

Spokane Employees' Retirement System (SERS)

Board Meeting, 1:30 p.m. April 27, 2016

City Hall – Conference Room 5A

AGENDA

1. Bill Dowd and Bill Reid, SageView Consulting – Actuarial Valuation Report
 - Information
2. Ad-hoc
 - Motion
3. Minutes of the March 30, 2016 Meeting
 - Motion
4. Minutes of the April 14, 2016 Special Meeting
 - Motion
5. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Deaths
 - Information
 - e. Expenditure Summary Report – March 2016
 - Motion
 - f. Schedule of Investments – March 2016
 - Information
 - g. Other Business
6. Notice of Election for SERS Employee Board Member – May 10, 2016
 - Information
7. Pension Payroll Process
 - Discussion
8. Other Business
9. Next Meeting - **Wednesday, May 25, 2016 at 12:30 p.m.**
Jayson Davidson will present the 1st quarter investment performance report

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
March 30, 2016**

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, Breean Beggs, Dean Kiefer, and Brian Brill

Absent: Mike Cavanaugh and Jim Tieken

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

Guests: Joe Cavanaugh, Joan Hamilton, Natalie Hilderbrandt, Bob Olsen, Richard Czernik, and John Bjork

Minutes of the February 24, 2016 Meetings

Dean Kiefer moved and Brian Brill seconded the motion to approve the minutes of the February 24, 2016 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>
Robert E. Wilson	64	03/07/2016	5.8	ST
Glenda M. Toptine	65	04/09/2016	37.3	C-5
Linda M. Mill	67	04/30/2016	25.0	ST
Ricardo L. Romero	60	05/01/2016	8.0	ST
Darlene Ahrendt	71	05/03/2016	26.5	ST
Ina (LouAnn) Liedkie	78	05/07/2016	27.3	ST
Gene A. Sanford	67	05/07/2016	7.1	ST

Breean Beggs moved and Dean Kiefer seconded the motion to approve the service retirements on the March Retirement Transaction Report. The motion passed unanimously.

Withdrawals for March 2016

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Robyn E. Dunlap	3.5	02/01/2013
Sandra L. Mann	0.5	09/11/2015
Lyle J. Stone	7.4	10/02/2015
David A. Barnett	8.2	02/29/2016

Dean Kiefer moved and Breean Beggs seconded the motion to approve the requests for withdrawal as presented on the March Retirement Transaction Report. The motion passed unanimously.

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Jonathan C. Williams	IT	8.9
Dennis S. Bork	IT	7.3
Jennifer P. Stapleton	Grants Management & Financial Assistance	2.0 Portability
Nicole M. Whiteman	Water	7.8

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Donald W. Holland	02/14/2016	90	03/09/2016	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – February 2016

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

Breean Beggs moved and Brian Brill seconded the motion to approve the February 2016 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – February 2016

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on February 29, 2016 was \$260 million with an estimated rate of return of -0.97%.

Other Business

Mr. Tencick updated the Board on the status of Senate Bill 6170. The Governor vetoed the Bill, and the veto was overridden in the legislature. Mr. Tencick will notify the money managers and Clerks’ office that we have this exemption in place. On April 18, 2016, Mr. Tencick will meet in Seattle with the other First Class Cities at a forum to discuss the individual plans, their investments and to hopefully develop some best practices to follow. Mr. Tencick invited the members of the Board to attend.

The City Clerks’ office has contacted Mr. Tencick regarding online voting for the upcoming SERS Board election. Mr. Joe Cavanaugh shared that there is a number of Local 270 members who do not have access to a computer and online voting would not be a favorable choice for the election.

Pension Payroll Process

Mr. Tencick briefly explained the pension payroll process and the cause of the problem that delayed the payments in February. The main changes in the process are that the IT department will no longer delay sending the file to the bank and the Retirement department will be included in the transmission confirmation from the bank. The complete pension payroll process is planned to be reviewed at the next Board meeting.

Fiduciary Duty Overview

This item was deferred until the regularly scheduled education session at the July Board meeting.

Other Business

Dean Kiefer informed the Board that Mr. Tencick had asked him earlier in the month to check on meeting spaces available at the Riverpoint Campus for the upcoming Board retreat. To date, he has been unable to locate a meeting space.

