

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

10:00 a.m., Thursday, February 13, 2014
Tacoma Public Utilities
Administration Building North
Conference Room LT1
3628 S. 35th Street
Tacoma, Washington 98409

Minutes

Call to Order

Sam Benscoter, Vice Chair of the Retirement Board, called the meeting to order on Thursday, February 13, 2014.

Roll Call

Members Present: Mayor Marilyn Strickland, Sam Benscoter, Gordon Cavanaugh, Andy Cherullo, Matthew Hedges, John O'Loughlin and Wayne Reed

Members Absent: Jim Curley and Bill Gaines

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

Presenters: Andrew Junkin, Wilshire Associates
Jason Samansky, Wilshire Associates

Citizen Comments

None.

Consent Agenda

Upon motion by Gordon Cavanaugh, seconded by Andy Cherullo, the Retirement Board moved to adopt the Consent Agenda and approve the drafted minutes of the January 9, 2014 Retirement Board meeting.

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Old Business

Upcoming GPFC Discussion of Fossil Fuels Divestment

Monica Butler reported that this topic was originally planned to be discussed at the Council Government Performance and Finance Committee (GPFC), so she had wanted the Board to review the memo that was to be distributed in advance. While the topic was taken off of the GPFC agenda, the Board confirmed the recommendation.

Upon motion by Tansy Hayward, seconded by John O'Loughlin, the Board approved the following formal recommendation:

The TERS Board does not recommended divestment of fossil fuels holdings.

The TERS Board's policy is to consider Environmental, Social or Governance (ESG) issues within a fiduciary framework. Investment actions which promote an ESG goal will be considered only if the proposed action does not adversely affect TERS' investment risk and/or return. Further, the TERS Board does not believe it is prudent to allocate TERS resources to justify/investigate ESG issues that are not broadly embraced by its members. Instead, the TERS ESG policy requires that the requestor provide well researched evidence that implementation will not negatively impact returns.

New Business

Wilshire Presentation

Andrew Junkin, Wilshire Associates introduced Jason Samansky, Wilshire Associates to the Board.

The Retirement Board and Investment Advisory Committee received the Executive Summary – 4th Quarter 2013 from Wilshire Associates in hard copy.

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

The Tacoma Employees' Retirement System's rates of return were reported as follows:
5.33% for the Fourth Quarter, 16.10% for the one-year period, 10.16% for the three-year period, 14.21% for the five-year period, and 7.57% for the ten-year period ended December 31, 2013.

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

Low Volatility Equity Investing Review

Andrew Junkin provided the Board with an overview of the role of low volatility equity investing – its characteristics and purported benefits.

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LUNCH The Board took a lunch break at noon and reconvened at 12:10 p.m.

Asset Allocation Analysis and Update

Andrew Junkin presented the background/overview, inputs and optimization and scenario analysis of asset allocation. The Board reviewed the table illustrating the current policy, optimization constraints and ten alternative policies.

Upon motion by Sam Benscoter, seconded by John O'Loughlin, the Board unanimously approved the Asset Allocation Alternative #8.

Tim Allen and Wilshire will work on developing interim targets and strategic targets for the investment portfolio. The Board requested status updates when the target allocations for Asset Allocation #8 are determined and when actions occur to move the portfolio towards those targets. It was stated that there will be permitted ranges established around the asset class targets.

Global Equity Structure

Tim Allen presented TERS' equity targets consisting of global public equity and private equity.

Retirement Director's Report

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

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Pension and Investment Subscriptions

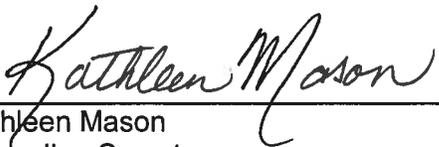
Monica announced that there were free subscriptions available to the Board members and provided post cards to those interested in receiving the publication.

Retirement Transactions Report – January 2014

The Retirement Transactions Report – January 2014 was provided to the Board.

Adjourn

Upon motion by John O'Loughlin, seconded by Sam Benscoter, the meeting was adjourned at 1:50 p.m.



Kathleen Mason
Recording Secretary



Mayor Marilyn Strickland
Board Chair