

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

10:00 a.m., Thursday, August 9, 2018
Tacoma Public Utilities
Administration Building North
Conference Room LT1
3628 S. 35th Street
Tacoma, Washington 98409

Minutes

Call to Order

Sam Bencoter, Vice Chair of the Retirement Board, called the meeting to order on Thursday, August 9, 2018 at 11:15 a.m.

Roll Call

Members Present: Sam Bencoter, Gordon Cavanaugh, Matthew Hedges,
John O'Loughlin, Jim Sant and Wayne Reed

Members Absent: Mayor Victoria Woodards, Andy Cherullo, Kim Moore and
Tadd Wille

Investment Advisory
Committee Present: Dr. Kevin Boeh, Joseph Cook and Lynda Livingston

Investment Advisory
Committee Absent: Dr. Alva Butcher

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

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

Citizen Comments

None.

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Consent Agenda

Upon motion by John O'Loughlin, seconded by Gordon Cavanaugh, the Retirement Board moved to adopt the Consent Agenda and approve the drafted minutes of the July 12, 2018 Retirement Board meeting.

Old Business

Investment Update

The information - only investment update was presented prior to the meeting formally convening – no Board actions were taken.

TERS Policy – Volatile Markets

Tim explained the reason for the origins of the draft TERS policy resulted from an inquiry from the Board to determine in advance the potential rebalancing actions that could occur in the event of heightened market volatility. The Board discussed the draft TERS policy presented as it related to strategic asset allocation and rebalancing directives contained in the Board's Investment Policy Statement. Tim explained that the policy is a blueprint for what actions the CIO might undertake in times of market turbulence. The issue was tabled to the next meeting to provide more time to review the matter and to obtain further input from the Board and the Investment Advisory Committee. No action was taken.

New Business

Investment Advisory Committee Appointments

Upon motion by John O'Loughlin, seconded by Matt Hedges, the Board approved the re-appointment of Dr. Kevin K. Boeh and Dr. Alva Butcher to the Investment Advisory Committee for a term of July 1, 2018 – June 30, 2021.

Upon motion by John O'Loughlin, seconded by Jim Sant, the Board approved the re-appointment of Dr. Lynda Livingston to the Investment Advisory Committee for a term of October 1, 2018 – September 30, 2021.

Milliman Contract

A memo from the Retirement Director regarding actuarial consulting services was provided to the Board explaining the need to increase the existing Milliman contract amount.

Upon motion by John O'Loughlin, seconded by Matt Hedges, the Board directed the Retirement Director to take the necessary steps to increase the value of the contract. The Retirement Director has the discretionary authority to increase the contract by an additional \$200K.

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New Business continued

Northern Trust Brokerage Account

Upon motion by John O'Loughlin, seconded by Gordon Cavanaugh, the Board approved the adoption of the Certificate of Corporate Authority to facilitate the liquidation of individual securities held in TERS' legacy accounts. The Retirement Director will report back to the Board when the securities have been sold and the new account closed.

Lunch – The Board took a lunch break at 11:30 a.m. and reconvened at 12:05 p.m.

Wilshire Asset Allocation Education Review

Vik Khadilkar presented the Strategic Asset Allocation Education report which looked at Mean Variance Optimization, Liability-Driven Investing, and Risk Parity and Cash Flow Immunization. Wilshire will look to the Board for some direction in terms of the path to follow to proceed with the asset allocation review.

Adjourn

Jim Sant had to leave the meeting which resulted in a lack of a quorum.

Sam Benscoter, Vice Chair, adjourned the meeting at 1:57 p.m.



Kathleen Mason
Recording Secretary



Mayor Victoria Woodards
Board Chair

Prior to convening the meeting (due to lack of a quorum) and following the adjournment of the meeting (due to lack of a quorum) there were informational periods where the following agenda items (which required no Board action) were presented.

See the attached Addendum.

**Addendum
Tacoma Employees' Retirement System
August 9, 2018**

Tim Allen, Retirement Director, announced that due to a lack of a quorum at 10:00 a.m., the Board could not conduct business nor take action on any meeting agenda items until a quorum was present and the meeting formally convened. However, prior to this, the proceedings would be informal in nature with no Board actions taken. On an information-only basis, Tim reviewed some topics as well as providing background on the agenda items that would require Board action once a quorum was met.

He reviewed the price history of the MSCI ACWI index as it pertained to cash flows and required rebalancing actions. He also presented a brief Investment Update which included summary reports of meetings with investment managers and a meeting with staff from the Seattle City Employees' Retirement System.

Wilshire Presentation

The Retirement Board and Investment Advisory Committee received the Executive Summary – 2nd Quarter 2018 from Wilshire Associates in hard copy.

Andrew Junkin reported on Numbers in Context.

Felicia Bennett provided a market overview and reported the Tacoma Employees' Retirement System's rates of return as follows: 1.20% for the Second Quarter 6.89% for the one-year period, 6.54% for the three-year period, 8.09% for the five-year period, and 6.73% for the ten-year period ended June 30, 2018.

The Executive Summary of Performance for the period ending June 30, 2018 serves as an addendum to the minutes.

The remainder of Wilshire's presentation continued after the meeting was officially called to order upon the arrival of Board members to meet the requirement of a quorum.

Investment Advisory Committee

Tim announced that Joseph Cook, Investment Advisory Committee member, is retiring after 15 years of service on the committee. Tim presented Joe with a commemorative gift and extended gratitude for his years of service on the committee in support of TERS.

Tim provided background information on a Board motion to extend the terms of the remaining Investment Advisory Committee members that would be considered once a quorum was present.

With three current members, TERS continues to meet the minimum requirements established in state law for the Investment Advisory Committee.

**Addendum
Tacoma Employees' Retirement System
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Investment Advisory Committee continued

However, it would be preferable to have four or potentially even five members to advise the Board. Tim will work with the City Clerk's office in the recruitment process.

First Class City Pension Contributions Review

The Board was presented with a report of First Class City Pension Contributions from 2011-2016.

Retirement Director's Report

The Retirement Director's Report serves as an addendum to the meeting.

Good of the Order

Retirement Transactions Report – July 2018

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

Additional Topics

None.