

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
June 27, 2018**

The regular monthly meeting was called to order at 1:31 p.m. in the 5th Floor Conference Room at City Hall.

Present: Mike Coster, Jim Tieken, Dean Kiefer, and Brian Brill

Absent: Mike Cavanaugh, Candace Mumm, and J.D. Morscheck

Staff: Phill Tencick, Christine Shisler, Donald Brown, and Tim Szambelan

Guests: Tammy Erickson and Ashlee Lent (Moss Adams), Joan Hamilton, Joe Cavanaugh, Natalie Hilderbrand, Dave Hanshaw, Bob Olsen, Lee Ann Reid, Richard Czernik, and John Bjork

Moss Adams – December 31, 2017 Audit Report

Moss Adams presented the 2017 SERS independent audit report. The auditors explained how they test critical areas such as the investment assets, investment income, contributions, benefit payments and participant data. Moss Adams issued an unqualified (clean) opinion. They had no negative comments or areas of concern in the management letter, which reflects the continuing diligence of staff.

Minutes of the May 30, 2018 Meeting

Jim Tieken moved and Dean Kiefer seconded the motion to approve the minutes of the May 30, 2018 meeting as presented. The motion passed unanimously.

Director's Report

Service Retirements

<i>Name</i>	<i>Age</i>	<i>Retirement Date</i>	<i>Years of Service</i>	<i>Option</i>
Margarethe C. Fulkerson	64	06/09/2018	9.1	E
Michael J. Look	62	07/03/2018	25.9	E
Timothy R. Dunivant	54	07/03/2018	16.8	E
Wendy L. Quinnan	62	07/07/2018	22.5	ST
Rashel R. Richard	61	08/04/2018	10.1	ST
Thomas E. Bell	62	09/05/2018	18.4	E

Dean Kiefer moved and Jim Tieken seconded the motion to approve the service retirements as presented on the June Retirement Transaction Report. The motion passed unanimously.

Withdrawals for June 2017

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Eric E. Walker	0.7	02/28/2017
Joan M. Hahn	3.1	11/29/2017
Garth S. Freeman	0.5	04/06/2018
Adrienne A. Pearson	2.4	04/13/2018
Matthew J. Cavanaugh	0.6	04/18/2018
Lance P. Strite	3.4	05/28/2018

Jim Tieken moved and Brian Brill seconded the motion to approve the requests for withdrawal as presented on the June Retirement Transaction Report. The motion passed unanimously.

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Myrna E. Davis	05/02/2003	78	05/20/2018	No Further Benefits
James L. Murray	10/03/2009	69	05/26/2018	E Option Continues
Lawrence V. Duffy	06/23/2006	74	06/09/2018	E Option Continues

Death information provided to the Board for review.

Expenditure Summary Report – May 2018

The Expenditure Summary Report was presented to the Board and discussed.

Jim Tieken moved and Dean Kiefer seconded the motion to approve the May 2018 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – May 2018

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on May 31, 2018 was \$305.9 million with an estimated rate of return of 1.5% for the month.

Monthly Cash Reconciliation

The monthly cash reconciliation report was presented to provide the Board with additional insight into the ongoing liquidity, transactions, and cash position of the plan.

Contribution Interest Rate

Mr. Tencick presented information on the US Treasury rates used to determine the Plan interest rate on member contributions. From July 1, 2017 to June 30, 2018, the average 5-year US Treasury Note rate, rounded to the nearest 25 basis points, was 2.25%. This rate will become effective July 1, 2018, and is an increase from the previous rate of 1.50%.

2019 Budget

The 2019 Budget was presented to the Board and discussed.

Dean Kiefer moved and Jim Tieken seconded the motion to adopt the 2019 Budget as presented. The motion passed unanimously.

Other Business

The July Board meeting will be held in the Tribal Conference Room in the Lobby of City Hall. If the Board is comfortable with the room, the future Board meetings will be scheduled there.

Mr. Tencick briefed the Board on an additional control process using the Spokane County and State of Washington Voter registrations to confirm death information on our pensioners.

Mr. Tencick briefed the Board on his due diligence visit to Castine Partners, OrbiMed, and two potential new managers that was conducted in June.

Brian Loescher from Hyas Group will present at the July Board meeting the recommendations for the Emerging Market Equity search and the Opportunistic Credit search.

Mr. Tencick also informed the Board that the Chief Compliance Officer with Sterling Capital Management LLC was replaced. This replacement in leadership was unexpected, but Hyas Group does believe there is a significant impact to investment process that would warrant placing them on watch status.

There being no other business, the meeting adjourned at 2:16 p.m.

/s/

Phillip Tencick, Retirement Director