

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

1:00 p.m., Thursday, April 13, 2017  
Tacoma Public Utilities  
Administration Building North  
Conference Room LT1 (307A)  
3628 S. 35<sup>th</sup> Street  
Tacoma, Washington 98409

**Minutes**

**Call to Order**

Mayor Marilyn Strickland, Chair of the Retirement Board, called the meeting to order on Thursday, April 13, 2017.

**Roll Call**

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

Members Absent: Bill Gaines and Tadd Wille

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

**Citizen Comments**

None.

**Consent Agenda**

Upon motion by Andy Cherullo, seconded by Matthew Hedges, the Retirement Board moved to adopt the Consent Agenda and approved the drafted minutes of the February 9, 2017 Retirement Board meeting.

**Old Business**

**Investment Update**

Tim reviewed Wilshire's 2016 Active Management Review (March 7, 2017) reporting on active management in traditional asset classes.

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## **Old Business continued**

### **Investment Update**

Tim also reviewed Callan's The Periodic Table Collection – rankings of Assorted Indices and Strategies report (year-end 2016) and the NASRA Issue Brief: Public Pension Plan Investment Return Assumptions. Additionally reported was TERS' net-of-fee investment performance for 2016 in relation to Seattle City Employees' Retirement System (SCERS), Spokane Employees' Retirement System (SERS) and the Washington State Investment Board (WSIB) for the trailing one-, three- and five-year periods.

He then summarized INTECH'S Investor Performance Summary through the first quarter 2017.

### **New Business**

#### **TERS 2016 Budget Review**

Catherine Marx, Assistant Retirement Director, presented the TERS Budget Status Report for the period ending December 31, 2016.

#### **Annuity and Option Factor Update**

The Board was provided Milliman's (the System's actuarial consultant) letter of March 1, 2017 re: Annuity Conversion and Optional Form Factors, as requested by Tim Allen. Tim explained how revisions in the annuity factors could potentially impact benefits. Following a lengthy discussion, the Board requested that Tim ask Milliman for further clarification on these factors at the next scheduled Board meeting. Tim solicited input from the Board to provide to Milliman to address at the next meeting. The Board Motion was deferred until additional information and clarification is provided.

#### **TERS 2 Update**

The Board was provided a copy of an email from Elizabeth Pauli, Interim City Manager, dated March 23, 2017 regarding the ongoing discussions of a proposed retirement benefit for new employees. Tim reviewed the presentation, Proposed Retirement System for New Employees - Discussion (April 13, 2017) that went over the status of the current Plan, goals of the review, clarification of the definition of retirement adequacy, peer group comparisons and the rationale for consideration and action.

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

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

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**Good of the Order**

**2016 Investment Advisory Committee Statement**

The 2016 Investment Advisory Committee Statement was distributed to the Board.

**Retirement Transactions Report – February 2017 and March 2017**

The Retirement Transactions Report – February 2017 and March 2017 were provided to the Board.

**Additional Topics**

**Adjourn**

Upon motion by Andy Cherullo, seconded by John O'Loughlin, the Mayor adjourned the meeting at 2:55 p.m.



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Kathleen Mason  
Recording Secretary



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Mayor Marilyn Strickland  
Board Chair