There being no other business, the meeting adjourned at 1:48 p.m.

Phillip Tencick, Retirement Director

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
April 14, 2016

The Special Board Meeting was called to order at 10:00 a.m. in the Ponderosa Room at Finch Arboretum.

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

Absent: Breean Beggs

Staff: Phill Tencick, Christine Shisler and Donald Brown

Guests: Jayson Davidson and Brian Loescher

The Hyas Group presented a review of the asset allocation process including the key inputs and assumptions that affect the outcome of the study.

Hyas presented the impact of modeling a return seeking fixed income portfolio versus a portfolio that attempts to hedge funding volatility. The Board agreed to use a return seeking fixed income portfolio.

Hyas presented a review of the asset classes that could be modeled in the allocation study. The Board agreed to use Hyas' recommended asset classes.

Hyas presented their capital market assumptions for expected return and risk for the selected asset classes. The Board agreed to use Hyas' capital market assumptions.

Hyas will complete an asset allocation and present to the Board at a special meeting in June.

There being no other business, the meeting adjourned at 2:07 p.m.

Phillip Tencick, Retirement Director

SERS Retirement Transaction Report

April 2016

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Scott N. Craig	51	04/18/2016	13.6	Street	ST
2	Kathy S. Parsons	57	05/03/2016	35.0	Parks & Recreation	ST
3	Donald M. Hokenson	62	05/28/2016	26.8	Fleet Services	C-20
4	Janet L. Roys	60	07/09/2016	25.0	Police	D
	Retirements YTD	25				
	2015 Total Retirements	83				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Selby L. Smith	1.9	Police	12/31/2015
2	Cynthia G. Olsen	6.3	Library	01/01/2016
3	Mark W. Finke	2.1	Library	04/08/2016

Vesting

	Name	Department	Years of Service
1	Kandace L. Watkins	Grants Management & Financial Assistance	2.1 Portable

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Jessie R. Amsberry	10/15/1976	99	04/01/2016	No Further Benefits
2	Randee L. Sturdevant	04/23/2005	61	04/05/2016	No Further Benefits

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2016 EXPENDITURE SUMMARY REPORT
MARCH 31, 2016

	2015 ACTUAL	2016 BUDGET	MARCH ACTUAL EXPENDITURES	2016 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	220,405.82	273,580.00	19,938.60	51,735.10	221,844.90	18.9%
Departmental Benefits	66,088.05	78,190.00	6,082.83	16,886.57	61,303.43	21.6%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(22,061.31)	(10,000.00)	(3,983.76)	(3,983.76)	(6,016.24)	39.8%
Postage/Supplies/Other	20,091.84	15,500.00	974.83	2,363.99	13,136.01	15.3%
State Audit Charges	11,687.79	10,000.00	50.32	262.96	9,737.04	2.6%
Contractual Services	90,587.98	150,000.00	2,356.00	2,356.00	147,644.00	1.6%
Travel	2,517.20	15,000.00	-	952.96	14,047.04	6.4%
Registration/Schooling	10,789.00	15,000.00	-	60.00	14,940.00	0.4%
Other Dues/Subscriptions/Membership	1,970.20	2,500.00	210.00	360.00	2,140.00	14.4%
Other Miscellaneous Charges	4,462.05	2,220.00	240.13	506.84	1,713.16	22.8%
Depreciation & Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	424,187.62	561,990.00	25,868.95	71,500.66	490,489.34	12.7%
INTERFUND EXPENDITURES						
Interfund - Accounting Central Services	2,781.80	2,407.00	-	575.99	1,831.01	23.9%
Interfund - IT Phones	1,555.51	1,463.00	122.99	249.25	1,213.75	17.0%
Interfund - IT Communications Replacement	240.96	-	-	-	-	-
Interfund - Risk Management	1,121.00	991.00	-	247.75	743.25	25.0%
Interfund - Unemployment	500.00	-	-	-	-	-
Interfund - Worker's Compensation	58.50	198.00	-	49.50	148.50	25.0%
Interfund - IT	13,892.04	13,729.00	1,144.08	2,288.16	11,440.84	16.7%
Interfund - IT Replacement	3,584.04	1,927.00	160.58	321.16	1,605.84	16.7%
Interfund - Reprographics	-	3,000.00	585.50	943.31	2,056.69	31.4%
TOTAL INTERFUND EXPENDITURES	23,733.85	23,715.00	2,013.15	4,675.12	19,039.88	19.7%
TOTAL ADMINISTRATIVE EXPENDITURES	447,921.47	585,705.00	27,882.10	76,175.78	509,529.22	13.0%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2016 EXPENDITURE SUMMARY REPORT
MARCH 31, 2016

