

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
February 24, 2016

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

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

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

Guests: Jayson Davidson, Richard Czernik, and John Bjork

Hyas Group, 2015 4th Quarter Investment Performance Report

Mr. Davidson presented the Fourth Quarter 2015 Performance Report and discussed overall portfolio and manager specific returns for the quarter. Additionally, he covered the volatile, short term 2016 year-to-date period. Hyas Group recommended that the Board maintain the watch status for the PIMCO Global Bond Fund, Sterling Mid Cap Fund and the Champlain Small Company Fund. However, it was noted that recent performance for the Champlain Small Company and Sterling Mid Cap options has improved markedly and the funds were no longer in technical violation of policy parameters. It was also noted that the PIMCO Global Bond Fund was originally placed on watch for non-performance related reasons, though recent performance warranted maintaining its watch status. There was discussion about relative performance weakness for the Hotchkis and Wiley Core Fund and whether the Fund should be placed on performance related watch. No action was recommended or taken with regard to the Hotchkis Fund.

Berens

Mr. Davidson discussed the recently announced personnel and leadership changes at Berens Capital Management and the implications for Berens Global Value Fund held in SERS. Hyas viewed the change in leadership, including the promotion of Frank Brochin, and the expected portfolio structural changes positively, it was recommended that the Board place the investment on watch.

Mike Cavanaugh moved and Dean Kiefer seconded the motion to put Berens Global Value on watch as recommended by Hyas Group. The motion passed unanimously.

Money Market Search

In light of the pending regulatory changes for money market funds, the Board discussed replacing the current money market option with one that invests solely in governmental securities. Mr. Davidson presented a money market search to replace the Fidelity Institutional Money Market fund and transition all assets. The four funds presented to the Board were Fidelity Retirement Government Money Market, BlackRock Federal Treasury Money Market, Vanguard Federal Money Market and Vanguard Treasury Money Market.

Staff recommended and Hyas concurred with selecting the Vanguard Treasury Money Market Fund.

Mike Cavanaugh moved and Jim Tieken seconded the motion to replace the Fidelity Institutional Money Market Fund with the Vanguard Treasury Money Market Fund. The motion passed unanimously. Hyas Group will work with the SERS staff and custodian to implement this change as soon as possible.

Minutes of the January 27, 2016 and February 8, 2016 Meetings

Jim Tieken moved and Mike Cavanaugh seconded the motion to approve the minutes of the January 27, 2016 and February 8, 2016 meetings as presented. The motion passed unanimously.

Mr. Bjork asked for more information about the Special Meeting and the data request from Senator Carlyle. Mr. Tencick explained that the request was for investment performance and SERS Plan expenses for the timeframe of 2003 thru 2015. Mr. Tencick and Jim Tieken provided some historical information about a previous Bill presented by Senator Carlyle and information on the Private Investment Exemption Bill currently being legislated in Olympia.

Breean Beggs left at 1:58 p.m.

Director's Report
Service Retirements

<i>Name</i>	<i>Age</i>	<i>Retirement Date</i>	<i>Years of Service</i>	<i>Option</i>
Thomas F. Leonard	70	02/03/2016	37.6	E
Steven R. Aschenbrenner	59	02/13/2016	38.1	D
Janice M. Doherty	66	03/19/2016	25.3	ST
Lloyd R. Brewer	66	04/01/2016	34.1	ST
Stacy L. Hawley	50	04/09/2016	23.8	ST
Jacqueline J. Quaschnick	61	04/15/2016	13.4	ST

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

Withdrawals for February 2016

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Kiersten M. Black	0.6	04/15/2013
Jennifer S. Perkins	4.7	10/08/2014
Frederic N. Brown	14.6	08/15/2015
Jack T. Busch	0.1	08/27/2015
Carl E. Jacobson	3.8	01/02/2016

Dean Kiefer moved and Mike Cavanaugh seconded the motion to approve the requests for withdrawal as presented on the February Retirement Transaction Report. The motion passed unanimously.

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Peter G. Borg	Solid Waste Management	13.02

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
James A. Simpson	10/16/1993	85	12/20/2015	E Option Continues
Edward T. Clegg	11/01/1997	86	12/29/2015	No Further Benefits
John T. King	12/18/2004	68	12/30/2015	E Option Continues
Wilfred D. Simpson II	07/10/2010	70	01/18/2016	D Option Continues
Stanley R. Burford	12/31/2004	69	01/24/2016	D Option Continues
Irving B. Reed	06/29/1996	86	01/28/2016	E Option Continues
Joseph Murphy	11/03/1987	90	02/03/2016	No Further Benefits
Nadine Holland	11/02/1999	91	02/13/2016	E Option Continues
James A. Simpson	10/16/1993	85	12/20/2015	E Option Continues

Vesting and death information provided to the Board for review.

Schedule of Administrative Expenses - 2015

The 2015 Schedule of Administrative Expenses was presented to the Board and discussed.

Mike Cavanaugh moved and Dean Kiefer seconded the motion to approve the 2015 Schedule of Administrative Expenses. The motion passed unanimously.

Expenditure Summary Report – January 2016

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

Mike Cavanaugh moved and Jim Tieken seconded the motion to approve the January 2016 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – January 2016

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on January 31, 2016 was \$273 million with an estimated rate of return of -4.31%.

Other Business

Mr. Tencick presented a Welcome Packet for the Board members. The Packet contains information including the history of the SERS Plan, the Investment Policy, the RCWs and SMCs that govern the plan and additional educational items. Printed copies and PDF copies were offered to all Board members.

A half-day retreat is planned for the SERS Board in April, with the date being confirmed via email in the next week.

Upcoming Board Election

Mike Coster's term on the Board runs through July 3, 2016. He announced his intention to run for re-election and Ms. Shisler reminded the Board that the City Clerks' office handles the election.

Other Business

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

/s/

Phillip Tencick, Retirement Director