

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

1:00 p.m., Thursday, July 12, 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, July 12, 2018.

Roll Call

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

Members Absent: Matthew Hedges

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

Presenters: Joanne Klein, WSAO
Linda Mastin, WSAO

Citizen Comments

None.

Consent Agenda

Upon motion by Mayor Woodards, seconded by Jim Sant, the Retirement Board moved to adopt the Consent Agenda and approve the drafted minutes of the May 10, 2018 Retirement Board meeting.

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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

Joanne Klein, Audit Manager and Linda Mastin, Assistant Audit Manager of the Washington State Auditor's Office (WSAO), presented the Exit Conference for the 2017 Tacoma Employees' Retirement System's financial audit. The Washington State Auditor's Office Financial Statements Audit Report No. 1021611, was distributed to the Board at the meeting. The auditors indicated that Report No. 1021611 is available on the WSAO website.

It was noted in the Independent Auditor's Report that the Tacoma Employees' Retirement System had received an unqualified audit opinion for calendar year 2017. There were some exit recommendations provided to management, no uncorrected misstatements and no material misstatements in the audited financial statements or schedules.

The next annual financial audit is scheduled for May 2019.

Later this year WSAO will conduct an audit on GASB 68 disclosures.

Fiduciary Duty - Video presentation

The Board watched an excerpt from a 2017 CalPERS Annual Fiduciary Training video.

Pension Primer

The Board was provided a copy of the *Introduction to TERS* as a reference document to the presentation by Catherine Marx. She provided an overview of the TERS pension process, retirement eligibility requirements, how pensions are calculated, the impact of portability, the Cost of Living Adjustment, the optional purchase of service and the various beneficiary options available.

TERS Policy – Private Investments

Tim presented a draft proposal of a TERS Policy on how to respond to public disclosure requests related to TERS' private investments. Upon motion by Tadd Wille, seconded by Andy Cherullo, the Board approved the Policy.

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TERS Policy – Volatile Markets

The Board agreed to table this item until the next Board meeting in August.

Old Business

Investment Update

Tim reviewed the Investment Manager contact matrix including the highlights of those meetings and conference calls. He also reported on his attendance at Pantheon's Annual Client Conference in June. Tim also reported that he is planning to visit Northern Trust and Neuberger Berman onsite later in the year.

Tim presented a summary of the multi-employer pension plans that have filed for benefit reductions under the Klein-Miller Act, and discussed the timetable for congressional action on this issue before year-end.

Note: At 2:50 p.m. the Mayor needed to leave and turned the meeting over to Sam Benscoter, Vice Chair.

Retirement Director's Report

The Retirement Director's report serves as an addendum to the minutes. Tim reported that a disability retirement request was reviewed by the Disability Committee and was approved.

He also discussed the results of a Council Member's inquiry into the so-called "Silver Tsunami": analysis showed that roughly one-half of current TERS members will be eligible for a full or reduced pension in five years.

Good of the Order

Retirement Transactions Reports – May 2018 and June 2018

The Retirement Transactions Reports – May 2018 and June 2018 were provided to the Board.

Additional Topics

No additional topics.

Adjourn

Vice Chair Sam Benscoter adjourned the meeting at 3:04 p.m.



Kathleen Mason
Recording Secretary



Mayor Victoria Woodards
Board Chair