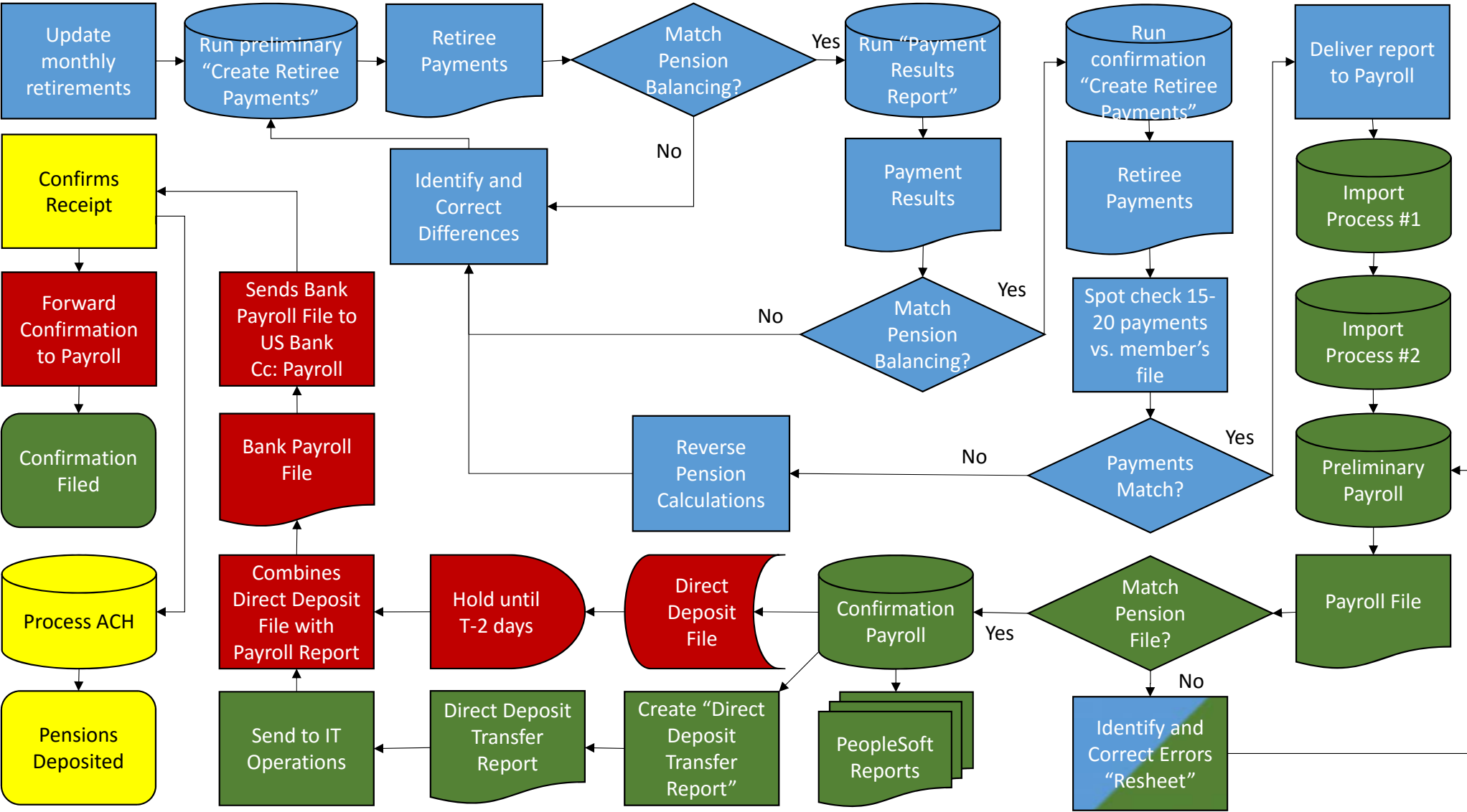
	2015 ACTUAL	2016 BUDGET	MARCH ACTUAL EXPENDITURES	2016 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	22,192,755.57	24,000,000.00	1,942,013.94	5,799,923.93	18,200,076.07	24.2%
Pensions-Disability Payments	134,210.48	160,000.00	10,444.04	31,332.12	128,667.88	19.6%
Pensions-Survivor Annuity Benefits Payments	1,641,113.98	1,600,000.00	150,228.91	448,063.80	1,151,936.20	28.0%
TOTAL PENSIONS	<u>23,968,080.03</u>	<u>25,760,000.00</u>	<u>2,102,686.89</u>	<u>6,279,319.85</u>	<u>19,480,680.15</u>	
Refunds	637,821.67	1,000,000.00	71,217.08	258,401.87	741,598.13	25.8%
TOTAL EXPENSES	<u><u>25,053,823.17</u></u>	<u><u>27,345,705.00</u></u>	<u><u>2,201,786.07</u></u>	<u><u>6,613,897.50</u></u>	<u><u>20,731,807.50</u></u>	24.2%
INVESTMENT EXPENSE*						
Advisory Technical Service	430,178.76	450,000.00	32,395.40	40,153.96	409,846.04	8.9%

