

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

1:00 p.m., Thursday, July 14, 2022

The meeting was held online, with dial-in available for the public

**Minutes**

**Call to Order**

Mayor Victoria Woodard, Chair, called the meeting to order on Thursday, July 14, 2022.

**Roll Call**

Members Present: Sam Bencoter, Gordon Cavanaugh, Andy Cherullo,  
Katie Johnston, Kim Moore, Wayne Reed,  
Jonathan Schlaudraff and Mayor Victoria Woodards.

Members Absent: None.

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

Other Guests/Presenters: David Smolko, WA State Auditor  
Saundra Groshong, WA State Auditor

**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 Sam Bencoter, seconded by Andy Cherullo, the Board of Administration accepted and approved the Administrative Consent Agenda to include the drafted minutes of the June 9, 2022, Retirement Board meeting, as amended.

**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.

## **New Business**

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

Retirement Director Tim Allen introduced Sandra Groshong and David Smolko of the Office of the Washington State Auditor who presented the Exit Conference for the 2021 Tacoma Employees' Retirement System's financial audit. The Office of the Washington State Auditor's (OWSA) Financial Statements Audit Report, No. 1030863, 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 2021. 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 2023, although an audit of GASB 68 disclosures will occur later in 2022.

## **Old Business**

### **Investment Update**

Deputy Chief Investment Officer, Tim Atwill provided Wilshire's Daily Market Report as of June 30, 2022, and walked the Board through the challenging asset class returns for the first six months of 2022. He noted some of the defensive strategies in place in the portfolio, particularly TERS' allocation to Minimum Volatility ACWI public equities. Min Vol ACWI has lost significantly less than capitalization weighted ACWI: -9.27% versus -15.66% for Q2 2022 and -12.01% versus -20.18% year-to-date in 2022. He then walked the Board through the math of what subsequent positive investment returns would be needed to recover from drawdowns of various magnitudes.

### **TERS Turbulent Market Policy**

Retirement Director Tim Allen reviewed the recommended changes to the TERS Board's Turbulent Markets Policy. He also pointed out that while this year's selloff in the stock and bond markets was notable in size, the steps outlined in the Turbulent Markets Policy were not undertaken as the market declines were viewed as an ordinary/traditional correction.

**Motion:** Upon motion by Sam Bencoter, seconded by Jonathan Schlaudraff, the Board of Administration approved the Turbulent Markets Policy and Procedures, as amended.

### **TERS Investment Advisory Committee Policy**

There were no material changes to the Investment Advisory Committee (IAC) Policy, but Retirement Director Tim Allen announced he has increased the stipend amount paid quarterly to the IAC members. He noted that there have been no changes to the stipend for more than fifteen years and the IAC now spends significantly more time reviewing TERS' more complex investment strategies.

**Motion:** Upon motion by Jonathan Schlaudraff, seconded by Gordon Cavanaugh, the Board of Administration approved the TERS Investment Advisory Committee Policy, as amended.

## **New Business**

### **Core Real Estate Search - Update**

Deputy Chief Investment Officer Tim Atwill reviewed the search process undertaken by TERS staff and Wilshire to identify a private core real estate assignment to complement the Plan's existing real estate exposure with Invesco.

**Motion:** Upon motion by Sam Bencoter, seconded by Katie Johnston, the Board of Administration authorized TERS staff to commit one hundred million dollars to the Investors Diversified Realty (IDR) ODCE Index Fund.

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

The Retirement Director's report serves as an addendum to the minutes. The Resident Board member selected to serve at the prior meeting has withdrawn, and interviews for new candidates will be held online at the August 11<sup>th</sup> Board meeting.

### **Good of the Order**

#### **Retirement Transactions Report – June 2022**

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

#### **Additional Topics**


##### ***TERS Tidbits***


Retirement Director Tim Allen discussed adding small informative communications about the City's retirement program on the TERS SharePoint intranet site accessible by City employees.

#### **Adjourn**

**Motion:** Upon motion by Sam Bencoter, seconded by Katie Johnston, the Board of Administration voted to adjourn the board meeting.

Mayor Victoria Woodard, Chair adjourned the meeting at 2:02 p.m.

  
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Melanie Panui  
Recording Secretary

  
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Mayor Victoria Woodards  
Board Chair