

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

1:00 p.m., Thursday, March 12, 2015
Tacoma Public Utilities
Administration Building North
Conference Room LT1 (307A)
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, March 12, 2015.

Roll Call

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

Members Absent: Bill Gaines

Others Present: Tim Allen, Retirement Director
Kathleen Mason, Recording Secretary
Martha Lantz, Deputy City Attorney
Catherine Marx, TERS Financial Supervisor
Jack Kelanic, Director IT
Grace Brosnon, Manager IT
Lorraine Stargel, IT Supervisor

Presenters: Christopher Fikes, LRWL
Ben Lott, LRWL

Citizen Comments

None.

Consent Agenda

Upon motion by Sam Benscoter, seconded by Matthew Hedges, the Retirement Board moved to adopt the Consent Agenda and approved the drafted minutes of the February 12, 2015 Retirement Board meeting to reflect revision on members present.

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Change the Order of Business

The Chair adjusted the agenda to move Old Business to follow New Business – Strategic Assessment to accommodate the LRWL, Inc. presenters.

New Business

Strategic Assessment Presentation

Tim Allen introduced the presenters, Christopher Fikes, Project Director and Ben Lott, CPA and Vice President of LRWL, Inc. The Board was provided a comprehensive strategic assessment report including project deliverables, a strategic roadmap and options, and LRWL recommendations. During the presentation, Jack Kelanic and Grace Bronson from IT joined the Board's discussion to address inquiries related to IT support of a new automated pension administration system.

LRWL recommended Option 1 – New Pension Administration even though it has a higher cost and takes longer to implement than the other options.

Upon motion by Andy Cherullo, seconded by Sam Benscoter, the Board moved to approve Option 2 – Major SAP Initiatives and Supporting Projects. Jack Kelanic indicated that IT would commit the necessary resources, including a project manager, to the project.

Old Business

Investment Update

Tim Allen referenced Greenwich Associates, "Trends in Public Pension Fund Management-2014 U.S. Institutional Investor Research Results" and Wilshire's 2015 Report on State Retirement Systems: Funding Levels and Asset Allocation (2/25/2015). There was also a handout on PIMCO who will become the advisor for the current Research Affiliates' mandate; Research Affiliates will in turn take on a sub-advisor role for this assignment.

Private Equity

Following further discussion on the topic, the Board approved a two-part motion by Jim Curley, seconded by John O'Loughlin, to establish a private equity-separate account with Pantheon:

- Authorize TERS Staff to enter into negotiations with Pantheon for a discretionary private equity separate account not to exceed \$170 million to be invested over a four-to-six year period
- Authorize TERS Staff, with the assistance of the City's Legal Department, to engage outside legal counsel to assist with the contract negotiation process

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New Business

Vice Chair and 2nd Vice Chair

Upon motion by Jim Curley, seconded by John O'Loughlin, the Board moved to approve Sam Benscoter as Board Vice Chair for one year from March 12, 2015 – March 12, 2016

Upon motion by Matthew Hedges, seconded by Sam Benscoter, the Board moved to approve John O'Loughlin as Board 2nd Vice Chair for one year from March 12, 2015 – March 12, 2016

Investment Advisory Committee Appointments

- Motion to appoint Dr. Kevin K. Boeh and Dr. Alva Butcher to the Investment Advisory Committee for a term of July 1, 2015 – June 30, 2018

Upon motion by Jim Curley, seconded by Andy Cherullo, the Board appointed Dr. Kevin Boeh and Alva Butcher to the Investment Advisory Committee for a term of July 1, 2015 – June 30, 2018.

- Motion to appoint Mr. Joseph Cook and Dr. Lynda Livingston, CFA to the Investment Advisory Committee for a term of October 1, 2015 – September 30, 2018

Upon motion by John O'Loughlin, seconded by Jim Curley, the Board appointed Joseph Cook and Dr. Lynda Livingston, CFA to the Investment Advisory Committee for a term of October 1, 2015 – September 30, 2018.

2015 Budget Review

Catherine Marx, Financial Supervisor, presented the TERS Annual Budget Status Report for the year ending 12/31/2014.

Dashboard – December 31, 2014

The Dashboard Report for December 31, 2014 was reviewed with the Board. The report is provided to the Board twice a year.

Retirement Director's Report

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

Good of the Order

Retirement Transactions Report – February 2015

The Retirement Transactions Report – February 2015 was provided to the Board.

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Good of the Order continued

Mayor's Quarterly Update to 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 16, 2015 was distributed to the Board.

Additional Topics

Board Education

Matthew Hedges indicated an interest in attending the SALT conference but would not be seeking expense reimbursement.

Alva Butcher, Investment Advisory Committee member, indicated an interest in attending the DFA 2015 Annual Investment Symposium in April 25 – 27, 2015.

John O'Loughlin indicated an interest in attending NCPERS in New Orleans in May 1 -10, 2015.

Upon motion by Andy Cherullo, seconded by Jim Curley, the Board approved the attendance for Matthew Hedges, Alva Butcher and John O'Loughlin.

Adjourn

Upon motion by Jim Curley, seconded by Andy Cherullo, the meeting adjourned at 3:07 p.m.



Kathleen Mason
Recording Secretary



Mayor Marilyn Strickland
Board Chair