

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. December 2, 2020
WebEx Meeting

AGENDA

- 1) Jayson Davidson, Hyas Group
 - a) Third Quarter 2020 Performance Review
 - Information
- 2) Minutes of the November 4, 2020 Meeting
 - Motion
- 3) Director's Report
 - a) Retirements
 - Motion
 - b) Withdrawals
 - Motion
 - c) Deaths
 - Information
 - d) Expenditure Summary Report – October 2020
 - Motion
 - e) Schedule of Investments – October 2020
 - Information
 - f) Cash Reconciliation – November 2020
 - Information
 - g) US Bank Retiree Portal
 - Information
 - h) Other Business
- 4) Voluntary Retirement Incentive Program
 - Information
- 5) Other Business
- 6) Next Meeting – **Wednesday January 6, 2021 at 1:00 p.m.**

****Please note:** The December Board meeting will be held via [WebEx Meeting](https://spokanecity.webex.com/webappng/sites/spokanecity/meeting/download/2a0958cadb94489a9c3a36bfd85831a?siteurl=spokanecity&MTID=m314612e7cad89916e901a0211a4b6ac7).
<https://spokanecity.webex.com/webappng/sites/spokanecity/meeting/download/2a0958cadb94489a9c3a36bfd85831a?siteurl=spokanecity&MTID=m314612e7cad89916e901a0211a4b6ac7>
Meeting dial-in number: 1-408-418-9388
Meeting number (access code): 146 461 1722
Meeting password: YwdaEefW324

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
November 4, 2020**

The meeting was called to order at 1:05 p.m. via WebEx conference call

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

Staff: Phill Tencick, Donald Brown, and Tim Szambelan

Guests: Richard Czernik, Justin Anderson, Teri Stripes, Natalie Hilderbrand, and Lauren Albanese

Michael Cathcart joined the meeting at 1:06 p.m.

Minutes of the October 7, 2020 Meeting

Joe Cavanaugh moved and Jim Tieken seconded the motion to approve the minutes of the October 7, 2020 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>
Paul D. Trautman	51	11/01/2020	25.1	E
Donna J. Stambaugh	64	11/01/2020	0.8 Portable	ST
Michelle L. Knie	51	11/03/2020	11.8	E
Harold R. Folk	75	11/03/2020	14.4	E
Curtis L. Borders	60	11/14/2020	23.9	E

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

Withdrawals for November 2020

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Danielle V. Cossey	1.6	03/05/2020
Kristi D. Flannery	3.6	06/11/2020
Keely M. Yates	2.0	09/04/2020

Jim Tieken moved and Dean Kiefer 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>
Jeffrey G. Elkins	Advanced Wastewater Treatment	15.2

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Bernice G. Brown	12/04/2003	91	10/04/2020	No Further Benefits

Vesting and Death information provided to the Board for review.

Expenditure Summary Report – September 2020

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

Dean Kiefer moved and Joe Cavanaugh seconded the motion to approve the September 2020 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – September 2020

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on September 30, 2020 was \$303 million with an estimated rate of return of -1.6% 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.

Other Business

Select Committee on Pension Policy Portability Study

Mr. Tencick shared that initial findings have been provided and that the study will be presented at the Select Committee's meeting on November 17. Mike Coster asked for the feedback on the initial findings and the study be shared with the Board.

Wells Small Cap Value Transition

Mr. Tencick informed the Board that the Wells Small Cap Value transition was completed. SERS had to receive a waiver to invest in the fund since it closed to new investors subsequent to the search.

Election Impacts

Mr. Tencick shared that election results were still uncertain. The current vote counts would result in a divided government with Democrats holding the Presidency and the House and with Republicans holding the Senate. Historically, divided governments have resulted in strong equity performance.

There being no other business, the meeting adjourned at 1:18 p.m.

Phillip Tencick, Retirement Director

DRAFT

SERS Retirement Transaction Report

December 2020

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	David B. Compton	62	11/14/2020	19.9	Development Services Center	E
2	Larry W. Kirkpatrick	58	11/14/2020	12.4	Engineering Services	ST
3	Rebecca L. Riedinger	54	12/01/2020	18.5	Legal	ST
4	Ronald W. Hrycenko	60	01/09/2021	24.1	Solid Waste	E
5	Miriam E. Wilde	64	03/01/2021	13.4	Library	ST
	Retirements YTD	72				
	2019 Total Retirements	69				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Mark A. Benjamin	2.4	Water	05/12/2020
2	Zachariah Q. Wells	0.4	Parking Meter	06/30/2020
3	Wesley C. Crago	0.7	Mayor	10/02/2020
4	John M. Franklin	0.4	Solid Waste Management	10/02/2020
5	Matthew B. Calhoon	11.1	Solid Waste Management	11/06/2020

