

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
June 29, 2011

Bill Todd called the regular monthly meeting to order at 1:30 p.m. in the 5th Floor Conference Room at City Hall.

Present: Bill Todd, Steve Sather, Mike Coster, Tom Brown, Jon Snyder and Jerry McFarlane

Staff: Leo Griffin, Diana Hart and Tim Szambelan

Guests: Tammy Erickson, Jennifer Blake, Mike Cavanaugh, Joan Hamilton and John Bjork

Moss Adams – December 31, 2010 Audit Report

Moss Adams presented a draft of the results of the 2010 SERS independent audit. The auditors explained how they test critical areas such as the investment assets, investment income, contributions, benefit payments and participant data. Moss Adams expects to issue an unqualified (clean) opinion. Additionally, they expect no comments in the management letter, which is a reflection of the continuing efforts being made by staff.

Mike Coster entered the meeting at 1:45 pm

The auditors were asked by the Board to explain the due diligence process on the Systems' alternative investments. Ms. Erickson explained procedures that Moss Adams uses and pointed out the importance of the onsite due diligence visits performed by SERS Chief Investment Officer. She stated that onsite office visits by staff to the alternative investment managers was a very important and key internal control. The Board members asked further questions about the auditor's processes.

Minutes of the May 25, 2011 Meeting

Mr. Brown moved and Mr. Coster seconded the motion to approve the minutes of the May 25, 2011 meeting as distributed. The motion passed unanimously with Mr. Snyder abstaining.

Service Retirements

Name	Age	Retirement Date	Years of Service	Option	30-day Notice
Kathleen A. McCorgary	59	06/11/2011	20.5	ST	N
Kenneth A. Esperas	59	07/02/2011	17.2	E	N
John W. Mercer	62	07/09/2011	11.4	ST	Y
David L. Byrnes	64	08/02/2011	36.7	E	Y
Albert J. Powell	66	08/06/2011	23.0	ST	Y

Mr. Sather moved and Mr. Brown seconded the motion to approve the service retirements as presented on the June Retirement Transaction Report. The motion passed unanimously.

Withdrawals for June 2011

Name	Termination Date
Telia Sherwood	12/31/2010
Alexander Feliciano	04/27/2011
Bryan Alves	05/11/2011

Mr. McFarlane moved and Mr. Sather seconded the motion to approve the requests for withdrawal as presented on the June Retirement Transaction Report. The motion passed unanimously.

Vesting

Name	Department	Years of Service
Renae L. Dehle	Street	8.0

Deaths

Name	Date of Death	Age	Information
James R. Minor	05/25/2011	89	No further benefits
Kathy A. Gance (Active Death)	06/04/2011	60	Withdrawal Pending
William L. Murdoch, Jr.	06/14/2011	85	'E' Option continues
Raymond D. Branting	06/17/2011	80	No further benefits
Helen E. Wilson	06/21/2011	94	No further benefits

Vesting and death information was provided to the Board for review.

Ad-Hoc

The Director discussed the actuary's recommendation of not granting an ad hoc adjustment to retirees based on the System's funded ratio of 72.2%.

Mr. Brown moved and Mr. McFarlane seconded a motion not to grant an ad hoc adjustment to retirees. The motion passed unanimously.

Interest Rate on Employee Contributions

Mr. Griffin stated that the Board determined in 2010 that it would review the interest rate on employee contributions on an annual basis. Mr. Griffin has discussed the matter with the System's actuary and recommends that the rate remain at 4% as interest rates in the economy have remained relatively flat over the past twelve months.

Mr. Snyder moved and Mr. Brown seconded a motion to leave the interest rate on employee contributions unchanged. The motion passed unanimously.

Director's Report

Expenditure Summary Report – May 2011

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

Mr. Coster moved and Mr. Sather seconded the motion to approve the May 2011 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – May 2011

The monthly investment report was presented to the Board for review. The market value of the SERS portfolio on May 31, 2011 was \$244.6 million. Mr. Griffin highlighted SERS recent investment to the Caduceus fund and informed the Board that Castine would be funded effective July 1, 2011.

Other Business

Mr. Snyder updated the Board on his May, 2011 Wharton Investments' class. He stated that the program and instructors were excellent and he thanked the Board for the unique educational opportunity, which is designed specifically for pension plans.

Mr. Todd, along with the entire Board and staff, thanked Tom Brown for his 26+ years of service as a Board member serving the Spokane Employees' Retirement System. This is Mr. Brown's last meeting as a Board member.

There being no other business, the meeting adjourned at 2:17 p.m.

/s/

Leo F. Griffin, Retirement Director