

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

10:00 a.m., Thursday, November 8, 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, November 8, 2018 at 10:01 a.m.

Roll Call

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

Members Absent: Mayor Victoria Woodards

Investment Advisory
Committee Present: Dr. Kevin Boeh, Alva Butcher and Lynda Livingston

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

Citizen Comments

None.

Consent Agenda

Upon motion by Andy Cherullo, seconded by Jim Sant, the Retirement Board moved to adopt the Consent Agenda and approve the drafted minutes of the October 11, 2018 Retirement Board meeting.

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Old Business

Investment Update

Tim provided an interim Q4 report and indicated that investment returns would likely be lower for the quarter based on the initial October negative returns. As of the date of the meeting, the best performing investment for the quarter was cash.

He briefly provided a status update on the Pantheon Global Infrastructure Fund III which was expected to reach its hard cap limits in terms of committed capital. TERS was the initial investor, committing \$40 million at the first closing date.

Finally, he reviewed the status of the bipartisan congressional committee charged with identifying a solution to the multi-employer pension crisis, noting their deadline of November 30, 2018 was after the midterm elections.

New Business

Wilshire – Asset Allocation Presentation

Felicia Bennett reported on Asset Allocation Analysis report following an Asset Liability study for the Tacoma Employees' Retirement System. She reviewed the optimization constraints used in the analysis, the two frontiers considered related to allocation to cash and alternative asset allocation, relevant policies, the optimization process and Wilshire's capital market assumptions.

Various portfolios modeled were compared and contrasted, as well as projected funded ratio ranges, projected contribution rates, the present value of expected contributions and the anticipated economic cost for each. Further discussion ensued related to Shortfall Risk vs. Drawdown Risk.

The Board provided Wilshire with additional direction to eliminate the allocation to cash/short maturity fixed income and requested further analysis based on establishing a minimum of 3% in Treasury Inflation Protected Securities, removing the stated 0% target for REITs and allocating up to one-third of the public equity exposure to minimum volatility alternative weighted mandates. Wilshire will rerun their analysis and is expected to present revised results at the February 14, 2019 meeting.

New Business

Investment Advisory Committee Candidate Review

The four applicants for the Investment Advisory Committee (IAC) were invited to either attend the November 8, 2018 TERS Board meeting or to provide written comments on the asset allocation materials prepared by Wilshire.

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

Retirement Director's Report

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

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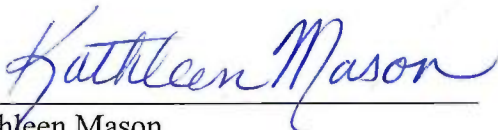
Retirement Transactions Report – October 2018

Additional Topics

Catherine Marx reported on the P2F2 Public Pension Financial Forum Conference that she attended. Topics covered were GASB and legislative updates. It was an opportunity to establish peer contacts as well.

Adjourn

Sam Benscoter, Vice Chair, adjourned the meeting at 1:32 p.m.



Kathleen Mason
Recording Secretary



Mayor Victoria Woodards
Board Chair

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New Business continued

Investment Advisory Committee Candidate Review

Candidates:

Geoffrey Curran

Geoffrey attended the meeting in person and addressed the Board with his thoughts on the Wilshire Asset Allocation analysis and provided his recommendations. He expressed his desire to help the community through volunteer efforts, emphasizing the importance of continuing education.

Jim Seow

The candidate provided written comments that were provided to the Board. Tim Allen summarized the comments of the candidate.

Arindam Tripathy

He indicated that he would attend the meeting but did not email and did not show up.

Michael Thomas

Provided written comments that were distributed to the Board. Tim Allen summarized the comments of the candidate.

IAC Nominations

Sam Bencoter nominated Michael Thomas for the Investment Advisory Committee position. Motion by Sam Bencoter, seconded by Kim Moore and approved by the Board.

Sam Bencoter nominated Geoffrey Curran for the Investment Advisory Committee position. Motion by Matt Hedges, seconded by Tadd Wille and approved by the Board.

Lunch – The Board took a lunch break at 11:40 a.m. and reconvened at noon.

Wilshire Quarterly Investment Report

The Retirement Board and Investment Advisory Committee received the Executive Summary – 3rd Quarter 2018 from Wilshire Associates in hard copy.

Felicia Bennett provided a market overview and reported the Tacoma Employees' Retirement System's rates of return as follows: 2.82% for the Third Quarter, 6.60% for the one-year period, 9.46% for the three-year period, 7.74% for the five-year period, and 8.04% for the ten-year period ended September 30, 2018.