

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
April 25, 2018

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

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

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

Guests: Bill Reid, Bill Dowd, Joe Cavanaugh, Joan Hamilton, Lee Ann Reid, Diane Clavel, Melissa Wittstruck, Richard Czernik, Jon Barnhart, and John Bjork

Candace Mumm arrived at 1:32 p.m.

Bill Dowd and Bill Reid, SageView Consulting – 2017 Actuarial Valuation

Mr. Dowd and Mr. Reid presented the December 31, 2017 Actuarial Valuation.

The actuarial funded status as of December 31, 2017 was 67.4%, up from 53.0% at the end of 2016. Most of the improvement was due to the increase in the liability discount rate from 5.75% to 7.50%, which was a result of an increase in the total contribution rate to 18.0% (9.0% for both employee and employer) and the ongoing commitment to meet the Actuarially Determined Contribution (ADC) rate. The total employee and employer ADC as of the end of the year was 18.49%. The Plan's current funded status is in line with the long-term glide path strategy implemented in 2012 to ensure the Plan returns a fully funded status. However, the glide path will be adjusted for next year's report to reflect the increased contribution rates.

Mike Cavanaugh moved and Jim Tieken seconded the motion to follow the recommendation by SageView to increase the contribution rate from 9.00% to 9.25% effective January 1, 2019. The motion passed unanimously.

Ad-Hoc Increase

In accordance with SERS Board policy, SageView recommended not granting an ad hoc pension increase since the current funding ratio is below the minimum 90% threshold.

Mike Cavanaugh moved and Dean Kiefer seconded the motion to follow SageView's recommendation to not grant an ad-hoc pension increase. The motion passed unanimously.

Minutes of the March 28, 2018 Meeting

Candace Mumm moved and J.D. Morscheck seconded the motion to approve the minutes of the March 28, 2018 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>
Dann A. Douglas	67	04/12/2018	16.9	E
Janet M. Worley	62	05/02/2018	31.0	E
Donald E. McIntyre	68	05/04/2018	15.6	E
George M. Eltz	74	05/16/2018	19.0	ST
Patricia A. Bonner	65	06/16/2018	33.6	ST
Thomas C. Kestell	63	07/07/2018	19.0	D
John A. Walters	63	07/07/2018	20.0	E
John W. Halsey	61	08/02/2018	23.5	E

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

Withdrawals for April 2018

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Joel B. Williamson	1.0	01/04/2013
Lauren M. Bickel	0.2	07/28/2017
Sean R. Zubaugh	0.9	10/12/2017
Ronald E. Jobe	Beneficiary of Michael R. Jobe	

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

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Kenneth C. Gimpel	Solid Waste Disposal	5.3
Nicole R. Goes	Civil Service	7.8
Michelle D. Szambelan	Municipal Court	18.6

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Ida M. Cross	05/05/2017	95	04/06/2018	No Further Benefits
Wilma C. Beddow	06/08/2013	58	04/08/2018	E Option Continues

Vesting and Death information provided to the Board for review.

Expenditure Summary Report – March 2018

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

Jim Tieken moved and Dean Kiefer seconded the motion to approve the March 2018 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – March 2018

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on March 31, 2018 was \$304.8 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 and cash position of the plan.

Berens Consent Agreement

Mike Cavanaugh moved and Jim Tieken seconded the motion to approve the consent agreement approving the merger between Alternative Investment Group and Berens Capital Management. The only change SERS and Hyas Group is expecting to see is in name only. The motion passed unanimously.

OrbiMed Consent Agreement

Jim Tieken moved and Mike Cavanaugh seconded the motion to approve the consent agreement approving the change of control since Mr. Isaly is stepping down as Managing Member. The motion passed unanimously.

Environmental, Social, and Governance (ESG) Overview

Mr. Tencick led a discussion with the Board regarding the use Environmental, Social, and Governance criteria in the evaluating investments and how it could impact SERS. The policy that the Seattle City Employees' Retirement System (SCERS) uses regarding ESG was shared with the Board.

GASB 75 OPEB Expenses

Mr. Tencick shared with the Board a legal opinion on the other post-employment benefits (OPEB) expenses being assessed against the Retirement department pursuant to the implementation of Governmental Accounting Standards Board (GASB) 75 by the City. The legal opinion stated the Board was not to use Fund assets for the payment of OPEB expenses.

Other Business

There being no other business, the meeting adjourned at 2:55 p.m.

/s/

Phillip Tencick, Retirement Director