* investment expenses are netted against investment income in the statement of changes of plan net assets to arrive at a net investment income amount.

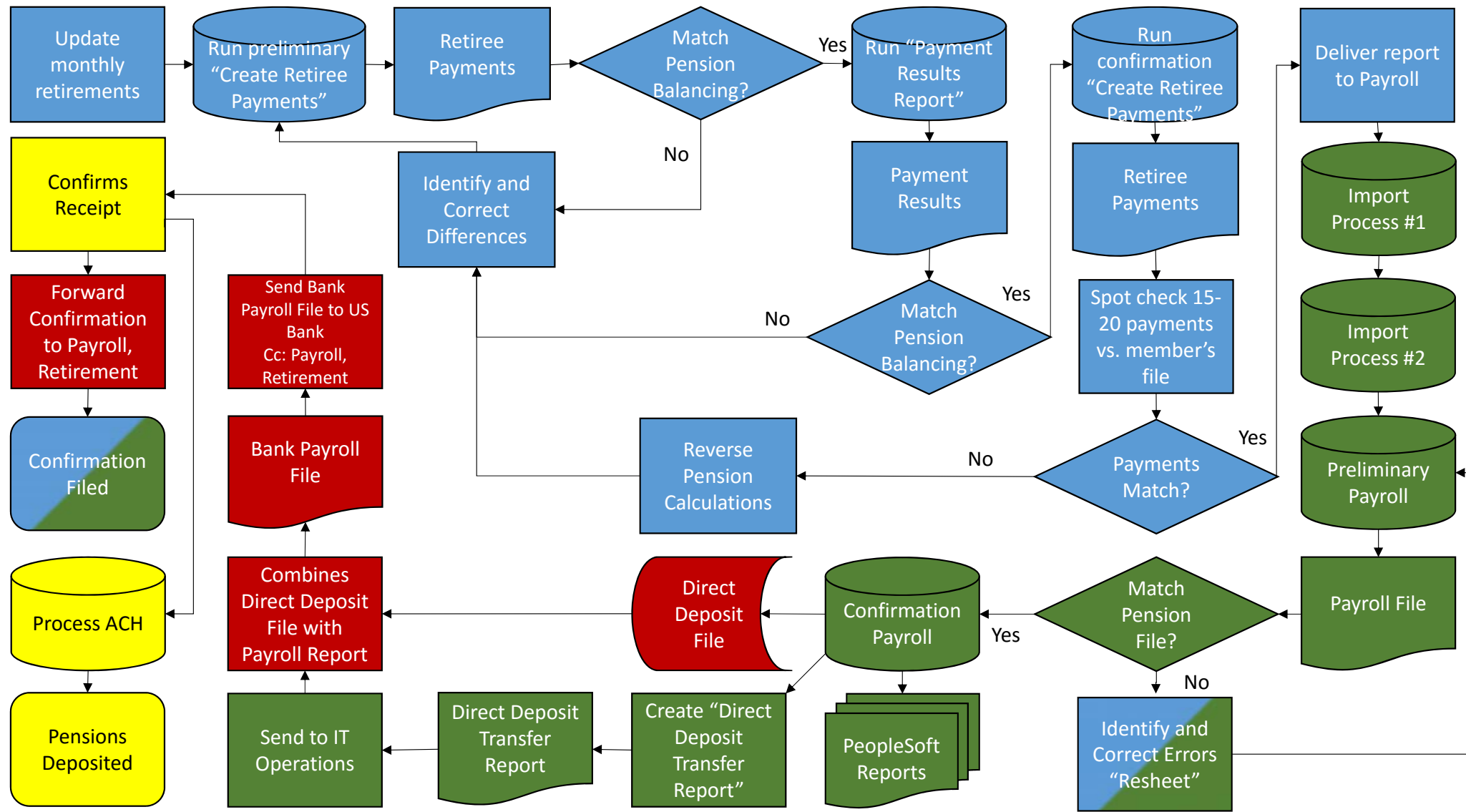
SERS Schedule of Cash and Investments
March 31, 2016

