

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

1:00 p.m., Thursday, October 11, 2018
Tacoma Public Utilities
Administration Building North
Conference Room LT1
3628 S. 35th Street
Tacoma, Washington 98409

Minutes

Call to Order

Sam Benscoter, Vice Chair of the Retirement Board, called the meeting to order on Thursday, October 11, 2018.

Roll Call

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

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 Gordon Cavanaugh, the Retirement Board moved to adopt the Consent Agenda and approve the drafted minutes of the September 13, 2018 Retirement Board meeting.

Old Business

Investment Update

Tim provided a matrix reporting on meetings that occurred during 2018 with TERS' existing investment managers. He summarized recent conference calls held with Pantheon and Prudential.

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Old Business continued
Investment Update

Given the recent selloff in the equity markets, he reviewed near-term performance of TERS' cap-weighted and minimum volatility global public equity index holdings.

Tim also discussed a recent conference call with TERS' investment consultant (Wilshire) to fine-tune the asset allocation review process that is underway; updated strategic asset allocation proposals are expected to be presented to the TERS Board at the November meeting. In addition, Wilshire disclosed that Vik Khadilkar had left the firm and the search for a replacement is underway.

CEM Benchmarking Review

The TERS Board was provided with excerpts from the 2017 CEM Investment Benchmarking Analysis for TERS report. The survey includes responses from both corporate and public pension plans, so the peer comparisons are not always well aligned. TERS is also much smaller than the median plan in the survey, both in terms of number of members and assets under management. One notable takeaway was that given TERS' asset allocation, the System delivered a slightly higher investment return than predicted at a slightly higher than expected cost.

New Business

City and County Funding Levels/Asset Allocation

The Board was provided with a copy of the *2018 Wilshire Consulting Report on City & County Retirement Systems: Funding Levels and Asset Allocation*. This report is a closer peer group for TERS, and comparisons were made regarding asset allocation, assumed rates of return and funded status.

WA State Public Pension Funding Comparison

Tim provided a comparison of the funded status of various public pension plans within Washington State, including the Seattle City Employees' Retirement System (SCERS), the Spokane Employees' Retirement System (SERS) and various pension programs within the Washington State Department of Retirement Systems (DRS).

Retirement Director's Report

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

Good of the Order

Retirement Transactions Report – September 2018

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

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Good of the Order continued

2019 Retirement Board Meeting Calendar

The Board was provided with the 2019 Retirement Board Meeting dates. Tim proposed an earlier start time for the quarterly meetings, but after further discussion the meeting times will remain unchanged. Meeting invitations for 2019 will be sent to the Board and to the Investment Advisory Committee.

Board Educational Opportunities – 2019

Board Educational Opportunities 2019 - Handout at the Meeting. Tim encouraged the Board to consider the educational opportunities being offered, including workshops and conferences.

Board of Administration Terms of Office

The Board was provided with the updated Board of Administration Terms of Office.

Additional Topics

IAC Applicants

Long-time Investment Advisory Committee (IAC) Member, Joe Cook, has retired from his position on the committee. Tim reported that, per state law, the Board is required to have at least three IAC members, which we still have. However, it is good practice to have at least one additional member to ensure we meet the required minimum and to provide thoughtful and diverse independent advice to the TERS Board. Tim is recruiting candidates for the IAC and has received responses from four candidates. They will provide the Board with their thoughts on the ongoing asset allocation review (either in person or in writing) at the upcoming November Board meeting.


Tim provided a brief report on his attendance at the one-day ESG Conference on Impact Investing that he attended in San Francisco, CA. Tim provided the Board with a copy of a handout from the conference – a high-level summary of the United Nation's Sustainable Development Goals.

Adjourn

Sam Benscoter adjourned the meeting at 2:21 p.m.



Kathleen Mason
Recording Secretary



Mayor Victoria Woodards
Board Chair