

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting Minutes**  
**June 29, 2016**

The regular monthly meeting was called to order at 1:33 p.m. in the 5<sup>th</sup> Floor Conference Room at City Hall.

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

**Absent:** Dean Kiefer

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

**Guests:** Tammy Erickson, Emily Tillis, Joe Cavanaugh, Joan Hamilton, Richard Czernik, and John Bjork,

**Moss Adams – December 31, 2015 Audit Report**

Moss Adams presented the 2015 SERS independent audit report. The auditors explained how they test critical areas such as the investment assets, investment income, contributions, benefit payments and participant data. Moss Adams issued an unqualified (clean) opinion. They had no negative comments or areas of concern in the management letter, which reflects the continuing diligence of staff.

**Minutes of the May 25, 2016 Meeting**

Jim Tieken moved and Breean Beggs seconded the motion to approve the minutes of the May 25, 2016 meeting. The motion passed unanimously.

**Minutes of the June 21, 2016 Meeting**

Jim Tieken moved and Mike Cavanaugh seconded the motion to approve the minutes of the June 21, 2016 meeting. The motion passed unanimously.

**Board Rules Updates**

The Board reviewed the proposed changes to the SERS Board Rules. The changes primarily updated the contribution interest rate to be consistent with the revised SMC, and codified department policies regarding benefit calculations.

Mike Cavanaugh moved and Breean Beggs seconded the motion to approve the Board rules as amended. The motion passed unanimously.

**Asset Allocation Implementation Plan**

Mr. Tencick presented an Asset Allocation Implementation Plan, including a spreadsheet that showed a mapping of the required rebalancing of the SERS investments. The Board asked for the original spreadsheet to be distributed.

Mr. Joe Cavanaugh asked about the process for determining the sale of investments to meet liquidity needs. Mike Coster suggested that the Board be emailed with the recommendation and the rationale for selecting the fund(s) to be sold.

### Money Market Search

Jim Tieken moved and Mike Cavanaugh seconded the motion to accept the recommendation of the Fidelity Government Money Market fund. 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>
Linda L. Daniels	58	06/02/2016	26.0	D
Roger M. Kaiser	57	06/11/2016	11.7	E
Ronald W. Meredith	53	06/18/2016	15.7	ST
Anthony R. Madunich	64	07/02/2016	39.4	E
Alyce E. Millhorn	69	07/02/2016	17.9	ST
Margaret A. Phillips	62	07/07/2016	30.0	ST
Douglas K. Harvey	65	07/09/2016	21.8	ST
Alan M. Kiefer	62	07/09/2016	28.2	ST

Breean Beggs moved and Jim Tieken seconded the motion to approve the service retirements as presented on the June Retirement Transaction Report. The motion passed unanimously.

#### Withdrawals for June 2016

<b>Name</b>	<b>Years of Service</b>	<b>Termination Date</b>
Peter G. Borg	13.5	01/08/2016
Buddy E. Crabtree	1.3	05/13/2016
Blaine M. Stum	3.3	06/03/2016
Sari A. Luciano	1.1	06/03/2016

Mike Cavanaugh moved and Breean Beggs seconded the motion to approve the requests for withdrawal as presented on the June Retirement Transaction Report. The motion passed unanimously.

#### Vesting

<b>Name</b>	<b>Department</b>	<b>Years of Service</b>
Erin A. Jacobson	Legal	7.1
Kevin D. Stewart	Municipal Court	5.1

#### Deaths

<b>Name</b>	<b>Date Retired</b>	<b>Age</b>	<b>Date of Death</b>	<b>Information</b>
Charles J. Stich	04/04/2000	67	05/06/2016	E Option Continues
Joseph L. Lengyel	01/15/2002	75	06/15/2016	D Option Continues
Kazuko J. Honda	05/04/1985	101	06/03/2016	No Further Benefits
Joaquin R. King	09/13/2005	71	06/07/2016	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – May 2016

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

Breean Beggs moved and Jim Tieken seconded the motion to approve the May 2016 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – May 2016

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on April 30, 2016 was \$270 million with an estimated rate of return from April of 1.15%. The June pension payments were funded by cash available from the decreased allocation to cash in the new asset allocation.

A preliminary impact of the exposures to and impact of Brexit was presented.

Funded Status

Mr. Tencick presented a graph that showed the Plan Funding Ratio as projected and actual numbers.

Educational Opportunities

Ms. Shisler discussed a white paper on the Certified Public Finance Officers Certification offered by the Government Finance Officers Association. She expressed a desire to obtain the certification as a continuing education opportunity.

Mike Cavanaugh moved and Jim Tieken seconded the motion to pay for the related costs for Ms. Shisler to obtain the Certified Public Finance Officers Certification. The motion passed unanimously.

Other Business

Mr. Tencick informed the Board that the interest rate on contributions will change effective July 1, 2016 to 1.5%, which is the average daily interest rate for the 5-year US Treasury Note from the previous year.

Mr. Tencick shared with the Board that Senate Bill 6170 that provides the exemption regarding investments and public disclosure went into effect June 29, 2016.

There being no other business, the meeting adjourned at 3:00 p.m.

/s/

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**Phillip Tencick, Retirement Director**