

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
September 27, 2017**

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, Dean Kiefer, Candace Mumm, Brian Brill, and J.D. Morscheck

Absent: Jim Tieken and Mike Cavanaugh

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

Guests: Joe Cavanaugh, Bob Olsen, Dave Hanshaw, Natalie Hilderbrand, John Bjork, and Richard Czernik

Minutes of the August 30, 2017 Meeting

J.D. Morscheck moved and Brian Brill seconded the motion to approve the minutes of the August 30, 2017 meeting as presented. The motion passed unanimously.

Candace Mumm arrived at 1:38 P.M.

Letter to the Mayor Regarding Sustainability

Mike Coster distributed to the Board a letter for their review. The letter outlined the Board's responsibilities as a fiduciary of the SERS Plan and invited the Mayor to attend a Board meeting to discuss any concerns the Administration may have regarding the sustainability of the Plan.

Dean Kiefer moved and J.D. Morscheck seconded the motion to send the letter, as presented, to the Administration. 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>
Brian K. Kreuch	54	09/02/2017	12.7	C-10
James E. Moe	61	10/05/2017	34.0	D
Jody L. Treffry	62	11/02/2017	11.8	ST
Lynn M. Cunningham	63	11/04/2017	25.4	ST

Ms. Shisler informed the Board that Gregory N. Lorenzi has cancelled his retirement application.

Candace Mumm moved and J.D. Morscheck seconded the motion to approve the service retirements as amended on the September Retirement Transaction Report. The motion passed unanimously.

Withdrawals for August 2017

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Molly Rose B. Fehringer	2.9	03/03/2017
Lauren E. Pierson	1.3	06/16/2017
Jason H. Ellsworth	2.7	08/08/2017
Sandra D. Willard	0.5	08/09/2017

Candace Mumm moved and Dean Kiefer seconded the motion to approve the requests for withdrawal as presented on the September Retirement Transaction Report. The motion passed unanimously.

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Jack G. Trelawney	05/06/2000	83	08/24/2017	No Further Benefits
Jack N. Johnston	02/03/2002	81	08/31/2017	No Further Benefits
Otto L. Deneke	09/12/1981	98	09/15/2017	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report – August 2017

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

J.D. Morscheck moved and Brian Brill seconded the motion to approve the August 2017 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – August 2017

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on August 30, 2017 was \$298 million with an estimated rate of return of 0.2% 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.

Consolidated Portfolio Holdings Review

Mr. Tencick presented a portfolio-wide review of the holdings and risk factors for the SERS investments. The portfolio's asset allocation, sector, style, geography and risk factor exposures were shown and compared to the policy benchmark and peer groups.

Investment Fee Analysis

Mr. Tencick presented a review of SERS' investment fees paid, both directly and indirectly. The overall fees paid totaled \$3.75M for 2016, which was 1.35% of the assets.

Most of the fees (62%) were paid to the alternative investment managers, which composed 27% of the portfolio's assets. For most asset classes, the alpha generated by active managers exceeded the cost of the fees paid.

There being no other business, the meeting adjourned at 2:31 p.m.

/s/

Phillip Tencick, Retirement Director