

**Spokane Employees' Retirement System (SERS)  
Board Meeting Minutes  
December 4, 2019**

The regular monthly meeting was called to order at 12:02 p.m. in the Council Briefing Center at City Hall.

**Present:** Mike Cavanaugh, Jim Tieken, Candace Mumm, and Dean Kiefer

**Absent:** Mike Coster, Brian Brill, and J.D. Morscheck

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

**Guests:** Jayson Davidson, Brian Loescher, Joe Cavanaugh, Natalie Hilderbrand, Richard Czernik, Don Steuber, Chris Cavanaugh, and John Bjork

**Hyas Group, 2019 3<sup>rd</sup> Quarter Investment Performance Report**

Mr. Davidson presented the Third Quarter 2019 Performance Report. He discussed what continues to be an economy that is growing, albeit slowly, and the global market reaction to this slow growth environment. The following funds will remain on watch status for performance in violation of investment policy parameters: Hotchkis & Wiley High Yield Fund, Vanguard Mid Cap Growth, OrbiMed Partners, Hotchkis and Wiley Diversified Value, Sterling Mid Cap Value, and Frontier Phocas Small Cap Value. The Vanguard option is also on watch for qualitative reasons associated with some fundamental changes to the underlying manager structure; and the Post Limited Term High Yield will remain on watch for a key personnel departure. While the performance watch funds remained in violation, Mr. Davidson did note some relative strength for most managers as the Funds move into the Fourth Quarter of this year. Hyas Group is specifically looking at the prospect of presenting alternatives to the Vanguard Mid Growth Fund and the Orbimed Partners product. Both of these questions will be debated at the Hyas Group's next Investment Committee meeting before being presented to the Board at the 4<sup>th</sup> Quarter Investment Performance Report in February 2020. The Post product may also be considered for watch removal at that meeting.

Hyas Group informed the Board that Bridge City Capital Management accepted the edits to their proposed "most favored nations" clause. The new clause has been executed and establishes a maximum fee of 35bp with the potential for lower fees if any other clients overall fee is lower than SERS' fee.

Brian Loescher, Hyas Group's Chief Investment Officer, presented the Hyas Group prepared analysis for the most current Morrison Street real estate equity product. SERS has invested in Morrison Street's Fund IV, Fund V, MSDO and Hyas recommended a \$7 million commitment to the new Fund VI. Funding will be drawn down as it is called, and assets will be pulled from sources as part of standard rebalancing practices. Hyas Group will work with staff and outside counsel to complete the necessary agreement paperwork.

Dean Kiefer moved and Mike Cavanaugh seconded the motion to make a \$7M commitment to Morrison Street Fund VI. The motion passed unanimously.

Mr. Davidson shared information regarding an personnel turnover for the American Funds EuroPacific Growth Fund. Mark Denning was terminated from the firm after it was discovered that he held seven undisclosed securities in a personal account. Mr. Denning managed a small 7% sleeve of assets along with eight other managers with similar allocations. Given the multi-manager approach, Hyas does not think the Mr. Denning's departure is a high enough concern to issue a watch recommendation. No action was taken.

### **Minutes of the October 30, 2019 Meeting**

Candace Mumm moved and Mike Cavanaugh seconded the motion to approve the minutes of the October 30, 2019 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>
Kristen L. Rossey	51	12/01/2019	13.0	C-10
Ron F. Kendall	59	12/14/2019	29.0	E
Debra D. Robole	65	01/01/2020	8.1	E
David M. Allison	54	01/08/2020	30.8	E

Dean Kiefer moved and Candace Mumm seconded the motion to approve the service retirements as presented on the November Retirement Transaction Report. The motion passed unanimously.

#### **Withdrawals for November 2018**

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
David M. Charbonneau	6.7	04/15/2019
Caitlyn C. Salerno	0.6	09/19/2019
Miranda L. Andrews	0.2	10/01/2019
Karen K. Foster	0.4	10/15/2019

Mike Cavanaugh moved and Candace Mumm seconded the motion to approve the requests for withdrawal as presented on the November Retirement Transaction Report. The motion passed unanimously.

#### **Vesting**

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Heather L. Trautman	Neighborhood Services	23.2

### Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Mike G. Sherick	01/14/1998	80	10/01/2019	No Further Benefits
C. Dean Haugen	10/04/1994	79	10/23/2019	No Further Benefits
Ronald E. Triplett	10/02/2015	67	10/26/2019	No Further Benefits
Beverly J. Lyson	02/03/1995	83	11/02/2019	No Further Benefits
Harold "Herb" Herbig	06/05/1999	88	11/19/2019	E Option Continues
Pamela K. Braun	03/17/1993	68	11/21/2019	No Further Benefits

Vesting and Death information provided to the Board for review.

### Expenditure Summary Report – October 2019

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

Dean Kiefer moved and Candace Mumm seconded the motion to approve the November 2019 Expenditure Summary Report. The motion passed unanimously.

### Schedule of Investments – October 2019

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on October 31, 2018 was \$307 million with an estimated rate of return of 1.4% 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.

### Other Business

Mr. Tencick discussed the transition plan with Mayor Elect Woodward.

### **Multiple Employer Plan Amendments**

Mr. Tencick led the group in a discussion of the changes. Discussion ensued and the motion was deferred until the changes discussed could be integrated.

### **Other Business**

Candace Mumm shared with the Board, with the new council members; she may no longer be serving on the SERS Board.

There being no other business, the meeting adjourned at 1:46 p.m.

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**Phillip Tencick, Retirement Director**