

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. June 2, 2021
WebEx Meeting

AGENDA

Closed Session

1. Litigation Update

Open Session will begin at 1:10 pm

Open Session

2. Litigation Update
 - Motion
3. Hyas Group – 2021 1st Quarter Investment Report
 - Information
4. Moss Adams – December 31, 2020 Audit Report
 - Information
5. Minutes of the May 5, 2021 Meeting
 - Motion
6. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Deaths
 - Information
 - e. Expenditure Summary Reports – April 2021
 - Motion
 - f. Schedule of Investments – April 2021
 - Information
 - g. Cash Reconciliation – May 2021
 - Information
 - h. Other Business
7. Future Meeting Discussion
 - Information
8. Upcoming Board Election (Jim Tieken's term)
 - Information
9. Other Business

10. Next Meeting - **Wednesday, July 7, 2020 at 1:00 p.m.**

<https://spokanecity.webex.com/spokanecity/j.php?MTID=m8ad74e5259d710d49ab2af800de66d5d>

Meeting dial-in number: 1-408-418-9388

Meeting number (access code): 187 644 5728

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
May 5, 2021

The regular monthly meeting was called to order at 1:02 p.m. via conference call.

Present: Mike Coster, Jim Tieken, Joe Cavanaugh, Michael Cathcart, Dean Kiefer, and Brian Brill

Absent: J.D. Morscheck

Staff: Phill Tencick, Christine Shisler, and Donald Brown

Guests: Bill Dowd, Bill Reid, Natalie Hilderbrand, Richard Czernick, Teri Stripes, John Kevin Balaod, and Lauren Albanese

Bill Dowd, SageView Consulting – 2020 Actuarial Valuation

Mr. Dowd presented the December 31, 2020 Actuarial Valuation.

The actuarial funded status as of December 31, 2020 was 65.8%, up from 62.4% at the end of 2019. The total Actuarially Determined Contribution (ADC) rate, including employer and employee contributions, was 20.43%.

Contribution Rate

Joe Cavanaugh moved and Jim Tieken seconded the motion to follow the recommendation by SageView Consulting to increase contribution rate from 10.00% to 10.25% effective on or before January 1, 2022. The motion passed unanimously.

Ad-Hoc Increase

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

Jim Tieken moved and Joe Cavanaugh seconded the motion to follow SageView Consulting's recommendation to not grant an ad-hoc pension increase. The motion passed unanimously.

Minutes of the April 7, 2021 Meeting

Joe Cavanaugh moved and Jim Tieken seconded the motion to approve the minutes of the April 7, 2021 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>
Daniel K. Cotter	52	04/21/2021	13.0	ST
Thomas M. Echelbarger	64	04/29/2021	10.5	ST
Cynthia A. Davis	50	05/01/2021	4.6	ST
Randall W. Nelson	62	05/22/2021	20.7	E
Anne M. Rorholm	50	06/01/2021	6.2	E
Christy R. Craver	62	06/03/2021	18.0	D

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

Withdrawals for May 2021

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Lindsay J. Stores	1.6	03/02/2021

Dean Kiefer moved and Jim Tieken seconded the motion to approve the request for withdrawal as presented on the May Retirement Transaction Report. The motion passed unanimously.

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Helen Stentz	01/19/1978	100	02/03/2019	No Further Benefits
Virginia A. Butts	01/02/2019	77	03/27/2021	No Further Benefits
Opal M. Abitz	11/02/2002	92	04/03/2021	No Further Benefits
Fred A. Shiosaki	09/01/1989	96	04/10/2021	No Further Benefits
Harry W. Colwell	02/04/1991	84	04/13/2021	E Option Continues
Jennifer S. Grimes	05/10/2014	66	04/17/2021	No Further Benefits

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Heather J. Newell	CD/HS Operations	0.6 Portable

Vesting and death information provided to the Board for review.

Expenditure Summary Report – March 2021

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

Dean Kiefer moved and Brian Brill seconded the motion to approve the March 2021 Expenditure Summary Reports. The motion passed unanimously.

Schedule of Investments – March 2021

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on March 31, 2020 was \$353.1 million with an estimated monthly rate of return of 1.5%.

Monthly Cash Reconciliation

The monthly cash reconciliation report for April 2021 was presented to provide the Board with additional insight into the ongoing liquidity and cash position of the plan. Cash positions were higher during the month to provide liquidity for pension payments and reduce market risk.

SERS Board Member Search

Mr. Tencick shared with the Board the results of the survey of the current Board members and the skills and experience they would like to see in the search for the new Board member.

Other Business

There being no other business, the meeting adjourned at 2:07 p.m.

