

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

1:00 p.m., Thursday, March 13, 2014  
Tacoma Public Utilities  
Administration Building North  
Conference Room LT1  
3628 S. 35<sup>th</sup> Street  
Tacoma, Washington 98409

**Minutes**

**Call to Order**

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

**Roll Call**

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

Members Absent: Mayor Marilyn Strickland and 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  
Jack Kelanic, IT Director

**Citizen Comments**

None.

**Consent Agenda**

Upon motion by Andy Cherullo, seconded by John O'Loughlin, the Retirement Board moved to adopt the Consent Agenda and approved the drafted minutes of the February 13, 2014 Retirement Board meeting.

**Old Business**

**Pension Modernization RFP**

Retirement Director, Monica Butler and IT Director Jack Kelanic provided the Board with an overview of the goals for a TERS' Technology Modernization Project. It was recommended that TERS issue a Request for Proposal (RFP) for a strategic assessment of current practices, including a risk assessment and a recommended roadmap for achieving the desired long-term state. TERS staff will coordinate with Purchasing in the RFP development.

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## **Old Business continued**

### **Pension Modernization RFP**

Upon motion by Jim Curley, seconded by Andy Cherullo, the Board approved the issuance of an RFP for a strategic assessment of current practices, risk assessment and a recommendation(s) for the next 3-5 years with specific project deliverables.

### **Approval of Changes to the Investment Policy Statement**

The Board was provided a copy of the revised Investment Policy Statement. The changes incorporated the Board's revised Strategic Asset Allocation target which was adopted at the February 13, 2014 Board meeting, along with related items including a section on low volatility equity investments.

Upon motion by John O'Loughlin, seconded by Andy Cherullo, the Board approved the revisions contained in the Investment Policy Statement of February 2014 as presented to the Board.

### **Investment Update**

Tim Allen presented a calendar matrix illustrating the tasks and key objectives that he is working on for 2014. Tim indicated that he will periodically communicate to the Board to keep them apprised of the progress.

Tim recommended that the assets held in the Private Equity placeholder account be moved from the S&P 500 Fund to an MSCI ACWI IMI Fund. This is a global index with broader diversification across both size and country. The fees will be marginally higher.

Upon motion by Matthew Hedges, seconded by Andy Cherullo, the Board approved the transition of the Private Equity placeholder asset from the S&P 500 to the MSCI ACWI IMI Fund at Northern Trust Global Investments.

The Board was provided with a Summary of TERS Manager Fees paid in 2013 as an informational item.

## **New Business**

### **Actuarial RFP**

Retirement Director, Monica Butler, reported that the contract with the current actuarial consultant, Milliman Associates, is due to expire at year end 2014 and there are no options for extension/renewal of the contract. Monica requested that the Board consider approving the issuance of an RFP, with a goal to have a Board decision by July and have a contract in place by September.

Upon motion by Jim Curley, seconded by Tansy Hayward, the Board approved the issuance of an RFP for Actuarial Services for TERS.

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## **New Business continued**

### **Actuarial RFP**

The Board also agreed to the creation of a Selection Advisory Committee (SAC) to review and score RFP responses. The SAC members will include TERS staff Retirement Director Monica Butler, Financial Supervisor Catherine Marx, and Board members Andy Cherullo and Sam Benscoter.

### **Budget Review**

The TERS Annual Budget Status Report-December 31, 2013 was distributed to the Board in the Board packet. Catherine Marx, TERS Financial Supervisor, reviewed the 2013 TERS actual financials vs. budget with the Board.

### **Retirement Director's Report**

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

Monica Butler announced that current Board Member, Gordon Cavanaugh, had run unchallenged and was therefore, declared the winner of the election to the TERS Board with a new term of office June 2, 2014 through June 6, 2017.

Upon motion by Andy Cherullo, seconded by Jim Curley, the Board declared Gordon Cavanaugh elected to the Board of Administration for another term.

### **Good of the Order**

#### **Retirement Transactions Report – February 2014**

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

#### **Investment Advisory Committee Statement**

The Investment Advisory Committee Statement for 2013 was distributed to the Board in the Board packet.

#### **Mayor's Letter to the City 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 February 12, 2014 was distributed to the Board.

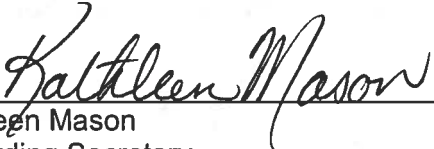
#### **Dashboard – December 31, 2013**

The Dashboard Report for December 2013 was reviewed with the Board. The report is provided to the Board twice a year. It was noted that there was a correction made to the Market Value of Assets (billions) to read "0.961" for 2009.

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**Adjourn**

Sam Bencoter adjourned the meeting at 3:00 p.m.

  
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Kathleen Mason  
Recording Secretary

  
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Mayor Marilyn Strickland  
Board Chair