

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

10:00 a.m., Thursday, August 8th, 2024
Tacoma Public Utilities
Administration Building North
Conference Room LT1
3628 S. 35th Street
Tacoma, Washington 98409

Minutes

Call to Order

Andy Cherullo, Second Vice Chair, called the meeting to order at 10:02 a.m. on Thursday, August 8th, 2024.

Roll Call

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

Members Absent: Mayor Victoria Woodards

Investment Advisory Committee Present: Michael Thomas, Dr. Kevin Boeh
Geoffrey Curran & Randall Hegarty

Presenters: Felicia Bennett, Wilshire
Brian Bubrick, Wilshire
Ali Kazemi, Wilshire
Dalia Polishuk, Wilshire

Others Present: Catherine Marx, Retirement Director
Samuel Bencoter, Assistant Retirement Director
Tim Atwill, Chief Investment Officer
Adora Peters, Recording Secretary
Debra Casparian, 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 Gordon Cavanaugh and seconded by Justin Angove, the Board of Administration accepted and approved the Administrative Consent Agenda to include the drafted minutes of the July 11th, 2024, Retirement Board meeting.

Old Business

Investment Advisory Committee Comments-

Investment Advisory Committee member Michael Thomas reviewed the data chart of current market results, suggesting that these might be “the good ol’ days.” He made compelling statements about the potential increases and decreases we may observe, emphasizing that not everything is predictable, especially given the existing uncertainties.

Investment Update-

Chief Investment Officer Tim Atwill presented updates on contracting. Insight (who was approved by the Board in November) was hired after a negotiated contract was signed. Contracts with two direct lending managers (Comvest and Angelo Gordon) have also been completed. In addition, our holdings in Invesco were successfully transferred to IDR, which means as of July 1, Invesco is no longer a manager for TERS.

New Emerging Market Debt Manager-

Chief Investment Officer Tim Atwill discussed the rationale for hiring a second Emerging Market Debt (EMD) manager. The proposed manager (Marathon) is closer to a passive solution and allows a “holding tank” for assets if TERS were to lose confidence in its existing EMD manager. Investment Advisory Committee member Randall Hegarty then presented the IAC dashboard which summarized their general approval of the proposal. All questions and concerns that emerged during the discussion were addressed.

Motion: Upon motion by Justin Angove and seconded by Kim Moore, the Board of Administration accepted and approved the staff’s recommendation to hire Marathon Asset Management to manage an enhanced index exposure in emerging markets debt for TERS.

Long Government Manager Change-

Chief Investment Officer Tim Atwill presented a proposal to move TERS’ Long Government Bond mandate from BlackRock to Parametric (both are existing managers). Benefits from doing so included a reduction in manager concentration at BlackRock, a slightly lower fee, and increased capital efficiency in our overlay assignment with Parametric. Investment Advisory Committee member Randall Hegarty then presented the IAC dashboard which summarized their general approval of the proposal.

Motion: Upon motion by Michael Sterling and seconded by Justin Angove, the Board of Administration accepted and approved staff to hire Parametric to manage a passive Long Government exposure for TERS.

New Business

Wilshire – Investment Structure Overview–

Wilshire’s Felicia Bennett presented on investment structure and the differences between active and passive management. She provided examples of optimizing an asset class and reviewed the next steps for applying this process to TERS’ global equity allocation, including potential outcomes for the Board.

Wilshire – Quarterly Investment Report–

The Retirement Board and Investment Advisory Committee received the Executive Summary – 2nd Quarter 2024 from Wilshire Advisors in electronic format.

Wilshire Advisors presented The Tacoma Employees’ Retirement System Quarterly Investment Summary for June 30, 2024, highlighting key market trends and performance. Felicia Bennett from Wilshire presented the market commentary, economic/ market activity, and trends. She also reviewed how this information relates to TERS investment beliefs. Brian Bublrick from Wilshire then presented the quarterly asset allocation information. Additionally, Ali Kazemi from Wilshire presented the sponsor peer group analysis.

The Executive Summary of Performance for the period ending June 30, 2024, serves as an addendum to the minutes.

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 Report – July 2024

The Retirement Transactions Report for July 2024 was provided electronically to the Board in the Board Packet.

Terms of Office-

An updated Terms of Office was distributed to the Board.

Mayor's Letter to the City Council-

The Mayor's quarterly report to the City Council as of June 2024 was presented to the Board.

Summary Annual Financial Report-

The Summary Annual Financial Report (SAFR) was presented and provided electronically to the Board in the Board Packet.

Asset Class Primer: Bonds and Bond Indexes-

Chief Investment Officer Tim Atwill provided education and information about various bond subclasses such as core, high yield, bank loans, and emerging markets debt, allowing for questions and discussion. All questions that arose during the discussion were addressed.

Added Comments- Board Member Michael Hall attended the 2024 National Association of State Retirement Administrators conference and briefly summarized his experience.

Adjourn

Andy Cherullo, Second Vice Chair, adjourned the meeting at 12:11 p.m.

Adora Peters

Adora Peters
Recording Secretary

Victoria R. Woodards

Mayor Victoria Woodards
Board Chair