

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting Minutes**  
**May 25, 2016**

The regular monthly meeting was called to order at 12:32 p.m. in the 5<sup>th</sup> 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, Joe Cavanaugh, Richard Czernik, and John Bjork

**Jayson Davidson, Hyas Group, 2016 1<sup>st</sup> Qtr Investment Performance Report**

Mr. Davidson reviewed the First Quarter 2016 Performance Report. He highlighted some newly added pages to the report showing more risk metrics and performance attribution. Hyas Group will add a definition page to the next report that provides an explanation of some of the reference risk metrics. The performance for the quarter was below policy with discussion focusing on the asset classes and managers that contributed to the disappointing performance.

The Board will maintain the watch status for the PIMCO Global Bond Fund, Berens Global Value Fund, Sterling Mid Cap Fund, and the Champlain Small Cap Fund. Performance for the Champlain Small Cap and Sterling Mid Cap options continued to comply with policy parameters, but will remain on watch for at least another quarter.

There was discussion regarding the addition of the Plan's funding ratio to the quarterly performance reports. Hyas recommended presenting this information outside the bound of the performance reports. Retirement Department staff will provide sample information as a handout at the next meeting.

**Cash Overlay Presentation**

Mr. Davidson provided an overview on cash overlay, which aims to eliminate the cash drag in the investment portfolio. The Board spent considerable time discussing the topic and requested more time to review the materials including an expanded presentation that Mr. Tencick will provide following the meeting. The topic will be added to a future agenda.

**Money Market Search**

Mr. Davidson notified the Board that the Vanguard Federal Money Market Fund that the Board selected at the February meeting could not be accommodated on the sweep platform at U.S. Bank, the Plan custodian. Hyas Group presented another money market fund search.

Jim Tieken moved and Mike Cavanaugh seconded the motion to replace the Fidelity

Institutional Money Market Fund with the BlackRock Federal Treasury Money Markey fund. The motion passed unanimously.

Hyas Group will work with the SERS Staff and custodian to implement this change as soon as possible.

**Asset Allocation and Investment Policy Statement Update**

The Investment Policy Statement will be updated after the Asset Allocation has been performed. The Asset Allocation Retreat is scheduled for June 21, 2016 at the South Hill Library meeting room.

**Bridge City Capital Rate Reduction**

Mr. Davidson discussed the 40 bp rate reduction the Plan received per contract with Bridge City Capital. The contract contains a “Most Favored Nations” clause that reduces the fees in the case when another investor pays lower fees than those charged to SERS.

**Minutes of the April 27, 2016 Meeting**

Dean Kiefer moved and Jim Tieken seconded the motion to approve the minutes of the April 27, 2016 meeting. The motion passed unanimously.

**Director’s Report**

**Service Retirements**

<b>Name</b>	<b>Age</b>	<b>Retirement Date</b>	<b>Years of Service</b>	<b>Option</b>
Debra D. Park	64	05/01/2016	3.1 Portability	ST
Karolyn K. Moat	50	05/14/2016	27.8	E
Kevin L. Burrill	51	05/20/2016	22.2	ST
David C. Stillman	64	06/04/2016	22.2	E
Richard M. Coe	62	06/16/2016	41.6	C-5
John W. Aiken, Jr.	64	07/02/2016	27.1	ST
Frank (Linc) Gaylord, Jr.	63	08/02/2016	18.7	E

Jim Tieken moved and Mike Cavanaugh seconded the motion to approve the service retirements as presented on the May Retirement Transaction Report. The motion passed unanimously.

**Withdrawals for May 2016**

<b>Name</b>	<b>Years of Service</b>	<b>Termination Date</b>
Heather C. Gillespie	3.6	11/05/2011
Sherilee M. Van Zandt	6.6	06/22/2015

Dean Kiefer moved and Jim Tieken seconded the motion to approve the requests for withdrawal as presented on the May Retirement Transaction Report. The motion passed unanimously.

Deaths

<b>Name</b>	<b>Date Retired</b>	<b>Age</b>	<b>Date of Death</b>	<b>Information</b>
Lucille F. Giesey	07/06/1996	74	04/08/2016	No Further Benefits
Gilbert D. Hanna	03/30/1985	90	05/02/2016	No Further Benefits
Donald C. Havens	03/26/1983	93	05/06/2016	No Further Benefits
Cheryl A. Eckhart	05/03/2009	57	05/15/2016	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report – April 2016

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

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

Schedule of Investments – April 2016

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on March 31, 2016 was \$266.4 million with an estimated rate of return from March of 1.57%. The May pension payments were funded by a redemption from the PIMCO Commodities Fund.

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

/s/

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**Phillip Tencick, Retirement Director**