

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

10:00 a.m., Thursday, August 11, 2022  
The meeting was held online, with dial-in available for the public

**Minutes**

**Call to Order**

Sam Bencoter, Vice Chair, called the meeting to order on Thursday, August 11, 2022.

**Roll Call**

Members Present: Sam Bencoter, Gordon Cavanaugh, Andy Cherullo,  
Kim Moore, Wayne Reed and Jonathan Schlaudraff.

Members Absent: Katie Johnston, Mayor Victoria Woodards

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

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

Presenters/Other Guests: Felicia Bennett, Wilshire  
Brian Bubrick, Wilshire  
Ali Kazemi, Wilshire  
Michael Hall

**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 Jim Sant, the Board of Administration accepted and approved the Administrative Consent Agenda to include the drafted minutes of the July 14, 2022 Retirement Board meeting, as amended.

## **New Business**

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

The Retirement Board and Investment Advisory Committee received the Executive Summary – 2nd Quarter 2022 from Wilshire Advisors in electronic format.

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: -6.44% for the First Quarter, -2.42% for the one-year period, 6.24% for the three-year period, 6.54% for the five-year period, and 7.96% for the ten-year period ended June 30, 2022.

It was noted that TERS' performance in Q2 2022 was in the 12<sup>th</sup> percentile of returns for public plan with assets of greater than \$1 billion and TERS' 1-year performance was in the 8<sup>th</sup> percentile versus this universe. In addition, TERS was ranked at or just outside top quartile versus peers in this Universe over one-, three-, five- and ten-year periods in terms of both volatility and Sharpe ratio measures. Brian noted that the elevated cash level in the report was due to a pending trade settlement. Ali Kazemi presented further details of individual asset manager performance returns and attribution.

Investment Advisory Committee member Michael Thomas commended the Board for their discipline in maintaining the allocation to minimum volatility public equity, despite lagging capitalization weighted public equity investments during the bull market of 2020 and 2021.

The Executive Summary of Performance for the period ending June 30, 2022, serves as an addendum to the minutes.

### **Overlay Management Proposal**

Deputy Chief Investment Officer Tim Atwill walked the Board through the rationale for a cash overlay program for the investment portfolio, citing the cash drag on returns and the administrative burden of managing day-to-day cashflows. He discussed the economics of overlay and proposed a timeline for TERS implementing an overlay program.

**Motion:** Upon motion by Andy Cherullo, seconded by Jim Sant, the Board of Administration instructed TERS staff to initiate a search for a futures overlay manager to run a cash equitization and currency hedging program.

## **New Business - Continued**

### **Private Real Assets Opportunity**

Deputy Chief Investment Officer Tim Atwill reviewed the steps Wilshire and TERS staff have gone through to identify a prospective private real assets investment opportunity, the American Rivers Fund. This would be the final step in moving TERS to the 5% strategic private real assets target established in the prior asset allocation review.

**Motion:** Upon motion by Andy Cherullo, seconded by Kim Moore, the Board of Administration authorized a \$50 million commitment to the American Rivers Fund, LLC, subject to successful legal negotiations.

### **Resident Board Member Candidate Interview**

The TERS Board held an online interview with candidate Michael Hall for the Resident Board Member position. Following the interview, the TERS Board discussed the merits of the candidate. The candidate's actuarial background and experience with public pensions were cited as particularly noteworthy.

**Motion:** Upon motion by Kim Moore, seconded by Jonathan Schlaudraff, the Board of Administration appointed candidate Michael Hall as the Resident Member for a three-year term of office with the TERS Board of Administration.

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

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


### **Good of the Order**


#### **Retirement Transactions Report – July 2022**

The Retirement Transactions Report for July 2022 was provided electronically to the Board in the Board Packet.

### **Adjourn**

Sam Benscoter, Vice Chair adjourned the meeting.

  
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Melanie Panui  
Recording Secretary

  
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Mayor Victoria Woodards  
Board Chair