

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
June 21, 2016

The Special Board Meeting was called to order at 1:02 p.m. in the Meeting Room at the South Hill Public Library.

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, Brian Loescher, Joan Hamilton, Joe Cavanaugh, Dave Hanshaw, Natalie Hilderbrand and Bob Olsen

Hyas Group presented the formal June 2016 SERS Asset Allocation Study. The Board discussed allocation strategies and expected return/risk outcomes. After full consideration of various portfolio structures, Hyas Group recommended the following asset allocation:

Total Return Fixed Income	10%
High Yield	5%
US Large Cap Equity	21%
US Small/Mid Cap Equity	11%
International Large Cap Equity	15%
International Small/Mid Cap Equity	4%
Emerging Market Equity	3%
Absolute Return	8%
Long Biased Hedge Funds	7%
Real Estate	9%
Opportunistic Credit	7%
Special Opportunities	0% (Up to 10% allowed)
Projected Rate of Return	7.75%
Projected Risk	11.87%

Mike Cavanaugh moved and Jim Tieken seconded the motion to approve the recommended asset allocation. The motion passed unanimously. Staff will work with Hyas Group on setting an implementation timeline to present at the next Board meeting.

Mr. Davidson informed the Board that they will need to again take action on the money market fund option. There was another operational issue with the custodian, US Bank, and they are unable to make use of the Black Rock Federal Treasury Money Market Fund

as the SERS cash sweep vehicle. Hyas Group will forward a final version of the revised money market search for the Board to consider the recommendation at the June 29th Board Meeting.

With the primary asset allocation decisions completed, Hyas Group will begin to revise the Investment Policy Statement. Hyas Group will make adjustments to the benchmarks and asset categories as warranted. Mr. Davidson will forward a draft to the Board soon and will target the August Board meeting for final approval of the document.

There being no other business, the meeting adjourned at 2:15 p.m.

/s/

Phillip Tencick, Retirement Director