

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

1:00 p.m., Thursday, September 10, 2020  
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, September 10, 2020.

**Roll Call**

Members Present: Sam Bencoter, Gordon Cavanaugh,  
Andy Cherullo, Matthew Hedges, Kim Moore, Jim Sant,  
Jonathan Schlaudraff, Wayne Reed, and Tadd Wille

Members Absent: Mayor Victoria Woodards

Investment Advisory  
Committee Present: Dr. Alva Butcher, and Michael Thomas

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

Presenters: Mark Olleman, Milliman Associate  
Daniel Wade, Milliman  
Julie Smith, Milliman  
Claire Armstrong-Hahn, Milliman

**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**

Upon motion by Jim Sant, seconded by Gordon Cavanaugh, the Board of Administration accepted and approved the Administrative Consent Agenda to include the drafted minutes of the August 13, 2020 Retirement Board meeting.

## **Change the Order of Business**

The Chair adjusted the agenda to move Old Business – Investment Update to the October 8, 2020 meeting.

## **New Business**

### **Milliman Experience Study – Milliman**

The Retirement Board and Investment Advisory Committee had previously received the “Investigation of Experience January 1, 2016 – December 31, 2019” and “Actuarial Terminology and Funding Principles 2016-2019 Experience Study” reports.

Milliman’s Mark Olleman, Daniel Wade, Julie Smith and Claire Armstrong-Hahn described 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 recommended minor adjustments to portability assumptions, slightly lower disability retirement assumptions, and minor increased assumptions of service terminations for both male and female members.

The latest mortality tables published in 2019 by the Society of Actuaries include tables based solely on public sector plan experience (PubG-2010). Milliman recommended that TERS adopt these new tables to project retire mortality in future studies.

Upon motion by Andy Cherullo, seconded by Jim Sant, the Board of Administration voted to adopt the recommended demographic assumption revisions and the new retired mortality tables.

Milliman representatives also presented the Board with two scenarios related to the Plan’s economic assumptions. Alternative One would reduce the assumption for inflation from the current 2.75% to 2.25% and the assumed rate of investment return from the current 7.00% to 6.50%. Alternative Two would reduce the assumption for inflation from the current 2.75% to 2.50% and the assumed rate of investment return from the current 7.00% to 6.75%.

## **New Business - Continued**

### **Milliman Experience Study – Milliman**

Retirement Director Tim Allen then laid out key future decision points that the Board will face based on their decision. The 2020 Annual Valuation report will be prepared based on information as of January 1, 2021 and will be presented to the Board on May 13, 2021. The Board will incorporate this data, along with the projected market value of assets at the time, to determine the future course of employee and employer contribution rates (which currently stand at 9.66% and 11.34% respectively).

After substantive discussion and debate, the Board elected to table the decision relating to assumed rate of return and inflation assumptions and will address these at a future meeting. Representatives of Wilshire will be invited to assist in this conversation.

### **Retirement Director’s Report**

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

Active Board Member Gordon Cavanaugh has been reelected and will serve another three-year term.

## **Good of the Order**

### **Retirement Transactions Report – August 2020**

The Retirement Transactions Report – August 2020 was provided electronically to the Board in the Board Packet.

**Additional Topics- None.**

## **Adjourn**

Sam Benscoter adjourned the meeting at 3:07 p.m.



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Melanie Panui  
Recording Secretary



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Mayor Victoria Woodards  
Board Chair