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Joyann A. Montgomery	10/30/2015	78	10/15/2020	No Further Benefits
2	Charles J. Rickerson	01/06/2000	71	11/03/2020	E Option Continues
3	Julie A. Thompson	10/06/2004	66	11/05/2020	No Further Benefits
4	Raymond C. Beyer	06/04/1991	91	11/16/2020	No Further Benefits

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2020 EXPENDITURE SUMMARY REPORT
 OCTOBER 31, 2020

	2019 ACTUAL	2020 BUDGET	OCTOBER ACTUAL EXPENDITURES	2020 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	308,884.99	329,274.00	24,234.49	251,566.23	77,707.77	76.4%
Departmental Benefits	61,457.99	63,101.00	5,042.49	51,506.80	11,594.20	81.6%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(21,009.35)	(10,000.00)	-	(14,214.20)		
Postage/Supplies/Other	1,217.16	5,200.00	128.55	3,454.37	1,745.63	66.4%
State Audit Charges	11,146.55	15,000.00	2,644.40	8,781.10	6,218.90	58.5%
Contractual Services	133,696.37	175,000.00	10,840.08	118,173.39	56,826.61	67.5%
Travel	3,489.45	15,000.00	-	109.09	14,890.91	0.7%
Registration/Schooling	810.00	16,000.00	500.00	5,995.00	10,005.00	37.5%
Other Dues/Subscriptions/Membership	2,273.80	2,500.00	1,166.40	1,427.80	1,072.20	57.1%
Other Miscellaneous Charges	3,135.88	2,300.00	55.00	1,059.23	1,240.77	46.1%
Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	522,751.84	623,375.00	44,611.41	427,858.81	191,301.99	68.6%
INTERFUND EXPENDITURES						
Interfund - Office Performance Mgmt Services	4,189.36	389.00	-	389.00	-	100.0%
Interfund - Centralized Purchasing	1,251.65	516.00	129.00	516.00	-	100.0%
Interfund - Centralized Accounting	2,016.40	1,917.00	-	1,437.75	479.25	75.0%
Interfund - Risk Management	584.00	586.00	-	146.50	439.50	25.0%
Interfund - Worker's Compensation	122.00	134.00	-	100.50	33.50	75.0%
Interfund - Reprographics	9,376.27	5,000.00	1,250.00	3,402.65	1,597.35	68.1%
Interfund - IT	12,896.37	39,237.00	3,272.59	29,430.59	9,806.41	75.0%
Interfund - IT Replacement	1,965.00	1,827.00	152.25	1,370.25	456.75	75.0%
Interfund - My Spokane	609.90	580.00	-	435.00	145.00	75.0%
TOTAL INTERFUND EXPENDITURES	33,010.95	50,186.00	4,803.84	37,228.24	12,957.76	74.2%
TOTAL ADMINISTRATIVE EXPENDITURES	555,762.79	673,561.00	49,415.25	465,087.05	204,259.75	69.0%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2020 EXPENDITURE SUMMARY REPORT
OCTOBER 31, 2020

	2019 ACTUAL	2020 BUDGET	OCTOBER ACTUAL EXPENDITURES	2020 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	27,788,707.57	30,000,000.00	2,514,384.56	24,333,081.83	5,666,918.17	81.1%
Pensions-Disability Payments	124,164.02	140,000.00	9,548.30	95,483.00	44,517.00	68.2%
Pensions-Survivor Annuity Benefits Payments	2,142,992.75	2,300,000.00	178,728.47	1,745,767.07	554,232.93	75.9%
TOTAL PENSIONS	<u>30,055,864.34</u>	<u>32,440,000.00</u>	<u>2,702,661.33</u>	<u>26,174,331.90</u>	<u>6,265,668.10</u>	80.7%
Refunds	544,437.91	1,000,000.00	29,882.90	427,225.18	572,774.82	42.7%
TOTAL EXPENSES	<u><u>31,156,065.04</u></u>	<u><u>34,113,561.00</u></u>	<u><u>2,781,959.48</u></u>	<u><u>27,066,644.13</u></u>	<u><u>7,042,702.67</u></u>	79.3%
INVESTMENT EXPENSE*						
Advisory Technical Service	446,741.55	500,000.00	44,378.32	318,978.92	181,021.08	63.8%

* investment expenses are netted against investment income in the statement of changes of plan net assets to arrive at a net investment income amount.

