

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

1:00 p.m., Thursday, January 10, 2019
Tacoma Public Utilities
Administration Building North
Conference Room G1
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, January 10, 2019.

Roll Call

Members Present: Sam Bencoter, Justin Angove, Gordon Cavanaugh, Matthew Hedges, Kim Moore, Wayne Reed, Jim Sant, and Tadd Wille

Members Absent: Mayor Victoria Woodards and Andy Cherullo

Others Present: Tim Allen, Retirement Director
Kathleen Mason, Recording Secretary
Catherine Marx, Assistant Retirement Director
Martha Lantz, Deputy City Attorney
Charles Lee, Legal counsel for TERS

Citizen Comments

None.

Consent Agenda

Upon motion by Jim Sant, seconded by Gordon Cavanaugh, the Retirement Board moved to adopt the Consent Agenda and approved the drafted minutes of the November 8, 2018 Retirement Board meeting.

Introduction of Interim Board member, Justin Angove – Employee Representative. Justin was selected by the Board committee as the Interim Board member following prior Board member John O'Loughlin's retirement in January.

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Consent Agenda continued

Introduction of Charles Lee, legal counsel for TERS. He will replace longtime legal counsel Martha Lantz who will transition her responsibilities over the coming months.

Old Business

Investment Update

Tim reviewed his 2018 in-person or conference call meetings with TERS' current investment managers to review performance and discuss any organizational updates. These due diligence meetings will continue in 2019, with four webcasts already scheduled for January.

Tim provided a template for daily reconciliation of the investments, showing the Board the various inputs that go into projecting the current market value of the portfolio. He also reviewed the allocation made to Minimum Volatility public equity and indicated that the mandate had in fact acted as expected during the recent equity pullback.

Tim then reviewed the most recent asset allocation reports for the Seattle and Spokane Retirement Systems, and the Washington State Investment Board in preparation for the asset allocation review that will occur at the next TERS Board meeting. In response to a Board member question he will determine what constitutes the Opportunistic Credit allocation made by the Spokane system.

He also presented the recently released Volcker Alliance Budget Report Card for the State of Washington.

Tim reported that he will visit Seattle City Employee Retirement System's office to discuss the implementation of their new pension administration system.

New Business

Vice Chair and 2nd Vice Chair

The one-year terms for the Vice Chair and Second Vice Chair are set to expire later in 2019.

Current Vice Chair Sam Bencoter was nominated by Kim Moore to serve an additional term; the nomination was seconded by Jim Sant and approved by all present.

The Second Vice Chair position is currently vacant due to the retirement of John O'Loughlin. After substantive discussion among the Board regarding the best candidate, Andy Cherullo was nominated by Tadd Wille with numerous Board members providing the second; the motion was approved by all present.

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New Business continued

Disability Committee Member

There are currently two positions open on the Disability Committee. Per the Bylaws the Disability Committee is comprised of:

3 Board representatives
1 Board member appointed by the Mayor
1 Alternate from the Board
The Human Resources Director

Kim Moore was nominated by Tadd Wille to fill the Board representative vacancy that arose when John O'Loughlin retired; this motion was seconded by Matt Hedges and approved by all present.

Board members were then asked to contact the Retirement Director should they wish to be on the committee as an appointee of the Mayor.

RFP Process for Actuarial Audit

The RFP process for selecting a firm to conduct an actuarial audit of TERS' current actuary consultant has historically been delegated to the TERS staff.

Upon motion by Jim Sant, seconded by Gordon Cavanaugh, the Board authorized the TERS staff to conduct an RFP for an actuarial audit not to exceed \$100K and to be completed prior to the end of 2019.

Actuarial Audit Policy

The Actuarial Audit Policy was reviewed with the Board, including a proposed change to the recommended frequency for an actuarial audit from every ten years to every five years.

Upon motion by Kim Moore, seconded by Gordon Cavanaugh, the Board adopted the amended policy.

NASRA – Public Fund Survey

Tim provided the most recent Public Fund Survey from the National Association of State Retirement Administrators and highlighted key trends in reported results.

Retirement Director's Report

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

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Good of the Order

Retirement Transactions Report – November 2018 and December 2018

The Retirement Transactions Reports – November 2018 and December 2018 were provided to the Board.

Additional Topics


Executive Committee member Tadd Wille provided a status update on the results of the recent Board survey and the goal setting exercise for the Retirement Director. A more formal discussion of this topic will be held at an upcoming meeting.

Adjourn

Sam Bencoter adjourned the meeting at 2:53 p.m.



Kathleen Mason
Recording Secretary



Mayor Victoria Woodards
Board Chair