

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. May 4, 2022
Council Briefing Center

AGENDA

Guest access from the WebEx lobby will be granted after the closed session ends.

Closed Session

1. Legal Update

Open Session

2. Bill Dowd and Bill Reid, SageView Consulting – Actuarial Valuation Report
 - a. Contribution Rate
 - Motion
 - b. Ad-hoc Increase
 - Motion
3. Minutes of the April 6, 2022 Meeting
 - Motion
4. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Deaths
 - Information
 - d. Expenditure Summary Report – March 2022
 - Motion
 - e. Schedule of Investments – March 2022
 - Information
 - f. Cash Reconciliation – April 2022
 - Information
 - g. Other Business
 - SERS Board Member Search
 - Investment Theses 2022/01
5. Other Business
6. Next Meeting - **Wednesday, June 1, 2022 at 1:00 p.m.**

****Please note:** The May Board meeting will be held in person and have electronic access via WebEx <https://spokanecity.webex.com/spokanecity/j.php?MTID=m5c32b0f2d27c65ef481682140b7f4e0a>

Meeting dial-in number: 1-408-418-9388
Meeting number (access code): 2490 816 0117

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
April 6, 2022

The regular monthly meeting was called to order at 1:00 p.m. and immediately entered closed session.

Present: Jim Tieken, Jonathan Bingle, Joe Cavanaugh, Richard Czernik, Brian Brill

Absent: J.D. Morscheck

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

Guests: Natalie Hilderbrand, Nicholette Ochletree, Justin Anderson, Jon Barnhart, Joe Ebisa, Lauren Albanese

Open session began 1:15p.m.

Minutes of the March 2, 2022 Meeting

Joe Cavanaugh moved and Jonathan Bingle seconded the motion to approve the minutes of the March 2, 2022 meeting as amended.

Director's Report

Service Retirements

<i>Name</i>	<i>Age</i>	<i>Retirement Date</i>	<i>Years of Service</i>	<i>Option</i>
Tracy L. Stevens	63	03/07/2022	11.8	C-20
Tiffany S. Ryan	52	03/15/2022	17.4	ST
Monica E. Opfer	51	04/01/2022	19.5	E
Michael J. Fagan	62	04/01/2022	8.0	ST
Russell D. Lawrence	63	04/02/2022	12.1	E
Scott L. Niemeier	59	04/02/2022	32.1	ST
Michael D. Simmons	62	04/02/2022	41.8	E
Richard R. Peterson	64	04/09/2022	15.8	ST
Michael A. Fritz	57	04/12/2022	29.6	ST
Theresa M. Sanders	62	05/01/2022	10.5	E
Martin S. Owens	59	06/10/2022	34.7	E

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the service retirements as amended on the April Retirement Transaction Report. The motion passed unanimously.

Withdrawals for March 2022

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Hannah M.M. Chiabotti	3.9	10/15/2021
Trisha J. Schroff	5.3	11/06/2021
Matthaeus A. Cavanah	1.4	11/10/2021
Jayme J. Schneider	0.6	11/12/2021
Amie S. Blain	2.3	12/18/2021
Stacey L. Hopkins	1.0	01/02/2022
Kekaulani K. Garcia	1.3	01/10/2022

Jonathan Bingle moved and Brian Brill seconded the motion to approve the request for withdrawals as presented on the April 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>
Kathleen M. Gibford	11/27/2019	83	11/15/2021	No Further Benefits
Janice L. Freese	06/02/2007	81	02/23/2022	D Option Continues
Virginia L. Huffman	02/02/2005	67	03/01/2022	D Option Continues
Tracy L. Stevens	03/07/2022	63	03/10/2022	C20 Option Continues
Kathleen M. Gibford	11/27/2019	83	11/15/2021	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report – February 2022

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

Jonathn Bingle moved and Brian Brill seconded the motion to approve the February 2022 Expenditure Summary Reports. The motion passed unanimously.

Schedule of Investments – February 2022

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on February 28, 2021 was \$351 million with an estimated monthly rate of return of -1.7%.

Monthly Cash Reconciliation

The monthly cash reconciliation report for March 2022 was presented to provide the Board with additional insight into the ongoing liquidity and cash position of the plan.

Other Business

Beach Point is changing the terms of the lockout period for redemption to an 8 quarter delay. Send the information to our attorney for review.

Investment Theses 2022/1

Mr. Tencick led a discussion on Investment Thesis 2022/1.

Jonathan Bingle moved and Joe Cavanaugh seconded the motion to adopt the thesis. Jonathan Bingle, Joe Cavanaugh and Richard Czernik voted aye and Brian Brill voted nay.

Joe Cavanaugh moved and Jonathan Bingle seconded the motion to table the Investment Thesis 2022/1 to the next meeting. The motion passed unanimously.

Investment Consultant Draft RFP

Mr. Tencick updated the Board on the Investment Consultant RFP and the new timeline. The RFP will be issued on April 13, 2022, submissions will be due on May 16, 2022, and selection completed on August 3, 2022. The RFP had been in process but was postponed due to COVID restrictions.

