

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

1:00 p.m., Thursday, April 12, 2018
Tacoma Public Utilities
Administration Building North
Conference Room LT1 (307A)
3628 S. 35th Street
Tacoma, Washington 98409

Minutes

Call to Order

San Bencoter, Vice Chair of the Retirement Board, called the meeting to order on Thursday, April 12, 2018.

Roll Call

Members Present: Sam Bencoter, Gordon Cavanaugh, Andy Cherullo,
Matthew Hedges, Kim Moore, John O'Loughlin,
Jim Sant, Tadd Wille and Wayne Reed

Members Absent: Mayor Victoria Woodards

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 Jim Sant, the Retirement Board moved to adopt the Consent Agenda and approved the drafted minutes of the February 8, 2018 Retirement Board meeting amended to reflect that Board member, Jim Sant, was present at the February meeting.

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Old Business

Investment Update

Tim reviewed/presented the Callan Periodic Table of Investment Returns for different asset classes. Trends in public pension plan investment returns were discussed using a chart prepared annually by NASRA. Excerpts from Wilshire's 2017 Active Management Review were presented, focusing on those asset classes where TERS has invested assets. A table comparing trailing investment performance through 2017 for the Washington State Investment Board, the Seattle City Employees' Retirement System, the Spokane Employees' Retirement System and TERS was presented.

Tim briefly touched on TERS' investments in MLPs and REITs, with additional analysis forthcoming at the May Board meeting. In addition, these asset classes will be reviewed as part of the asset allocation study to be conducted over the coming months with any recommendations expected to be reviewed with the TERS Board at their August meeting.

Tim presented an Overview on Investment Manager Fees covering the pros and cons of asset-based vs performance-based fees.

New Business

2018 TERS Budget Review

Catherine Marx, Assistant Retirement Director, presented a semi-annual TERS budget review using the Budget Status Report for the period ending December 31, 2017.

Values Investing

Tim reviewed two ESG presentations that had originally been given to the Board in 2013. He presented the current ESG Policy (updated October 2017) on Investments for Environmental, Social and Governance Purposes.

Tim will be appearing before the City's Government Performance and Finance (GPFC) committee at a future date, yet to be determined.

Retirement Director's Report

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

Tim announced that TERS had been awarded a Certificate of Transparency from NCPERS for our participation in the *2017 NCPERS Public Retirement Systems Study*. A copy of the certificate was included in the Board packet.

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Good of the Order

2017 Investment Advisory Committee Statement

The 2017 Investment Advisory Committee Statement was distributed to the Board.

TERS Quarterly Update to City Council

On a quarterly basis Mayor Victoria Woodards, Board Chair, provides an update on TERS to the members of the City Council. A copy of the memo dated February 6, 2018 was distributed to the Board.

Retirement Transactions Report – February 2018 and March 2018

The Retirement Transactions Report – February 2018 and March 2018 were provided to the Board.

Additional Topics

Deputy City Attorney Martha Lantz will be attending the National Association of Public Pension Attorney Conference in June, 2018 on behalf of TERS.

Tim invited the Board members to stay after the meeting to view a short video about the City of Harvey, Illinois. It is a cautionary tale of municipalities and the funding of retirement funds.

Adjourn

Sam Bencoter, Vice Chair, adjourned the meeting at 2:40 p.m.



Kathleen Mason
Recording Secretary



Mayor Victoria Woodards
Board Chair