4/21/2016	Type	Market	Actual Allocation	Approved Allocation
Cash and Short-term Investments:				
Cash Held by Treasurer	Cash	\$ 39,591		
US Bank	Short-term Inv	<u>1,517,275</u>		
Total Cash and Short-term Investments		1,556,866	0.6%	1.0%
Fixed Income:				
Vanguard Short-Term	Total Return - Mutual Fund	9,353,401		
Hotchkis & Wiley	High Yield - Mutual Fund	12,888,371		
PIMCO Global	International- Mutual Fund	<u>10,146,614</u>		
Total Fixed Income		32,388,386	12.2%	15.0%
U.S. Equities:				
Hotchkis & Wiley	LC Value - Mutual Fund	14,167,940		
Delaware	LC Growth - Mutual Fund	14,075,103		
MFS Heritage	LC Core	16,515,505		
Vanguard S&P 500 Index	LC Core - Mutual Fund	8,095,905		
Sterling	MC Value	8,237,798		
Vanguard MC Growth	MC Growth - Mutual Fund	7,462,016		
Vanguard MC Index	MC Core - Mutual Fund	5,147,870		
Champlain	SC Core	4,763,087		
Phocas	SC Value - Mutual Fund	4,030,796		
Bridgecity	SC Growth	4,549,641		
Vanguard SC Index	SC Core - Mutual Fund	<u>2,312,041</u>		
Total U.S. Equities		89,357,702	33.5%	
International:				
Berens	Ltd Partnership	8,742,136		
Euro Pacific	LC Blend - Mutual Fund	11,632,262		
Artisan	SMID Value - Mutual Fund	14,493,469		
Trivalent	SC Value - Mutual Fund	<u>8,442,621</u>		
Total International		43,310,488	16.3%	
Total Global Equities			49.8%	50.0%
Alt Absolute Return Hedge:				
Polar Long/Short (Altairis)	LLC	6,178,263		
American Beacon	Mutual Fund	7,161,075		
Castine Capital I	Ltd Partnership	5,941,514		
Post Limited Term High Yield	Ltd Partnership	5,615,320		
Rimrock Low Volatility	Ltd Partnership	<u>8,703,114</u>		
Total Alt Absolute Return Hedge		33,599,286	12.6%	10.0%
Alt Long-Short Growth & Special Opps:				
Weatherlow Offshore	Ltd Partnership	13,603,390		
OrbiMed II (Caduceus)	Ltd Partnership	8,510,566		
Royalty Opportunities I	Ltd Partnership	4,341,897		
Royalty Opportunities II	Ltd Partnership	805,286		
Troob	Ltd Partnership	3,574,848		
Beach Point	Ltd Partnership	<u>7,791,344</u>		
Total Alt Long-Short Growth & Special Opps		38,627,331	14.5%	14.0%
Real Estate:				
Legacy Partners Realty Fund III	Ltd Partnership	949,195		
Metropolitan Real Estate Partners	Ltd Partnership	888,529		
Morrison Street Fund IV	LLC	2,948,606		
Morrison Street Fund V	LLC	4,121,840		
Principal (REITs)	REITs	<u>8,696,401</u>		
Total Real Estate		17,604,571	6.6%	6.0%
PIMCO Commodites PLUS	Commodities - Mutual Fund	10,031,646	3.8%	4.0%
Total Cash and Investments		<u>\$ 266,476,276</u>	<u>100.0%</u>	<u>100.0%</u>
	withdrawals	(1,000,000)		
as of February 29, 2016		\$ 256,818,645		
	estimated rate of return	4.15%		