SERS Schedule of Cash and Investments
October 31, 2020

11/24/2020

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 64,592			
US Bank	Short-term Inv	671,823			
Total Cash		736,415	0.0%	0.2%	0.2%
Sterling Capital	Total Return	29,083,563			
Total Total Return		29,083,563	10.0%	9.6%	-0.4%
Hotchkis & Wiley	High Yield - Mutual Fund	14,479,465			
Total High Yield		14,479,465	5.0%	4.8%	-0.2%
Polar	LLC	7,749,257			
Castine Capital II	Ltd Partnership	-			
Post Limited Term High Yield	Ltd Partnership	6,585,072			
Rimrock Low Volatility	Ltd Partnership	9,898,025			
Total Absolute Return		24,232,354	8.0%	8.0%	0.0%
Total Capital Preservation		68,531,797	23.0%	22.7%	-0.3%
Hotchkis & Wiley	LC Value - Mutual Fund	13,474,445			
MFS Growth	LC Growth - Mutual Fund	16,366,372			
Fidelity S&P 500 Index	LC Core - Mutual Fund	31,755,142			
Total US Large Cap		61,595,959	21.0%	20.4%	-0.6%
Sterling	MC Value	4,470,221			
Westfield MC Growth	MC Growth	4,435,397			
Fidelity MC Index	MC Core - Mutual Fund	4,535,226			
Champlain	SC Core	6,927,421			
Bridge City	SC Growth	5,992,152			
Fidelity SC Index	SC Core - Mutual Fund	4,115,924			
Total US Small/Mid Cap		30,476,341	11.0%	10.1%	-0.9%
Total US Equities		92,072,300	32.0%	30.5%	-1.5%
Artisan	SMID Value - Mutual Fund	20,107,955			
Euro Pacific	LC Blend - Mutual Fund	23,902,901			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		44,010,856	15.0%	14.6%	-0.4%
Trivalent	SC Value - Mutual Fund	12,788,007			
Total International Small/Mid		12,788,007	4.0%	4.2%	0.2%
Vanguard EM Index	EM - Mutual Fund	469,944			
ABS Emerging Markets	Ltd Partnership	9,448,619			
Total Emerging Markets		9,918,563	3.0%	3.3%	0.3%
Total International Equities		66,717,426	22.0%	22.1%	0.1%
Weatherlow Offshore	Ltd Partnership	18,982,123			
Royalty Opportunities I	Ltd Partnership	1,208,631			
Royalty Opportunities II	Ltd Partnership	950,382			
Total Long Biased		21,141,136	7.0%	7.0%	0.0%
Metropolitan Real Estate Partners	Ltd Partnership	137,535			
Morrison Street Fund V	LP	1,318,705			
Morrison Street Fund VI	LP	1,820,000			
Morrison Street Debt Opportunities	LP	3,175,992			
Morgan Stanley Prime	LLC	7,241,721			
Principal (REITs)	REITs	10,955,820			
Total Real Estate		24,649,773	9.0%	8.2%	-0.8%
Contrarian Capital Fund I	Ltd Partnership	7,522,314			
Beach Point	Ltd Partnership	11,737,778			
Total Opportunistic Credit		19,260,092	7.0%	6.4%	-0.6%
Contrarian EM Credit	LLC	4,048,238			
OrbiMed II	Ltd Partnership	5,454,790			
Total Special Opportunities		9,503,028	0.0%	3.1%	3.1%
Total Cash and Investments		\$ 301,875,552	100.0%	100.0%	0.0%
	Monthly Contributions	1,610,639			
	Monthly Pension	\$ (2,732,544)			
	As of September 30, 2020	\$ 303,924,273			
	Estimated Rate of Return	-0.3%			
Abs. Return and Total Return FI Equity and Special Situations	Thesis 2017.1	53,315,917	18.0%	17.7%	-0.3%
	Thesis 2017.3	168,292,754	54.0%	55.7%	1.7%

Cash Recon - Nov

Date	Transactions	Sources	Uses	Balance
10/29/2020	Beginning Balance			2,833,155.57
10/30/2020	October Pension Payments		(2,732,544.23)	100,611.34
10/30/2020	Distribution - Morrison Street MSDO	454,732.98		555,344.32
11/2/2020	Sale - Fidelity Small Cap Index	3,720,200.00		4,275,544.32
11/2/2020	Purchase - Wells Fargo Small Cap Value		(3,720,200.00)	555,344.32
11/2/2020	Interest	8.85		555,353.17
11/6/2020	Cash Sweep	2.30		555,355.47
11/9/2020	Payroll Contributions	813,655.24		1,369,010.71
11/23/2020	Payroll Contributions	815,384.38		2,184,395.09
11/23/2020	Sale - EuroPacific Growth	650,000.00		2,834,395.09
11/24/2020	Distribution - Castine Partners	129,021.19		2,963,416.28
11/24/2020	Ending Balance	6,583,004.94	(6,452,744.23)	2,963,416.28
	<u>Upcoming</u>			
11/30/2020	November Pension Payments		(2,786,087.69)	