

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
March 27, 2019

The regular monthly meeting was called to order at 12:01 p.m. in the Council Briefing Center at City Hall.

Present: Mike Coster, Jim Tieken, Mike Cavanaugh, Candace Mumm, and Dean Kiefer

Absent: Brian Brill and J.D. Morscheck

Staff: Phill Tencick, Donald Brown, and Tim Szambelan

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

Minutes of the February 27, 2019 Meeting

Candace Mumm moved and Jim Tieken seconded the motion to approve the minutes of the February 27, 2019 meeting as presented.

Director's Report

Service Retirements

| <i>Name</i> | <i>Age</i> | <i>Retirement Date</i> | <i>Years of Service</i> | <i>Option</i> |
|---------------------|------------|------------------------|-------------------------|---------------|
| Thomas E. Danek | 52 | 02/01/2019 | 3.9 Portability | E |
| Andrew C. Hess | 67 | 03/19/2019 | 18.7 | E |
| Joan M. Hamilton | 61 | 04/01/2019 | 27.5 | ST |
| Matthew M. Doval | 54 | 04/02/2019 | 13.1 | ST |
| Joan P. Medina | 50 | 04/06/2019 | 30.6 | C-20 |
| John R. Johnson | 60 | 04/19/2019 | 29.6 | E |
| Michael W. Nauroth | 67 | 05/03/2019 | 18.4 | E |
| Cathleen E. Johnson | 61 | 05/04/2019 | 15.6 | ST |

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

Withdrawals for March 2019

| <i>Name</i> | <i>Years of Service</i> | <i>Termination Date</i> |
|-----------------------|-------------------------|-------------------------|
| Vance W. Peterson | 1.1 | 10/02/1982 |
| Jeffrey S. Cross | 2.6 | 09/09/2014 |
| Michele R. Frachiseur | 0.7 | 03/24/2017 |
| Marie A. Coulter | 0.3 | 11/08/2018 |

Mike Cavanaugh moved and Jim Tieken seconded the motion to approve the requests for withdrawal as presented on the March Retirement Transaction Report. The motion passed unanimously.

Vesting

| <i>Name</i> | <i>Department</i> | <i>Years of Service</i> |
|-----------------|-------------------|-------------------------|
| Brian R. Bowman | Water | 5.7 |

Deaths

| <i>Name</i> | <i>Date Retired</i> | <i>Age</i> | <i>Date of Death</i> | <i>Information</i> |
|---------------------|---------------------|------------|----------------------|-------------------------------|
| Gregory A. Smith | 02/02/2013 | 71 | 12/25/2018 | Contribution Balance Paid Out |
| Patricia C. Stanton | 01/03/1996 | 87 | 01/23/2019 | No Further Benefits |
| Judith M. Quinlivan | 07/03/2002 | 68 | 02/07/2019 | No Further Benefits |
| Dennis R. Williams | 01/08/2008 | 73 | 01/25/2019 | D Option Continues |

Vesting and death information provided to the Board for review.

Expenditure Summary Report – February 2019

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

Dean Kiefer moved and Jim Tieken seconded the motion to approve the February 2019 Expenditure Summary Reports. The motion passed unanimously.

Schedule of Investments – February 2019

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on February 28, 2019 was \$300.1 million with an estimated monthly rate of return of 2.6%.

Monthly Cash Reconciliation

The monthly cash reconciliation report for March 2019 was presented to provide the Board with additional insight into the ongoing liquidity and cash position of the plan.

Other Business

Mr. Tencick updated the Board on the status of Senate Bill 5240 (SB5240). The Ways and Means Committee did not take any action on the bill before the March 1, 2019 deadline for it to be passed out of committee.

Mr. Tencick provided analysis on the impact of allowing exempt confidential employees not participating in SERS. There are currently 36 employees in these positions. If all were to opt out, there would be a negative impact on the plan of approximately \$360 thousand per year. To offset this cost, contributions for remaining participants would have to increase by 38bp. Once an alternative option is designed, Spokane Municipal Code (SMC) would have to be updated discrimination testing would have to be performed before the alternative could be implemented.

Long-Term Funding Strategy

Mr. Tencick led a discussion on the Long-Term Funding of SERS. Meeting the Actuarially Defined Contribution (ADC) rate will ensure that the plan's glide path will be met. A contribution rate increase following short term investment underperformance increases the likelihood meeting funding goals earlier than expected. As the plan approaches full funding, it will be necessary to address offsetting priorities related to the timing of reaching fully funded status, the cost of doing so, the investment risk to take, and when to grant ad hoc increases.

Doodle Survey Results

Mr. Tencick shared the results of the Doodle Survey that was emailed to the Board members asking which day of the week and time slot would work best in their schedule. The last Wednesday of the month at 1:30 p.m. was the most popular time slot with 86%; however, the availability of the Council Briefing Center was only available 53% of the time. Discussion ensued and it was decided the next two meetings would still be held in the Briefing Center at noon. Having made no change to the meeting time or place, no motion was made.

There being no other business, the meeting adjourned at 1:02 p.m.

/s/

Phillip Tencick, Retirement Director