Director's Report

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

Monica reported that she, Tim Allen and Andy Cherullo would be attending an internal meeting on TERS' fossil fuels investments. The Environmental, Social and Governance (ESG) Policy will be useful for providing direction in this discussion.

Other Business

Andy Cherullo reported that the Pension Work Group's study is moving forward and he will provide a status report at the January Board meeting.

Good of the Order

Board Member Education

Upon motion by Andy Cherullo, seconded by Gordon Cavanaugh, the Board approved the following:

- Kevin Boeh to attend DFA Conference
- Sam Benscoter and Joe Cook to attend Pension Bridge Conference
- Jim Curley to attend Wilshire Conference
- John O'Loughlin to attend Callan Fiduciary College/Intro to Investments

Retirement Transactions Report- November 2013

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

Retirement System Quarterly Update to the Council

On a quarterly basis Mayor Marilyn Strickland, Board Chair, provides a TERS report to the City Council members. A copy of the memo dated November 13, 2013 was distributed to the Board.

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Good of the Order continued

Updated Investment Policy Statement

The Board was provided a final copy of the Investment Policy Statement updated on November 14, 2013.

Additional Topics

Retirement Director Evaluation

Tansy Hayward will take the lead in coordinating the Retirement Director's annual performance review (EDPR) and will be soliciting input from Board members.

Adjourn

Upon motion by John O'Loughlin, seconded by Gordon Cavanaugh, the meeting was adjourned at 3:15 p.m.



Kathleen Mason
Recording Secretary



Mayor Marilyn Strickland
Board Chair