

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
June 28, 2017**

The regular monthly meeting was called to order at 12:31 p.m. in the 5th Floor Conference Room at City Hall.

Present: Mike Coster, Jim Tieken, Mike Cavanaugh, Candace Mumm, Dean Kiefer, Brian Brill, and J.D. Morscheck

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

Guests: Bill Dowd (SageView), Tammy Erickson and Kris Ryan (Moss Adams), Joe Cavanaugh, Bob Olsen, Dave Henshaw, Natalie Hilderbrand, Joan Hamilton, Diana Windsor, Kim Bustos, John Bjork, and Richard Czernik

Moss Adams – December 31, 2016 Audit Report

Moss Adams presented the 2016 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.

SageView Consulting – Experience Study

SageView presented the 2012-2016 experience study. As a result of the plan's experience, changes to demographic assumptions were recommended for retirement rates, termination rates, and the mortality table. Changes to economic assumptions were recommended for inflation and salary increases. No changes were recommended to the actuarial methods. Overall, the recommended changes would increase the plan's liability. The increased liability results in a funded status of 51.8% compared to 53.0% currently. Additionally, the Actuarially Defined Contribution rate increases to 18.21%, from 17.87% (actual contributions currently set at 8.25% for the employee and employer, with a proposed increase to 9.0% for each party included in the Local 270 contract and pending additional bargaining unit agreement before implementation).

Mike Cavanaugh moved and Jim Tieken seconded the motion to adopt the recommendations as presented by SageView. The motion passed unanimously.

Minutes of the June 7, 2017 Meeting

Candace Mumm moved and Jim Tieken seconded the motion to approve the minutes of the June 7, 2017 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>
Sandra M. O'Connor	52	07/06/2017	9.3	ST
Darlene L. Esperas	65	07/13/2017	26.8	ST
Maryann G. Carey	64	07/15/2017	13.7	E
Jo Anne E. Wright	70	07/29/2017	19.5	ST
Donald B. Nelson	65	08/12/2017	35.4	D

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

Withdrawals for June 2017

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Makaila A. Bergeron	0.4	05/12/2017

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

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Scott A. Lowell	Solid Waste Management	6.0

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Jack D. Bryan	10/19/1996	70	05/15/2017	No Further Benefits
Arleigh Q. White	05/12/1990	87	06/01/2017	E Option Continues
Marjorie L. Cromwell	01/19/1985	93	06/04/2017	No Further Benefits

Vesting and Death information provided to the Board for review.

Expenditure Summary Report – May 2017

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

Dean Kiefer moved and Mike Cavanaugh seconded the motion to approve the May 2017 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – May 2017

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on May 31, 2017 was \$293 million with an estimated rate of return of 1.0% for the month.

Monthly Cash Reconciliation

The monthly cash reconciliation report was presented to provide the Board with additional insight into the ongoing liquidity, transactions, and cash position of the plan.

Contribution Interest Rate

Mr. Tencick presented a white paper that discussed the US Treasury Note rates. Being that there is no change in the one-year average, rounded to the nearest 25 basis points, for the 5-year US Treasury Note from last year, the interest rate on contributions will remain at 1.5%.

2018 Budget

The 2018 Budget was presented to the Board and discussed.

Mike Cavanaugh moved and Dean Kiefer seconded the motion to adopt the 2018 Budget as presented. The motion passed unanimously.

There being no other business, the meeting adjourned at 1:56 p.m.

/s/

Phillip Tencick, Retirement Director