There being no other business, the meeting adjourned at 1:51 p.m.

Phillip Tencick, Retirement Director

SERS Retirement Transaction Report

May 2022

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Kathryn Lewis	66	04/30/2022	30.0	Probation Services	A
2	David E. Lund	50	05/01/2022	11.5	Police - Planning	E
3	Rodney M. Glasser	66	05/14/2022	30.0	Stormwater	E
4	Stephen G. Mullerleile	66	06/03/2022	7.1	Solid Waste Disposal	ST
5	Randy N. Barry	63	06/04/2022	30.5	Advanced Wastewater Treatment	ST
	Retirements YTD	34				
	2021 Total Retirements	66				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Aaren R. Carnline	1.4	Legal	09/15/2021
2	Nicholas W. Anderson	4.0	Development Services Center	09/24/2021
3	Pamela M. Bergin	5.8	Human Resources	01/21/2022
4	Wayne S. Desautel	2.4	Library	02/26/2022
5	Casey L. LaPrath	0.7	Asset Management	03/24/2022

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Stephen D. Weathermon	01/09/2016	71	04/01/2022	No Further Benefits
2	Ronald H. Gibford	02/15/1986	89	04/06/2022	No Further Benefits
3	Gary L. Lindsey	01/20/1996	82	04/16/2022	D Option Continues

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2022 EXPENDITURE SUMMARY REPORT
MARCH 31, 2022

	2021 ACTUAL	2022 BUDGET	MARCH ACTUAL EXPENDITURES	2022 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	311,200.63	311,479.00	22,992.00	64,154.82	247,324.18	20.6%
Departmental Benefits	88,085.00	96,560.00	7,534.24	21,753.13	74,806.87	22.5%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(15,225.22)	(10,000.00)	(3,348.92)	(3,348.92)		
Postage/Supplies/Other	3,133.07	4,950.00	211.87	401.70	4,548.30	8.1%
State Audit Charges	12,432.82	15,000.00	121.18	559.30	14,440.70	3.7%
Contractual Services	131,620.94	175,000.00	20,274.00	36,024.00	138,976.00	20.6%
Travel	-	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	500.00	16,000.00	-	-	16,000.00	0.0%
Other Dues/Subscriptions/Membership	1,898.55	2,500.00	-	1,100.00	1,400.00	44.0%
Other Miscellaneous Charges	3,212.30	3,200.00	55.00	284.59	2,915.41	8.9%
Amortization	26,473.50	-	-	-	-	
TOTAL OPERATING EXPENDITURES	563,331.59	639,689.00	47,839.37	120,928.62	525,411.46	18.9%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	313.32	9,733.00	-	2,433.25	7,299.75	25.0%
Interfund - Centralized Accounting	1,764.00	2,136.00	-	534.00	1,602.00	25.0%
Interfund - My Spokane	885.25	1,125.00	-	281.25	843.75	25.0%
Interfund - Risk Management	607.00	571.00	-	142.75	428.25	25.0%
Interfund - Worker's Compensation	134.00	123.00	-	30.75	92.25	25.0%
Interfund - Reprographics	3,898.68	5,262.00	-	-	5,262.00	0.0%
Interfund - IT	38,532.25	46,237.00	3,856.72	7,712.62	38,524.38	16.7%
Interfund - IT Replacement	3,003.00	3,305.00	275.42	550.84	2,754.16	16.7%
TOTAL INTERFUND EXPENDITURES	49,137.50	68,492.00	4,132.14	11,685.46	56,806.54	17.1%
TOTAL ADMINISTRATIVE EXPENDITURES	612,469.09	708,181.00	51,971.51	132,614.08	582,218.00	18.7%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2022 EXPENDITURE SUMMARY REPORT
MARCH 31, 2022

	2021 ACTUAL	2022 BUDGET	MARCH ACTUAL EXPENDITURES	2022 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	30,993,999.10	33,500,000.00	2,681,497.05	7,998,878.36	25,501,121.64	23.9%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	28,644.90	106,355.10	21.2%
Pensions-Survivor Annuity Benefits Payments	2,147,772.56	2,500,000.00	186,163.64	551,889.63	1,948,110.37	22.1%
TOTAL PENSIONS	<u>33,256,351.26</u>	<u>36,135,000.00</u>	<u>2,877,208.99</u>	<u>8,579,412.89</u>	<u>27,555,587.11</u>	23.7%
Refunds	741,018.82	1,000,000.00	70,828.93	162,671.38	837,328.62	16.3%
TOTAL EXPENSES	<u><u>34,609,839.17</u></u>	<u><u>37,843,181.00</u></u>	<u><u>3,000,009.43</u></u>	<u><u>8,874,698.35</u></u>	<u><u>28,975,133.73</u></u>	23.5%
INVESTMENT EXPENSE*						
Advisory Technical Service	557,485.34	565,000.00	7,296.75	54,339.91	510,660.09	9.6%

