

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

1:00 p.m., Thursday, June 8, 2017
Tacoma Public Utilities
Administration Building North
Conference Room LT1
3628 S. 35th Street
Tacoma, Washington 98409

Minutes

Call to Order

Mayor Strickland, Chair of the Retirement Board, called the meeting to order on Thursday, June 8, 2017.

Roll Call

Members Present: Mayor Marilyn Strickland, Sam Benscoter, Andy Cherullo, Matthew Hedges, Kim Moore, John O'Loughlin, Wayne Reed and Tadd Wille

Members Absent: Gordon Cavanaugh and Bill Gaines

Others Present: Tim Allen, Retirement Director
Kathleen Mason, Recording Secretary
Martha Lantz, Deputy City Attorney
John Lawrence – TERS member
Shari Lawrence

Presenters: Leah Hafterson, WSAO
Linda Mastin, WSAO

Citizen Comments

Shari Lawrence addressed the Board on behalf of her husband, John Lawrence.

Consent Agenda

Upon motion by Andy Cherullo, seconded by Sam Benscoter, the Retirement Board moved to adopt the Consent Agenda and approve the drafted minutes of the April 13, 2017 and May 11, 2017 Retirement Board meetings.

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Change the Order of Business

The Chair adjusted the agenda to move Old Business – Investment Update to follow New Business.

New Business

Exit Interview – Washington State Auditor

Audit Lead Leah Hafterson and Linda Mastin of the Washington State Auditor's Office (WSAO), presented the Exit Conference for the 2016 Tacoma Employees' Retirement System's audit. The preliminary draft of the Washington State Auditor's Office Financial Statements Audit Report No. 1019301, was distributed to the Board at the meeting. The auditors indicated that the final draft of Report No. 1019301 would be available on the WSAO website in approximately one week.

It was noted in the Independent Auditor's Report that the Tacoma Employees' Retirement System had received an unmodified audit opinion for calendar year 2016. There were no audit recommendations, no uncorrected misstatements and no material misstatements in the audited financial statements or schedules.

Actuarial Valuation Follow Up

Tim Allen provided a brief summary overview of the key components of the Actuarial Valuation relative to the TERS Funding and Benefits Policy. Milliman's presentation on the January 1, 2017 Actuarial Valuation was distributed at the meeting as reference material during the discussion.

Motion: Contribution Rate Increase

Upon motion by Andy Cherullo, seconded by John O'Loughlin, the Board approved a recommendation for a contribution rate increase of 1% to be applied effective January 1, 2018, subject to approval by the Joint Labor Committee and ratification by the City Council.

Motion: Service Purchase Factors

Upon motion by Sam Benscoter, seconded by Andy Cherullo, the Board moved to approve the update of the Service Purchase Factors that are used to purchase additional service credit effective January 1, 2018.

Motion: Options A, B, C5, C10, D, E & F Factors

Upon motion by John O'Loughlin, seconded by Andy Cherullo, the Board moved to approve the update of factors used to calculate the actuarial equivalent for options A, B, C5, C10, D, E & F effective January 1, 2018.

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New Business continued

Actuarial Valuation Follow Up

Motion: Member Contribution formula

Upon motion by Kim Moore, seconded by Andy Cherullo, the Board moved to approve the update of factors used to calculate the alternative Member Contribution formula effective January 1, 2020.

Motion: Incorporating full cost of Cost of Living Adjustment feature

Upon motion by John O'Loughlin, seconded by Kim Moore, the Board approved the recommendation to the System's actuary, Milliman, begin incorporating the full actuarial cost of the Cost of Living Adjustment feature into those factors where it is not currently being considered. This change would take effect only for new TERS members after a date agreed upon with the Joint Labor Committee and ratification by the City Council.

Disability Retirement

The Chair called the meeting into a closed session at 2:37 p.m. to discuss the Disability Committee's recommendation regarding a disability retirement application. The meeting reconvened at 2:57 p.m.

Upon motion by Andy Cherullo, seconded by John O'Loughlin, the Board moved to accept the Disability Committee's recommendation to deny the disability application.

LUNCH – No break for lunch as Board opted to work through.

Old Business

Investment Update

Tim Allen reported on TERS' investment returns compared with those of the Washington State Investment Board, the Seattle City Employees' Retirement System and the Spokane Employees' Retirement System and discussed upcoming contacts with existing TERS investment managers.

Retirement Director's Report

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

Good of the Order

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 May 8, 2017 was distributed to the Board.

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Good of the Order continued

Retirement Transactions Reports – April and May 2017

The Retirement Transactions Reports – April 2017 and May 2017 were provided to the Board.

Board Education

Tim Allen reported that Investment Advisor Committee member Lynda Livingston had expressed an interest in attending the Markets Group conference in Portland, OR on September 14, 2017. Upon motion by Andy Cherullo, seconded by John O'Loughlin, the Board approved reimbursing expenses for Lynda's attendance at the conference.

Adjourn

Upon motion by Andy Cherullo, seconded by Sam Benscoter, the meeting was adjourned at 3:12 p.m.



Kathleen Mason
Recording Secretary



Mayor Marilyn Strickland
Board Chair