

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
June 2, 2021**

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

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

Absent: Michael Cathcart

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

Guests: Jayson Davidson, Brian Loescher, Tammy Erickson, Ashlee Lent, Natalie Hilderbrand, Teri Stripes,

The meeting was called to order at 1:02 p.m. via WebEx conference call and immediately went into closed session.

The meeting convened to open session at 1:16 p.m.

Litigation Update

Joe Cavanaugh moved and Brian Brill seconded the motion to approve the proposed settlement, providing an indemnification letter for taxes related to the distribution and to pay her current attorney's fees of \$8,433. The motion passed unanimously.

Hyas Group, 2021 1st Quarter Investment Performance Report

Mr. Davidson reviewed the First Quarter 2021 Performance Report and discussed global market activity through the end of the first quarter. Equity markets continue their strong, upward trajectory, with Small Cap stocks standing out with exceptional absolute performance numbers. Intermediate term bonds associated with the Barclay's Aggregate backtracked as interest rates ticked up on the prospect of robust economic activity and, perhaps, higher inflation. The SERS portfolio's strong performance relative to policy and peers continued as the portfolio posted a 4.7% return vs. the policy's 4.4% during the quarter. This return number represents a 4th percentile ranking versus peers. Again, category allocations remain close to policy targets with no expectation to deviate meaningfully from these targets.

The following funds were on watch status as of quarter-end: Hotchkis & Wiley High Yield, OrbiMed Partners, Hotchkis and Wiley Diversified Value, Rimrock Low Volatility, Wells Fargo Small Cap Value and Bridge City Small Cap Growth. While the Rimrock product underperformed the category's policy benchmark, it added value versus the US Aggregate Bond Index. Both Hotchkis & Wiley Products and Bridge City posted strong relative numbers for the quarter with the Hotchkis & Wiley Large Cap Value Fund, and

the Bridge City Small Cap Growth Fund moving back into policy compliance at quarter-end. OrbiMed Partners, after a very good 2020, has lagged its MSCI World Healthcare benchmark significantly this year. The Wells Fargo Small Cap Value Fund is on watch for qualitative reasons related to an ownership change for the Wells Fargo Asset Management Unit. Hyas Group did not recommending any changes in watch status.

Hyas Group informed the Board that the PIMCO Dynamic Bond Fund that was approved for addition at the last meeting, was added to the portfolio in March and the allocation is reflected in the report. Mr. Davidson also noted that MFS has announced a price reduction for the CIT version of its MFS Growth product. While Hyas generally favors lower cost CIT vehicles when they are available, in this case the performance and volatility metrics still favor the R6 share class of the mutual fund offered in the SERS portfolio.

Moss Adams, December 31, 2020 Audit Report

Moss Adams presented the 2020 SERS independent audit report. The auditors explained how they test critical areas such as the investment assets, investment income, contributions, benefit payments and participant data. Moss Adams issued an unqualified (clean) opinion. They had no negative comments or areas of concern in the management letter, which reflects the continuing diligence of staff.

Minutes of the May 4, 2021 Meeting

Brian Brill moved and Dean Kiefer seconded the motion to approve the minutes of the May 4, 2021 special 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>
Harlon Betts Jr.	64	04/25/2021	27.0	ST
Philip S. Soran	76	06/01/2021	47.0	E
Janet K. Cline	61	06/02/2021	13.8	E
Randall E. Kueter	65	06/03/2021	7.3	ST
Ellie D. Lundberg	51	06/07/2021	22.2	ST
Sondra L. Kintner	75	06/11/2021	18.4	ST
William R. Peacock	66	06/11/2021	33.1	E
Sandra G. Johnson	63	07/06/2020	9.5	E
Jeffery B. Benefield	64	07/10/2021	38.2	E
Jeffrey W. Jordan	66	08/03/2021	16.0	E
Michael E. Lavelle	65	08/07/2021	35.2	E

Joe Cavanaugh moved and Brian Brill seconded the motion to approve the service retirements as presented on the June Retirement Transaction Report. The motion passed unanimously.

Withdrawals for June 2021

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Jennifer L. Jackson	3.0	09/27/2019
Travis W. Hanson	0.4	04/09/2021

Dean Kiefer moved and Joe Cavanaugh seconded the motion to approve the requests for withdrawal as presented on the June Retirement Transaction Report. The motion passed unanimously.

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Scott M. Simmons	Public Works & Utilities	7.2

Deaths

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

Vesting and death information provided to the Board for review.

Expenditure Summary Report – April 2021

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

Joe Cavanaugh moved and Brian Brill seconded the motion to approve the April 2021 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – April 2021

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on April 30, 2020 was \$363.7 million with an estimated rate of return of 3.3% 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.

Future Meeting Discussion

Mr. Tencick asked the Board their preference about the upcoming Board meetings in person vs. continuing to meet electronically. The Board's preference was to resume meeting in person as soon as possible per City direction.

Upcoming Board Election (Jim Tieken's term)

Mr. Tencick reminded the Board that the election had been delayed from earlier in the year. Notice is expected to be sent out July 15, 2021 with nominations due August 10, 2021. The election is expected to be held on the second Tuesday of September.

There being no other business, the meeting adjourned at 2:57 p.m.

/s/

Phillip Tencick, Retirement Director