

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
March 18, 2015**

Bill Todd called the regular monthly meeting to order at 12:30 p.m. in the 5th Floor Conference Room at City Hall.

Present: Bill Todd, Mike Coster, Mike Cavanaugh, Jon Snyder, Jerry McFarlane, Dean Kiefer and Brian Brill

Staff: Tim Dunivant, Christine Shisler, Donald Brown and Tim Szambelan

Guests: Jayson Davidson, Joan Hamilton, Joe Cavanaugh, Dave Hanshaw, Bob Olsen, Jim Tieken, Natalie Hilderbrand, Richard Czernik, Heather Lowe and John Bjork

Jayson Davidson, Hyas Group, 2014 4th Quarter Investment Performance Report

Mr. Davidson presented the 4th Quarter 2014 Performance Report. The Fund's five-year return at December 31, 2014 was 9.06% with a three-year return of 11.84% and a return for 2014 of 5.34%. There was discussion about current and longer-term performance relative to policy benchmarks.

Hyas Group will maintain the watch status for performance in violation of policy criteria on the Champlain Small Cap Fund, Epoch International Small Cap Fund, Metropolitan West High Yield Fund, and Sterling Mid Cap Value Fund. The Post Limited-Term High Yield Fund, Principal Global Investors REIT Fund, PIMCO Global Advantage Bond Fund and PIMCO Commodities Plus Fund will also remain on watch for non-performance, qualitative reasons related to recent personnel changes. It was noted that the PIMCO Low Duration Bond Fund, which was previously on watch status, was removed from the SERS portfolio in December.

Mr. Davidson distributed a separate document that provided information related to the SERS portfolio performance versus the \$250 million to \$1 billion peer group universe within the Investor Force database. Going forward, Hyas will plan to include this data within the performance report.

Hyas Group will prepare manager search reports to evaluate alternatives in the high yield bond asset class and the international small-cap asset class. The reports will be presented at the next quarterly meeting.

It was announced that SERS has hired a new Retirement Director. Hyas Group will plan to include a discussion on conducting a new asset allocation study in their initial meetings with the new Director.

Minutes of the January 28, February 25, and March 4, 2015 Meetings

Mr. Bjork discovered an error on the January 28, 2015 minutes in which he was a guest and not listed.

Jon Snyder moved and Mike Cavanaugh seconded the motion to approve the minutes of the January 28, 2015 as amended, and the February 25, 2015 and the March 4, 2015 meetings as distributed. The motion passed unanimously.

Service Retirements

Name	Age	Retirement Date	Years of Service	Option
William G. Nesbitt	64	04/02/2015	21.3	E
Mallur R. I. Nandagopal	76	04/14/2015	35.0	E
Wendy S. Henneman	51	04/03/2015	24.3	ST
Betty M. Peters	66	04/11/2015	30.1	ST
Robert A. Glasser	62	05/02/2015	19.1	ST
Victor J. Nicholson	56	05/02/2015	28.4	ST

Mike Coster moved and Dean Kiefer seconded the motion to approve the service retirements as presented on the March Retirement Transaction Report. The motion passed unanimously.

Withdrawals for March 2013

Name	Termination Date
Alvin G. Cooper beneficiary of Duane A. Cooper	04/05/2013
Brett A. Faison	04/20/2013

Mike Cavanaugh moved and Jon Snyder seconded the motion to approve the requests for withdrawal as presented on the March Retirement Transaction Report. The motion passed unanimously.

Deaths

Name	Date of Death	Age	Information
Steven W. Gustafson	61	01/14/2015	E Option Continues
Dorothy L. McMullin	90	02/07/2015	No Further Benefits
Christine I. Martinelli	75	02/16/2015	No Further Benefits
Stephen J. Niemczyk	65	02/18/2015	E Option Continues

Death information was provided to the Board for review.

Director's Report

Schedule of Administrative Expenses – 2014

The 2014 Schedule of Administrative Expenses was presented to the Board and discussed.

Mike Cavanaugh moved and Jon Snyder seconded the motion to approve the 2014 Schedule of Administrative Expenses. The motion passed unanimously.

Expenditure Summary Reports – January 2015 and February 2015

The January 2015 and February 2015 Expenditure Summary Reports were presented to the Board and discussed.

Jerry McFarlane moved and Mike Coster seconded the motion to approve the January 2015 and the February 2015 Expenditure Summary Reports. The motion passed unanimously.

Schedule of Investments – January 2015 and February 2015

The monthly investment reports for January 2015 and February 2015 were presented to the Board for review. The market value (MV) of the SERS portfolio on January 31, 2015 was \$284.1 million. The market value (MV) of the SERS portfolio on February 28, 2015 was \$290.0 million.

Other Business

Retirement Director Update

Heather Lowe from the City’s Human Resources Department updated the Board on the status of the hiring process of Phillip Tencick as the Retirement Director. Ms. Lowe is expecting to present to Council for their approval with an expected start date for Mr. Tencick of April 27, 2015.

Upcoming Board Election

Bill Todd’s term on the Board runs through July 6, 2015 and he announced to the Board that he will not be running for the Board position and his intent to retire from the City. The Board discussed the procedure for replacing the Board Chair.

There being no other business, the meeting adjourned at 1:24 p.m.

/s/

Timothy Dunivant, Interim Retirement Director