

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

1:00 p.m., Thursday, October 10th, 2024
Tacoma Public Utilities
Administration Building North
Conference Room LT1
3628 S. 35th Street
Tacoma, Washington 98409

Minutes

Call to Order

Justin Angove, Second Vice Chair, called the meeting to order at 1:00 p.m. on Thursday, October 10th, 2024.

Roll Call

Members Present: Mayor Victoria Woodards
Justin Angove
Andy Cherullo
Katie Johnston
Michael Hall
Gordon Cavanaugh
Kim Moore
Michael Sterling
Tammy Liddle Lobban

Members Absent: Tosha Siebert

Presenters: Julie Smith, Milliman
Daniel Wade, Milliman
Claire Armstrong-Hann, Milliman

Others Present: Catherine Marx, Retirement Director
Samuel Benscoter, Assistant Retirement Director
Tim Atwill, Chief Investment Officer
Adora Peters, Recording Secretary
Debra Casparian, Deputy City Attorney

Community Comments

Will be accepted in written form at TERSretirement@cityoftacoma.org and will receive written acknowledgment upon receipt. There were none received.

Consent Agenda

Motion: Upon motion by Michael Hall and seconded by Gordon Cavanaugh, the Board of Administration accepted and approved the Administrative Consent Agenda to include the drafted minutes of the August 8th, 2024, Retirement Board meeting.

Old Business

Investment Update-

Chief Investment Officer Tim Atwill presented investment updates to the Board. Additionally, the Board was provided electronically with Wilshire's 2024 Report on City and County Retirement Systems. The report compared and highlighted that while many other plans have seen a decline in funding, TERS has remained stable over the past two years.

Investment Advisory Committee Policy-

Chief Investment Officer Tim Atwill presented the draft Investment Advisory Committee Policy. He reminded the Board that this policy is a guide for appointing individuals to the Investment Advisory Committee and generally describes the Committee's duties. He reviewed the recommended changes and answered all questions that arose during the discussion.

Motion: Upon motion by Gordon Cavanaugh, and seconded by Michael Hall, the Board of Administration accepted and approved the draft Investment Advisory Committee Policy.

New Business

Pantheon Global Infrastructure Fund V-

Chief Investment Officer Tim Atwill presented information on the new Pantheon Fund, highlighting its alignment with existing PGIF investments (TERS invested in Funds II, III, and IV), and the need to maintain current exposure. CIO, Tim Atwill emphasized the strong performance of the existing funds, positioning them as core investments, and noted that PGIF IV and the new PGIF V are highly comparable, with the latter targeting a larger fund size, which is typical in the industry. He also reviewed the IAC Traffic Light document, which indicates the IAC's support, and addressed questions regarding potential risks, explaining that fund expansion is common in later vintages. There was further discussion on the potential maximum fund fee, noting that current levels are modest.

Addendum: Additional materials, including the IAC Traffic Light Report and a proposed motion slide, were not included in the initial Board Packet but have been provided to the Board electronically and in person.

Motion: Upon motion by Kim Moore and seconded by Gordon Cavanaugh, the Board of Administration accepted and authorized staff to hire and invest up to \$60 million in Pantheon's Global Infrastructure Fund V.

Budget Update and Proposal–

Assistant Retirement Director, Sam Bencoter presented the 2025- 2026 proposed Biennial Budget for TERS to the Board. He provided an overview noting that TERS operates under a 2-year budget cycle and the bulk of the expenditures are legally obligated. Additionally, the system is 100% funded from TERS assets; any budget overage/underage stays within TERS and does not directly impact the City's budget.

Motion: Upon motion by Kim Moore and seconded by Katie Johnston, the Board of Administration accepted and approved the recommended 2025-2026 TERS budget.

Milliman – Experience Study Presentation

Milliman's Daniel Wade introduced his colleagues Julie Smith and Claire Armstrong-Hann, who all presented portions of the TERS 2020-2023 Experience Study to the Board. They emphasized the importance of periodically reevaluating the Plan's demographic, retired mortality, and economic assumptions. This is accomplished every four years using an in-depth experience study.

Based on their work, Milliman made the following recommendations:

- Minor changes to the retirement, termination, disability, and portability assumptions based on recent experience.
- Updating the projection scale to the MP-2021 Ultimate Projection Scale.
- Maintain the current economic assumptions.
- Modification to the asset smoothing method.
- Decreasing the amortization period from 25 to 20 years for the Actuarial Determined Total Contribution Rate.
- Assuming the default sex (if unavailable on data) of female.
- Assuming survivors are two years older than female members (up from the current assumption of one year older).

After substantive discussion and debate, the Board elected to table the decision relating to annuity factors update until a discussion with Joint Labor has occurred and will address it at a future meeting. All questions that arose during the discussion were answered and addressed by Milliman.

Motion: Upon motion by Kim Moore and seconded by Michael Hall, the Board of Administration approved the adoption of Milliman's recommendation to update assumptions and methodologies based on the 2020-2023 Experience Study, excluding the annuity factor update which has been tabled until a discussion with Joint Labor can occur.

Retirement Director's Report

Retirement Director Catherine Marx presented the Retirement Director's Report to the Board. The Retirement Director's report serves as an addendum to the minutes.

Good of the Order

Retirement Transactions Reports – August and September 2024

The Retirement Transactions Reports for August and September 2024 were provided electronically to the Board in the Board Packet.

Training and Education Opportunities-

A list of upcoming training and education opportunities was provided electronically to the Board in the Board Packet. Alternate Board Member, Tammy Liddle Lobban expressed interest in attending the 2025 National Conference on Public Employee Retirement Systems being held in Denver, Colorado May 18-21st, 2025. Due to time restrictions, the agenda item was not discussed, and no motion was made. This item is scheduled to be addressed at the next meeting.

Dashboard- June 2024

Assistant Retirement Director, Sam Bencoter presented the semi-annual Dashboard report which contains several summary metrics for TERS as of June 2024.

Milliman Actuarial Calendar 2025

Retirement Director, Catherine Marx discussed Milliman's proposed schedule of actuarial tasks to be performed on behalf of TERS in 2025.

Additional Topics

There were no Additional Topics.

Adjourn

Justin Angove, Second Vice Chair, adjourned the meeting at 3:35 p.m.

Adora Peters

Adora Peters
Recording Secretary

Victoria R. Woodards

Mayor Victoria Woodards
Board Chair