

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

10:00 a.m., Thursday, February 8, 2018
Tacoma Public Utilities
Administration Building North
Conference Room LT1
3628 S. 35th Street
Tacoma, Washington 98409

Minutes

Call to Order

Mayor Woodards, Chair of the Retirement Board, called the meeting to order on Thursday, February 8, 2018.

Roll Call

Members Present: Mayor Victoria Woodards, Sam Bencoter, Gordon Cavanaugh, Andy Cherullo, Kim Moore, John O'Loughlin, Jim Sant and Tadd Wille

Members Absent: Matthew Hedges and Wayne Reed

Investment Advisory
Committee Present: Dr. Lynda Livingston

Investment Advisory
Committee Absent: Dr. Alva Butcher, Dr. Kevin Boeh and Joseph Cook

Others Present: Tim Allen, Retirement Director
Kathleen Mason, Recording Secretary
Catherine Marx, Assistant Retirement Director
Martha Lantz, Deputy City Attorney
Students from University of Puget Sound, invited by Professor Lynda Livingston

Presenters: Andrew Junkin, Wilshire Associates
Vikrant Khadilkar, Wilshire Associates

Citizen Comments

None.

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Consent Agenda

Upon motion by Andy Cherullo, seconded by John O'Loughlin, the Retirement Board moved to adopt the Consent Agenda and approve the drafted minutes of the January 11, 2018 Retirement Board meeting.

The Chair welcomed the UPS students to the meeting.

Change Order of Business

The Chair adjusted the agenda to move Old Business – Vice Chair and Second Vice Chair to follow New Business.

New Business

Wilshire Presentation

The Retirement Board and Investment Advisory Committee received the Executive Summary – 4th Quarter 2017 from Wilshire Associates in hard copy.

Vik Khadilkar provided a market overview and reported the Tacoma Employees' Retirement System's rates of return as follows: 3.30% for the Fourth Quarter, 13.40% for the one-year period, 7.29% for the three-year period, 9.17% for the five-year period, and 5.98% for the ten-year period ended December 31, 2017.

Vik also presented the Private Equity Performance Measurement report providing a comprehensive review of various performance measures, including Time Weighted Return, Internal Rate of Return, Distributions to Paid-in Capital and Total Value to Paid-in Capital.

Andrew Junkin fielded questions from the Board and the UPS students. The Executive Summary of Performance for the period ending December 31, 2017 serves as an addendum to the minutes.

Investment Update

Tim Allen reported on Wilshire's new manager research diversity effort, which could come into play if/when TERS initiates a search effort for potential investment managers.

Six of TERS' fifteen asset managers (Adelante, Eaton Vance, INTECH, INVESCO, NTGI and Tortoise) are coming to Tacoma for meetings in February and March, 2018.

Tim reviewed a series of asset allocation rebalancing actions that included a 1.80% reduction in global public equity and corresponding increases of +.70% in Core Plus Fixed Income, +.60% in TIPS Fixed Income, +.30% in Real Assets and +.20% in Cash; these transactions were initiated at the end of January 2018.

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Investment Update continued

Tim presented a review of TERS' securities lending activity for calendar year 2017.

Questions were opened up to UPS students.

Old Business

Vice Chair and Second Vice Chair

Sam Bencoter was nominated as Vice Chair upon motion by Andy Cherullo, seconded by Gordon Cavanaugh for one year March, 2018 through March, 2019.

John O'Loughlin was nominated as Second Vice Chair upon motion by Andy Cherullo, seconded by Gordon Cavanaugh for one year March, 2018 through March 2019.

Lunch – the Board agreed to not break for lunch and instead to continue to work through the agenda so as to potentially adjourn early.

Retirement Director's Report

Tim also briefly reviewed Wilshire's "2017 Report on City & County Retirement Systems: Funding Levels and Asset Allocation".

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

Good of the Order

Retirement Transactions Report – January 2018

The Retirement Transactions Report – January 2018 was provided to the Board.

Milliman COLA Letter

Tim reported on the July 2018 Cost of Living (COLA) letter provided by Milliman, showing eligible retirees will receive a 2.125% adjustment starting with the July 1, 2018 pension payment.

Dashboard Report

The Dashboard Report for December 31, 2017 was reviewed with the Board. The report is provided to the Board twice per year.

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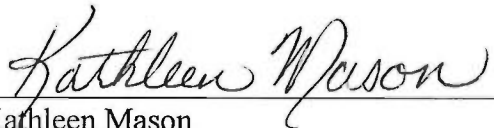
Additional Topics

Board Education


Upon motion by Andy Cherullo, seconded by John O'Loughlin, the Board approved the attendance of Kim Moore to the NCPERS Conference and Alva Butcher to the DFA Conference.

Adjourn

Mayor Woodards adjourned the meeting at 12:04 p.m.



Kathleen Mason
Recording Secretary



Mayor Victoria Woodards
Board Chair