

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

10:00 a.m., Thursday, November 10, 2016  
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, November 10, 2016.

**Roll Call**

Members Present: Sam Bencoter, Gordon Cavanaugh, Matthew Hedges,  
John O'Loughlin, Kim Moore and Tadd Wille

Members Absent: Mayor Marilyn Strickland, Andy Cherullo, Bill Gaines and  
Wayne Reed

Investment Advisory  
Committee Present: Kevin Boeh and Lynda Livingston

Investment Advisory  
Committee Absent: Alva Butcher and Joseph Cook

Others Present: Tim Allen, Retirement Director  
Kathleen Mason, Recording Secretary  
Catherine Marx, Interim Financial Manager  
Martha Lantz, Deputy City Attorney

Presenters: Felicia Bennett, Wilshire Associates  
Andrew Junkin, Wilshire Associates

**Citizen Comments**

None.

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**Consent Agenda – This item was moved until a quorum was present**

## **Old Business**

### **Investment Update**

Tim Allen reported on public defined benefit plan returns and asset allocation as well as survey results conducted by MFS on asset mix and risk levels and quartile performance results.

Tim provided an update on the Eaton Vance funding of the new bank loan investment.

Earlier in November, Tim met with Parametric to discuss their approach to implementing Environmental, Social and Governance (ESG) strategies in public equity assignments in a way that helps mitigate the volatility that may result from divestment of some items.

### **CEM Benchmarking Review**

The Board was provided with a complete report of 2015 Investment Benchmarking Analysis for TERS by CEM Benchmarking. For the existing asset allocation, TERS was rated as adding slightly more than expected in value added with a lower than expected cost.

## **New Business**

### **Wilshire Presentation**

The Retirement Board and Investment Advisory Committee received the Executive Summary – 3<sup>rd</sup> Quarter 2016 from Wilshire Associates in hard copy.

Andrew Junkin addressed the possible effect on the markets of the recent result of the U.S. presidential election.

Felicia Bennett presented the Economic Overview and Executive Summary of Performance, including a review of the TERS plan asset allocation and investment performance for the quarter ended September 30, 2016.

The Tacoma Employees' Retirement System's rates of return were reported as follows: 2.98% for the Third Quarter, 11.42% for the one-year period, 7.24% for the three-year period, 10.53% for the five-year period, and 5.72% for the ten-year period ended September 30, 2016.

The Executive Summary of Performance for the period ending September 30, 2016 serves as an addendum to the minutes.

Andrew Junkin presented Wilshire's whitepaper "SMART BETA: the Space between Alpha and Beta". He provided an overview of applying smart Beta strategies to equity portfolios in a low return environment.

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**LUNCH** – The Board did not break and agreed to work through lunch.

**Consent Agenda – Quorum now present**

Upon motion by John O'Loughlin, seconded by Matthew Hedges, the Retirement Board moved to adopt the Consent Agenda and approve the drafted minutes of the October 13, 2016 Retirement Board meeting, amended to reflect that Mayor Strickland was present at the meeting.

**TERS 2016-2017 Budget**

Catherine Marx, Interim Financial Manager, presented the TERS Budget Status Report 2015-2016 and the Preliminary Budget Report for 2017-2018. The budget report was distributed to the Board at the meeting.

Upon motion by Kim Moore, seconded by Tadd Wille, the Board moved to adopt the 2017-2018 TERS Budget.

**Retirement Director's Report**

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

**Good of the Order**

**Retirement Transactions Report – October 2016**

The Retirement Transactions Report – October 2016 was provided to the Board.

**Additional Topics**

**Board Education Seminar Reports**

John O'Loughlin reported on his attendance at the Institutional Investment Seminar held in October 2016.

**Adjourn**

Upon motion by John O'Loughlin, seconded by Matthew Hedges, the meeting was adjourned at 1:20 p.m.

  
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Kathleen Mason  
Recording Secretary

  
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Mayor Marilyn Strickland  
Board Chair