** 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
March 31, 2022

4/27/2022

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer US Bank	Cash Short-term Inv	\$ 152,865 125,568			
Total Cash		278,433	0.0%	0.1%	0.1%
Sterling Capital	Total Return	25,902,682			
Total Total Return		25,902,682	10.0%	7.3%	-2.7%
Hotchkis & Wiley	High Yield - Mutual Fund	15,708,258			
Total High Yield		15,708,258	5.0%	4.4%	-0.6%
PIMCO Dynamic	Absolute Return	6,748,857			
Polar	LLC	8,931,829			
Post Limited Term High Yield	Ltd Partnership	6,810,293			
Rimrock Low Volatility	Ltd Partnership	10,524,976			
Total Absolute Return		33,015,955	8.0%	9.3%	1.3%
Total Capital Preservation		74,905,328	23.0%	21.2%	-1.8%
Hotchkis & Wiley	LC Value - Mutual Fund	18,710,329			
MFS Growth	LC Growth - Mutual Fund	16,904,568			
Fidelity S&P 500 Index	LC Core - Mutual Fund	39,299,882			
Total US Large Cap		74,914,779	21.0%	21.2%	0.2%
Sterling	MC Value	6,765,734			
Westfield MC Growth	MC Growth	5,729,546			
Fidelity MC Index	MC Core - Mutual Fund	4,180,862			
Champlain	SC Core	8,694,496			
Bridge City	SC Growth	7,963,121			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund	5,567,680			
Fidelity SC Index	SC Core - Mutual Fund	540,150			
Total US Small/Mid Cap		39,441,589	11.0%	11.1%	0.1%
Total US Equities		114,356,368	32.0%	32.3%	0.3%
Artisan	SMID Value - Mutual Fund	26,644,202			
Euro Pacific	LC Blend - Mutual Fund	22,379,863			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		49,024,065	15.0%	13.8%	-1.2%
Trivalent	SC Value - Mutual Fund	13,481,844			
Total International Small/Mid		13,481,844	4.0%	3.8%	-0.2%
Vanguard EM Index	EM - Mutual Fund	509,442			
ABS Emerging Markets	Ltd Partnership	10,536,756			
Total Emerging Markets		11,046,198	3.0%	3.1%	0.1%
Total International Equities		73,552,107	22.0%	20.8%	-1.2%
Weatherlow Offshore	Ltd Partnership	21,379,675			
Royalty Opportunities I	Ltd Partnership	614,480			
Royalty Opportunities II	Ltd Partnership	394,009			
Total Long Biased		22,388,164	7.0%	6.3%	-0.7%
Metropolitan Real Estate Partners	Ltd Partnership	79,803			
Morrison Street Fund VI	LP	4,010,267			
Morrison Street Income Fund	LP	2,769,161			
Morgan Stanley Prime	LLC	9,025,576			
Principal (REITs)	REITs	18,683,487			
Total Real Estate		34,568,294	9.0%	9.8%	0.8%
Contrarian Capital Fund I	Ltd Partnership	11,165,556			
Beach Point	Ltd Partnership	14,343,682			
Total Opportunistic Credit		25,509,238	7.0%	7.2%	0.2%
Contrarian EM Credit	LLC	5,632,799			
OrbiMed II	Ltd Partnership	3,131,392			
Total Special Opportunities		8,764,191	0.0%	2.5%	2.5%
Total Cash and Investments		\$ 354,043,690	100.0%	100.0%	0.0%
	Monthly Contributions	1,720,392			
	Monthly Pension	\$ (2,948,038)			
	As of February 28, 2022	\$ 351,763,209			
	Estimated Rate of Return	1.0%			
Abs. Return and Total Return FI Equity and Special Situations	Thesis 2017.1 Thesis 2017.3	58,918,637 196,672,666	18.0% 54.0%	16.6% 55.6%	-1.4% 1.6%

Cash Recon - Apr

Date	Transactions	Sources	Uses	Balance
3/31/2022	Beginning Balance			1,824,196.69
3/31/2022	Sale - S&P 500 Index	1,250,000.00		3,074,196.69
3/31/2022	March Pension Payment		(2,950,978.85)	123,217.84
3/31/2022	Returned Payment	2,301.90		125,519.74
4/1/2022	Interest	48.01		125,567.75
4/8/2022	Distribution - Royalty Opps	29,995.21		155,562.96
4/11/2022	Payroll Contributions	870,027.28		1,025,590.24
4/14/2022	Distribution - Phocas Class Action	7,165.67		1,032,755.91
4/21/2022	Distribution - Morrison Street Income Fund	61,185.45		1,093,941.36
4/21/2022	Redemption - OrbiMed Partners	2,974,822.83		4,068,764.19
4/22/2022	Distribution - Morrison Street VI	44,764.55		4,113,528.74
4/25/2022	Payroll Contributions	871,105.38		4,984,634.12
4/27/2022	Trust Fees		(26,727.85)	4,957,906.27
4/27/2022	Ending Balance	6,111,416.28	(2,977,706.70)	4,957,906.27
	<u>Upcoming</u>			
4/30/2021	April Pension Payments		(2,981,406.24)	