Pension Payroll Process - Before



Pension Payroll Process - Updated



- Paydays
- Holidays
- Bank Holidays
- Pension

2016



January

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
						1601F
3	4	5	6	7	8	9
10	11	12	13	14	15	16
						1602S
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						1603F

February

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
						1604S
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
						1605F
28	29					

March

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
						1606S
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
						1607F
27	28	29	30	31		

April

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
						1608S
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
						1609T
24	25	26	27	28	29	30

May

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
						1610F
8	9	10	11	12	13	14
15	16	17	18	19	20	21
						1611S
22	23	24	25	26	27	28
29	30	31				

June

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
						1612F
5	6	7	8	9	10	11
12	13	14	15	16	17	18
						1613S
19	20	21	22	23	24	25
26	27	28	29	30		

July

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
						1614F
3	4	5	6	7	8	9
10	11	12	13	14	15	16
						1615S
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						1616F

August

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
						1617S
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
						1618F
28	29	30	31			

September

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
						1619S
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
						1620T
25	26	27	28	29	30	

October

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
						1621F
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
						1622S
23	24	25	26	27	28	29
30	31					

November

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
						1623F
6	7	8	9	10	11	12
13	14	15	16	17	18	19
						1624S
20	21	22	23	24	25	26
27	28	29	30			

December

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
						1625F
4	5	6	7	8	9	10
11	12	13	14	15	16	17
						1626S
18	19	20	21	22	23	24
25	26	27	28	29	30	31

DIRECT DEPOSIT TRANSFER REPORT

PAYROLL

Date: 3/22/16 Effective Date: 2/29/16

Pay Period: RM201602 Pay Type: RM

Number of Direct Deposit Participants: 1606

Amount of Direct Deposits: \$1,998,602.67

Transfer Approved by: Michele Lesesne

OPERATIONS

Date Received: 2/29/2016

File (x380.acfh9714.w700) downloaded to micro: yes

Time transfer started: 8:20

Verification email (CTYSPOK1) received from Bank yes

Transfer completed by: Doug Harvey

NOTE: *Please return one completed form to payroll and store the other copy with the backup diskette.*

Direct Deposit Confirmation 022916.txt

Secured Message

From:ACH.PRODUCTION@USBANK.COM
To:
Date:02/29/2016 04:34:15 PM GMT
Subject: ACH FILE Confirmation For CTYSPOK1 KEY456

U. S. BANK ACH FILE CONFIRMATION

RUN DATE: 02/29/16 10:32 COMPANY NAME: CITY OF SPOKANE (PAYROLL)
POINT NAME: CTYSPOK1 ACH FILE NAME: CTYSPOK1.A00

FILE DATE	FILE TIME	FILE ID MOD	BATCH COUNT	ENTRY/ ADDENDA	AMOUNT	HASH TOTAL
02/23/16	08:06	A	52	1,725 DR:	.00	6534052148
				CR:	1,998,602.67	

*** ACH SERVICES RECEIVED YOUR FILE FOR PROCESSING ***

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FOR INQUIRIES, PLEASE CALL US BANK ACH PRODUCTION AT 800-944-7504.
*** E N D O F R E P O R T ***

U.S. BANCORP made the following annotations

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