

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting Minutes**  
**December 6, 2017**

The regular monthly meeting was called to order at 12:35 p.m. in the 5<sup>th</sup> Floor Conference Room at City Hall.

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

**Absent:** Mike Coster and Brian Brill

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

**Guests:** Jayson Davidson, Joe Cavanaugh, Joan Hamilton, Natalie Hildebrand, Dave Hanshaw, Bob Olson, Richard Czernik, and John Bjork.

J.D. Morscheck arrived at 12:40 p.m.

**Hyas Group, 2017 3<sup>rd</sup> Quarter Investment Performance Report**

Mr. Davidson reviewed the Third Quarter 2017 performance report with the Board. Mr. Davidson shared information on the performance of the overall portfolio and individual fund holdings. SERS enjoyed another strong quarter relative to the policy benchmark and peers.

The Fund's watch status managers: Jackson Square Large Cap Growth, Berens Global Value, Vanguard Mid Cap Growth, and the OrbiMed Partners II will remain on watch. Mr. Davidson noted two of the managers, Jackson Square and OrbiMed, are turning in strong relative numbers in 2017. The Vanguard Mid Cap Growth Fund and Berens Global Value Fund continue to struggle against their respective benchmarks. Additionally, Hyas has been closely monitoring the assets under management level at Berens and reported that Berens has had approximately \$80 million in redemptions during the third quarter. This pace of redemptions relative to the current assets under management is a growing concern and Hyas will continue to monitor closely.

Hyas Group's reporting team will look into the feasibility of showing risk-adjusted performance metrics for use in the evaluation of investment manager performance versus policy benchmarks. Mr. Davidson will bring samples for review.

Mr. Davidson informed the board that the final payout from Legacy Partners investment has been received. Additionally, Morgan Stanley has drawn two-thirds of the \$7 million committed capital, with the final third to be called at the end of the fourth quarter.

Jim Tieken moved and Dean Kiefer seconded the motion to place MFS Large Cap Strategy on watch for performance issues. The motion passed unanimously.

Candace Mumm moved and Dean Kiefer seconded the motion to place the firm OrbiMed on watch for qualitative, non-performance related reasons. The motion passed unanimously.

**Minutes of the October 25, 2017 Meeting**

Candace Mumm moved and J.D. Morscheck seconded the motion to approve the minutes of the October 25, 2017 meeting as presented. The motion passed unanimously.

**Outside Counsel Contract Renewals**

Jim Tieken moved and Dean Kiefer seconded the motion for a one-year extension to the contract with Ogletree, Deakins, Nash, Smoak & Stewart, P.C. as a sole source provider for outside counsel. The motion passed unanimously.

Jim Tieken moved and Dean Kiefer seconded the motion for a one-year extension to the contract with K&L Gates, LLP, with a friendly amendment to conduct an RFP during the year. 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>
Gregory N. Lorenzi	57	11/01/2017	8.6	ST
Lee W. Joslyn	53	11/07/2017	26.7	ST
Shari L. Austin	56	11/18/2017	23.1	ST
Lisa M. Dillmann	58	12/02/2017	26.2	A
Daniel R. Keison	68	12/30/2017	28.8	A
Andrew J. McElvaney	62	01/07/2018	20.1	E
Daniel L. Hagerman	64	01/09/2018	14.3	E
Lu A. Glasser	62	01/20/2018	30.0	E
Gita S. George-Hatcher	60	04/07/2018	27.0	B

Jim Tieken moved and Candace Mumm seconded the motion to approve the service retirements as presented on the November Retirement Transaction Report. The motion passed unanimously.

**Withdrawals for November 2017**

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Cole C. Marchant	1.8	08/17/2017
Trynitee M. Peat	0.1	08/18/2017

Jim Tieken moved and Candace Mumm seconded the motion to approve the requests for withdrawal as presented on the November Retirement Transaction Report. The motion passed unanimously.

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Marvin D. Tucker	Police	18.2
Janean V. Phillips	Legal	10.6

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Mary L. Franklin	04/22/2010	59	10/21/2017	E Option Continues
Michael H. McGhee	03/30/1989	80	10/30/2017	No Further Benefits
Edith A. Sramek	07/02/2002	70	10/30/2017	No Further Benefits
Walter R. Cummings	11/08/1980	99	11/03/2017	E Option Continues
Rodney R. Bishop	08/19/2003	65	11/20/2017	E Option Continues

Vesting and Death information provided to the Board for review.

Expenditure Summary Report – October 2017

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

Dean Kiefer moved and Candace Mumm seconded the motion to approve the November 2017 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – October 2017

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on October 31, 2017 was \$304 million with an estimated rate of return of 1.4% 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.

Rule of 90 Implementation

Candace Mumm moved and J.D. Morscheck seconded the motion to present to City Council the changes to the Spokane Municipal Code and Resolutions to implement the new Plan tier. The code changes include adding items negotiated in the latest labor contracts, codifying that the retirement option election is irrevocable, and allowing the SERS Board to accept, on disability retirement applications, the Social Security Administration's determination if the member has been approved for a disability. The Resolutions would include the language increase the contribution rate and updating the Mortality Tables to the RP-2000 table. The motion passed unanimously.

Candace Mumm left at 2:00 p.m.

Mr. Tencick discussed his due diligence trip to Portland, Oregon, to meet with BridgeCity and US Bank.

There being no other business, the meeting adjourned at 2:04 p.m.

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**Phillip Tencick, Retirement Director**