

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

10:00 a.m., Thursday, November 18, 2021  
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, November 18, 2021.

**Roll Call**

Members Present: Sam Bencoter, Andy Cherullo, Anita Gallagher,  
Wayne Reed, Jim Sant, and Jonathan Schlaudraff

Members Absent: Gordon Cavanaugh, Matthew Hedges, Kim Moore, and Mayor  
Victoria Woodards

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

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

Presenters: Felicia Bennett, Wilshire  
Ali Kazemi, Wilshire

**Citizen 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 October 14, 2021, Retirement Board meeting.

## **Change the Order of Business**

The Chair adjusted the agenda to move Old Business – Budget Update to follow New Business – 2021 Milliman Public Pension Funding Study.

## **New Business**

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

The Retirement Board and Investment Advisory Committee received the Executive Summary – 3rd Quarter 2021 from Wilshire Associates in electronic format.

Felicia Bennett provided an overview of economic and market conditions, setting the context for recent results. She then provided the Total Fund Overview and reported the Tacoma Employees' Retirement System's rates of return as follows: 1.99% for the Third Quarter, 22.99% for the one-year period, 9.27% for the three-year period, 8.96% for the five-year period, and 9.74% for the ten-year period all ended September 30, 2021. Ali Kazemi presented further details of individual asset manager performance returns and attribution.

The Executive Summary of Performance for the period ending September 30, 2021 serves as an addendum to the minutes.

### **Introduction to Overlay Management**

Deputy Chief Investment Officer Tim Atwill presented an overview on overlay management and explained to the Board how an overlay program could be beneficial for TERS' investment portfolio by using derivatives to minimize cash drag and maintain asset class allocations closer to their strategic targets. This was only informational and no overlay related search activity was requested.

### **TERS Investment Policy Statement**

Deputy Chief Investment Officer Tim Atwill then walked through an update to the Board's Investment Policy Statement. Besides minor formatting revisions, the new Policy specifically allows the Board to become involved in proxy voting in TERS' commingled investments where possible. In addition, the new Policy designates public equity as the offset if the Plan's private equity holdings rise above their strategic midpoint target. Finally, the new Investment Policy Statement adds a section governing the use of derivatives by an overlay manager, should any such manager be hired by the Plan in the future.

**Motion:** Upon motion by Andy Cherullo, seconded by Jim Sant, the Board of Administration approved the TERS Investment Policy Statement.

## **TERS Turbulent Markets Policy**

Retirement Director Tim Allen provided an update to the TERS Board's Turbulent Markets Policy, noting that this proved extremely useful in the period of extreme market volatility in 2020.

**Motion:** Upon motion by Andy Cherullo, seconded by Jim Sant, the Board of Administration approved the TERS Turbulent Markets Policy.

## **2021 Milliman Public Pension Funding Study**

Retirement Director Tim Allen walked the Board through Milliman's Annual Public Pension Funding Study which provides peer-relative context for TERS.

## **Old Business**

### **Budget Update**

Assistant Retirement Director Cathy Marx provided a budget update for TERS through Q3 2021. Notable highlights were that projected revenues have been significantly above projections (due to rising equity markets); expenditures have come in 7% below original estimates primarily due to lower than expected pension payments.

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

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

### **Good of the Order**

#### **Retirement Transactions Report – October 2021**

The Retirement Transactions Report for October 2021 was provided electronically to the Board in the Board Packet.

#### **Terms of Office**

An update to the Terms of Office was presented to the Board.

#### **Mayor's Report to the City Council - November 2021**

The Mayor's quarterly report to the City Council as of November 2021 was presented to the Board.

**Additional Topics- None.**

**Adjourn**

Sam Benscoter, Vice Chair adjourned the meeting at 12:11 p.m.

*Melanie Panui*

---

Melanie Panui  
Recording Secretary

*Victoria R. Woodards*

---

Mayor Victoria Woodards  
Board Chair