Phillip Tencick, Retirement Director

SERS Retirement Transaction Report

June 2021

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Harlon Betts Jr.	64	04/25/2021	27.0	Library	ST
2	Philip S. Soran	76	06/01/2021	47.0	Water	E
3	Janet K. Cline	61	06/02/2021	13.8	Municipal Court Advanced	E
4	Randall E. Kueter	65	06/03/2021	7.3	Wastewater Treatment	ST
5	Ellie D. Lundberg	51	06/07/2021	22.2	Municipal Court	ST
6	Sondra L. Kintner	75	06/11/2021	18.4	Municipal Court	ST
7	William R. Peacock	66	06/11/2021	33.1	Sewer Maintenance	E
8	Sandra G. Johnson	63	07/06/2020	9.5	Probation Services	
9	Jeffery B. Benefield	64	07/10/2021	38.2	Library Advanced	E
10	Jeffrey W. Jordan	66	08/03/2021	16.0	Wastewater Treatment	E
11	Michael E. Lavelle	65	08/07/2021	35.2	Public Affairs / Communications	E
	Retirements YTD	30				
	2020 Total Retirements	74				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Jennifer L. Jackson	3.0	Human Resources	09/27/2019
2	Travis W. Hanson	0.4	Water	04/09/2021

Vesting

	Name	Department	Years of Service
1	Scott M. Simmons	Public Works & Utilities	7.2

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Frances S. Hendricks	10/07/1991	96	04/22/2021	No Further Benefits
2	J.D. Evans	02/21/1979	95	05/06/2021	No Further Benefits
3	Evan B. Bowden	03/06/2021	64	05/16/2021	No Further Benefits
4	Michael J. Brewer	01/01/1998	93	05/20/2021	E Option Continues

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2021 EXPENDITURE SUMMARY REPORT
APRIL 30, 2021

	2020 ACTUAL	2021 BUDGET	APRIL ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	315,165.09	313,354.00	22,985.75	87,921.39	225,432.61	28.1%
Departmental Benefits	85,294.40	89,760.00	6,955.82	27,098.40	62,661.60	30.2%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(16,886.25)	(10,000.00)	-	(4,943.42)		
Postage/Supplies/Other	3,997.66	5,200.00	90.65	947.49	4,252.51	18.2%
State Audit Charges	12,990.88	15,000.00	70.58	776.33	14,223.67	5.2%
Contractual Services	142,161.60	175,000.00	55,785.97	69,516.97	105,483.03	39.7%
Travel	109.09	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	5,995.00	16,000.00	-	-	16,000.00	0.0%
Other Dues/Subscriptions/Membership	1,752.80	2,500.00	-	360.00	2,140.00	14.4%
Other Miscellaneous Charges	1,179.23	2,200.00	55.19	1,283.27	916.73	58.3%
Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	569,408.50	634,014.00	85,943.96	182,960.43	456,110.15	30.4%
INTERFUND EXPENDITURES						
Interfund - Office Performance Mgmt Services	389.00	-	-	-	-	
Interfund - Centralized Purchasing	448.85	5,000.00	92.25	184.50	4,815.50	3.7%
Interfund - Centralized Accounting	1,377.27	1,764.00	441.00	882.00	882.00	50.0%
Interfund - Risk Management	293.00	607.00	-	151.75	455.25	25.0%
Interfund - Worker's Compensation	134.00	134.00	-	33.50	100.50	25.0%
Interfund - Reprographics	5,043.80	9,412.00	-	2,353.00	7,059.00	25.0%
Interfund - IT	39,242.59	39,237.00	3,271.57	9,815.05	29,421.95	25.0%
Interfund - IT Replacement	1,827.00	3,003.00	250.25	750.75	2,252.25	25.0%
Interfund - My Spokane	970.64	756.00	-	178.59	577.41	23.6%
TOTAL INTERFUND EXPENDITURES	49,726.15	59,913.00	4,055.07	14,349.14	45,563.86	23.9%
TOTAL ADMINISTRATIVE EXPENDITURES	619,134.65	693,927.00	89,999.03	207,196.41	501,674.01	29.9%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2021 EXPENDITURE SUMMARY REPORT
APRIL 30, 2021

	2020 ACTUAL	2021 BUDGET	APRIL ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	29,378,701.18	31,500,000.00	2,565,952.41	10,184,106.95	21,315,893.05	32.3%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	38,193.20	96,806.80	28.3%
Pensions-Survivor Annuity Benefits Payments	2,101,833.92	2,500,000.00	175,803.26	715,684.21	1,784,315.79	28.6%
TOTAL PENSIONS	<u>31,595,114.70</u>	<u>34,135,000.00</u>	<u>2,751,303.97</u>	<u>10,937,984.36</u>	<u>23,197,015.64</u>	32.0%
Refunds	513,758.34	1,000,000.00	7,108.16	171,954.00	828,046.00	17.2%
TOTAL EXPENSES	<u><u>32,728,007.69</u></u>	<u><u>35,828,927.00</u></u>	<u><u>2,848,411.16</u></u>	<u><u>82,905,441.05</u></u>	<u><u>24,526,735.65</u></u>	31.6%
INVESTMENT EXPENSE*						
Advisory Technical Service	449,834.07	550,000.00	56,877.88	71,469.75	478,530.25	13.0%

