

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
December 2, 2015

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

Present: Mike Coster, Mike Cavanaugh, Jim Tieken, Dean Kiefer, and Jerry McFarlane

Absent: Brian Brill and Jon Snyder

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

Guests: Jayson Davidson, Brian Loescher, Joe Cavanaugh, Joan Hamilton, Natalie Hilderbrand, and John Bjork

Hyas Group, 2015 3rd Quarter Investment Performance Report

Hyas Group reviewed with the Board the Third Quarter 2015 Performance Report and discussed overall portfolio and manager specific returns for the quarter. While recent performance for the Champlain Small Company and Sterling Mid Cap options has improved, Hyas Groups recommended the funds remain on watch for at least one additional quarter. The PIMCO Global Bond Fund is on watch for non-performance related reasons and no action was recommended or taken regarding this status. It should be noted that the Epoch Small Cap International Fund was removed from the portfolio and is thus no longer considered a watch status fund.

Mr. Davidson will forward an electronic version of the Goldman Sachs Money Market reform article for distribution to the Board.

The Board discussed the possibility of holding a retreat to assess the overall asset allocation study process and how to potentially model liability risk factors into the analysis. Hyas Group will plan to engage the asset allocation review project in early 2016 and will look to work with the Board and staff on the deliverables.

Principal REIT

The Principal REIT Fund was also on watch for non-performance reasons related to personnel departures in 2013. Hyas Group felt comfortable with the portfolio team in place and recommended removing the Fund from watch status.

Jim Tieken moved and Mike Cavanaugh seconded the motion to remove Principal REIT from watch status. The motion passed unanimously.

Investment Advisory Committee

The Board discussed the make-up and function of the Investment Advisory Committee, which is mandated by the RCW. Specifically, it was discussed whether this Committee

should be more active in review and evaluation of the SERS portfolio, investment analytics and investment products. Ultimately, no action was taken to revise the Investment Advisory Committee's current functions, which have the Committee meeting annually to be provide a broad review of the Board's actions and the portfolio for the prior year.

Investment Policy Statement

The Board engaged in its annual review of the Investment Policy. The draft change to add the Investment Advisory Committee under the “Roles and Responsibilities” was removed. Additionally, a more extensive review of the document will be required following the planned asset allocation study in 2016.

Dean Kiefer moved and Mike Cavanaugh seconded the motion to accept the Investment Policy Statement as amended. The motion passed unanimously.

Asset Allocation Study Project

Mr. Tencick recommended having a second Asset Allocation Study performed by Wilshire in parallel to the Asset Allocation Study that will be performed by Hyas. Discussion ensued and no action was taken.

Minutes of the October 28, 2015 Meeting

Jim Tieken moved and Jerry McFarlane seconded the motion to approve the minutes of the October 28, 2015 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>
Lester R. Lea	56	11/21/2015	14.2	ST
Nancy L. Goodspeed	66	12/03/2015	8.8	ST
Marie C. Wyatt	61	12/05/2015	11.0	ST
Johnna M. Boxley	67	01/21/2016	17.5	E
Catherine A. Caron	65	01/21/2016	8.2	ST

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

Withdrawals for December 2015

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Helen B. Gebeke	1.0	01/03/2015

Jerry McFarlane moved and Mike Cavanaugh seconded the motion to approve the requests for withdrawal as presented on the December Retirement Transaction Report. The motion passed unanimously.

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Roberta G. Moxley	IT	18.7

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Anthony I. Montgomery	11/02/1996	80	10/29/2015	E Option Continues
Mary F. Stabin	10/06/1990	90	11/13/2015	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – October 2015

The Expenditure Summary Report was presented to the Board and discussed noting that expenditures were forecast to be under budget without requiring an Emergency Budget Ordinance (EBO) as was previously expected.

Mike Cavanaugh moved and Jim Tieken seconded the motion to approve the October 2015 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – October 2015

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on October 31, 2015 was \$269 million with an estimated rate of return for September of 3.59%.

Other Business

Mr. Tencick informed the Board he will be sending them a survey regarding trustee education. The results of the survey will help in building a training schedule for the Board Members.

Other Business

Jerry McFarlane informed the Board his intent to step down, in January, from the Board.

There being no other business, the meeting adjourned at 2:02 p.m.

/s/

Phillip Tencick, Retirement Director