

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

10:00 a.m., Thursday, August 10, 2023  
Tacoma Public Utilities  
Administration Building North  
Conference Room LT1  
3628 S. 35<sup>th</sup> Street  
Tacoma, Washington 98409

**Minutes**

**Call to Order**

Sam Bencoter, Vice Chair, called the meeting to order on Thursday, August 10, 2023.

**Roll Call**

Recording Secretary Melanie Panui called the roll.

Members Present: Justin Angove, Sam Bencoter, Gordon Cavanaugh, Andy Cherullo  
Michael Hall, Katie Johnston, Tammy Liddle Lobban, Kim Moore,  
and Tosha Siebert

Members Absent: Mayor Victoria Woodards

Investment Advisory Committee Present: Dr. Kevin Boeh, Dr. Alva Butcher, Geoffrey Curran,  
and Michael Thomas

Others Present: Tim Allen, Retirement Director  
Catherine Marx, Asst. Retirement Director  
Tim Atwill, Chief Investment Officer  
Melanie Panui, Recording Secretary  
Charles Lee, Deputy City Attorney

Presenters: Felicia Bennett, Wilshire  
Brian Bubrick, Wilshire  
Ali Kazemi, Wilshire  
Chris Ruiz, WA State Auditor's Office  
Melissa Lee, WA State Auditor's Office

**Resident Comments**

Will be accepted in written form at [TERSretirement@cityoftacoma.org](mailto:TERSretirement@cityoftacoma.org) and will receive written acknowledgement upon receipt. There were none received.

## **Consent Agenda**

**Motion:** Upon motion by Andy Cherullo seconded by Justin Angove, the Board of Administration accepted and approved the Administrative Consent Agenda to include the drafted minutes of the June 8, 2023, Retirement Board meeting.

## **Old Business**

### **Investment Update**

Chief Investment Officer Tim Atwill discussed the role high yield plays in the investment portfolio and reviewed long-term performance results. TERS staff will evaluate different high yield implementation options and will bring the results of that analysis before the Board at a future meeting.

### **Change the Order of Business**

The Retirement Director asked to adjust the agenda to move New Business – Exit Interview – State Auditor in front of Old Business – Investment Update (Asset Liability Implementation)

## **New Business**

### **Exit Interview – State Auditor**

Retirement Director Tim Allen introduced Chris Ruiz and Melissa Lee of the Office of the Washington State Auditor who presented the Exit Conference for the 2022 Tacoma Employees' Retirement System's financial audit. The Office of the Washington State Auditor's (OWSA) Financial Statements Audit Report, No. 1032870, was distributed to the Board in the Board packet; it will also be available on the OWSA 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 2022. There were no uncorrected misstatements and no material misstatements in the audited financial statements or schedules. The next annual financial statement audit for TERS is scheduled to begin in April 2024, although an audit of GASB 68 disclosures will occur later in 2023.

## **Old Business**

### **Investment Update- Continued**

Chief Investment Officer Tim Atwill then continued his investment report and walked through the various actions taken to date to move the portfolio closer to the strategic asset allocation targets determined by the Board in the recent Asset Liability study. He then reported that TERS' overlay program was working as anticipated and helped facilitate the rebalancing transaction flows.

## **Old Business - Continued**

### **Investment Policy Statement - Update**

Chief Investment Officer Tim Atwill provided an updated version of TERS' Investment Policy Statement (IPS). The revisions largely centered on the new asset allocation targets established by the Asset Liability study, and also noted the inclusion of TERS' overlay program.

**Motion:** Upon motion by Justin Angove seconded by Andy Cherullo, the Board of Administration adopted the Investment Policy Statement, as amended.

## **New Business - Continued**

### **Wilshire – Quarterly Investment Report**

The Retirement Board and Investment Advisory Committee received the Executive Summary – 2<sup>nd</sup> Quarter 2023 from Wilshire Advisors in electronic format.

Wilshire's Felicia Bennett provided an overview of economic and market conditions, setting the context for recent results. Brian Bubrick then provided the Total Fund Overview and reported the Tacoma Employees' Retirement System's rates of return as follows: 1.80% for the Second Quarter, 4.62% for the one-year period, 8.29% for the three-year period, 6.08% for the five-year period, and 7.08% for the ten-year period ended June 30, 2023.

Brian noted that TERS' private equity composite significantly lagged the custom benchmark for the quarter and one-year period due largely to the public market nature of the benchmark; this reversed several quarters of more favorable comparisons due in part to the difference in public equity/private equity valuations. TERS' strategic tilts towards small cap and value in the public equity mandates and the allocation to Minimum Volatility public equity were also headwinds in the quarter. Wilshire's Ali Kazemi then reviewed the performance of a few specific TERS investment managers.

The Executive Summary of Performance for the period ending June 30, 2023, serves as an addendum to the minutes.

### **Budget Update**

Assistant Retirement Director Catherine Marx gave the Board an update on TERS' budget projections versus actual results through June 2023. Investment earnings were running ahead of budgeted results, more than offsetting lower than forecasted employer and employee contributions.

## **New Business - Continued**

### **Investment Advisory Committee - Introductions**

Retirement Director Tim Allen introduced Investment Advisory Committee members Dr. Kevin Boeh, Dr. Alva Butcher, Geoffrey Curran, and Michael Thomas. Each then gave the Board a brief summary of their historical involvement with TERS.

### **Retirement Director's Report**

Retirement Director Tim Allen reported that TERS' fair value funded ratio had climbed back to around 95% at the end of July. He then discussed the Retirement Department's participation in several citywide initiatives. In addition, he made the formal announcement of Chief Investment Officer Tim Atwill's promotion.

Finally, he reviewed TERS' methodology for calculating the average final compensation for retirees who are impacted by IRS 401(a)(17) limits, noting that this approach aligns with the method used by the pension systems of Washington State and Seattle.

### **Good of the Order**

### **Retirement Transactions Report – June and July 2023**

The Retirement Transactions Report for June and July 2023 was provided electronically to the Board in the Board Packet.

### **TERS Quarterly Update to the City Council**

The Mayor's quarterly report to the City Council as of June 2023 was presented to the Board.

### **Additional Topics**

Second Vice Chair Andy Cherullo solicited interest for the open spot on the Executive Committee, a position that is ultimately selected by the Board Chair.

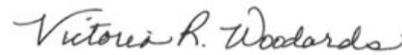
### **Adjourn**

Vice Chair Sam Bencoter adjourned meeting at 12:19 p.m.



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Melanie Panui  
Recording Secretary



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Mayor Victoria Woodards  
Board Chair