** 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

April 30, 2021

5/27/2021

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 26,261			
US Bank	Short-term Inv	13,730			
Total Cash		39,991	0.0%	0.0%	0.0%
Sterling Capital	Total Return	27,190,893			
Total Total Return		27,190,893	10.0%	7.5%	-2.5%
Hotchkis & Wiley	High Yield - Mutual Fund	16,228,970			
Total High Yield		16,228,970	5.0%	4.5%	-0.5%
PIMCO Dynamic	Absolute Return	7,021,693			
Polar	LLC	8,754,441			
Post Limited Term High Yield	Ltd Partnership	6,827,319			
Rimrock Low Volatility	Ltd Partnership	10,349,640			
Total Absolute Return		32,953,093	8.0%	9.1%	1.1%
Total Capital Preservation		76,412,947	23.0%	21.0%	-2.0%
Hotchkis & Wiley	LC Value - Mutual Fund	18,225,182			
MFS Growth	LC Growth - Mutual Fund	16,854,389			
Fidelity S&P 500 Index	LC Core - Mutual Fund	40,914,598			
Total US Large Cap		75,994,169	21.0%	20.9%	-0.1%
Sterling	MC Value	6,567,954			
Westfield MC Growth	MC Growth	5,696,040			
Fidelity MC Index	MC Core - Mutual Fund	5,819,185			
Champlain	SC Core	9,456,951			
Bridge City	SC Growth	8,473,932			
Wells Fargo	SC Value - Mutual fund	5,566,336			
Fidelity SC Index	SC Core - Mutual Fund	585,696			
Total US Small/Mid Cap		42,166,094	11.0%	11.6%	0.6%
Total US Equities		118,160,263	32.0%	32.5%	0.5%
Artisan	SMID Value - Mutual Fund	28,091,674			
Euro Pacific	LC Blend - Mutual Fund	25,583,166			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		53,674,840	15.0%	14.8%	-0.2%
Trivalent	SC Value - Mutual Fund	14,593,592			
Total International Small/Mid		14,593,592	4.0%	4.0%	0.0%
Vanguard EM Index	EM - Mutual Fund	568,443			
ABS Emerging Markets	Ltd Partnership	12,027,207			
Total Emerging Markets		12,595,650	3.0%	3.5%	0.5%
Total International Equities		80,864,082	22.0%	22.2%	0.2%
Weatherlow Offshore	Ltd Partnership	22,226,323			
Royalty Opportunities I	Ltd Partnership	1,743,800			
Royalty Opportunities II	Ltd Partnership	919,875			
Total Long Biased		24,889,998	7.0%	6.8%	-0.2%
Metropolitan Real Estate Partners	Ltd Partnership	134,126			
Morrison Street Fund V	LP	740,909			
Morrison Street Fund VI	LP	2,213,125			
Morrison Street Debt Opportunities	LP	2,933,314			
Morgan Stanley Prime	LLC	7,343,871			
Principal (REITs)	REITs	16,198,801			
Total Real Estate		29,564,146	9.0%	8.1%	-0.9%
Contrarian Capital Fund I	Ltd Partnership	9,251,312			
Beach Point	Ltd Partnership	13,397,625			
Total Opportunistic Credit		22,648,937	7.0%	6.2%	-0.8%
Contrarian EM Credit	LLC	5,305,432			
OrbiMed II	Ltd Partnership	5,818,551			
Total Special Opportunities		11,123,983	0.0%	3.1%	3.1%
Total Cash and Investments		\$ 363,664,356	100.0%	100.0%	0.0%
	Monthly Contributions	1,663,595			
	Monthly Pension	\$ (2,758,412)			
	As of March 31, 2021	\$ 353,116,976			
	Estimated Rate of Return	3.3%			
Abs. Return and Total Return FI	Thesis 2017.1	60,143,986	18.0%	16.5%	-1.5%
Equity and Special Situations	Thesis 2017.3	210,148,328	54.0%	57.8%	3.8%

Cash Recon - May

<u>Date</u>	<u>Transactions</u>	<u>Sources</u>	<u>Uses</u>	<u>Balance</u>
4/29/2021	Beginning Balance			2,733,461.21
4/29/2021	Redemption - Sterling Core Fixed Income	40,000.00		2,773,461.21
4/30/2021	April Pension Payments		(2,759,744.73)	13,716.48
5/3/2021	Interest	13.36		13,729.84
5/4/2021	Distribution - MSDO	66,641.97		80,371.81
5/10/2021	Payroll Contributions	832,692.90		913,064.71
5/19/2021	Wire - City Operating Account		(250,000.00)	663,064.71
5/24/2021	Payroll Contributions	847,842.82		1,510,907.53
5/26/2021	Ending Balance	1,787,191.05	(3,009,744.73)	1,510,907.53
	<u>Upcoming</u>			
5/27/2021	Sale - Hotchkis & Wiley Large Cap Value	1,300,000.00		
5/28/2021	May Pension Payments		(2,787,969.69)	