

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
June 1, 2022

The regular monthly meeting was called to order at 1:01 p.m.

Present: Jim Tieken, Joe Cavanaugh, Richard Czernik, Brian Brill, and J.D. Morscheck

Absent: Jonathan Bingle

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

Guests: Tammy Erickson, Ashlee Lent, Jayson Davidson, Tom Breaden, Natalie Hilderbrand

The regular monthly meeting of the Spokane Employees' Retirement System was called to order at 1:01 p.m. and immediately went into closed session with Board and staff to discuss a legal update.

The closed session adjourned at 1:08 p.m., and the Board immediately reconvened into Open Session.

Moss Adams, December 31, 2021 Audit Report

Moss Adams presented the 2021 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.

Hyas Group, 2022 1st Quarter Investment Performance Report

Mr. Davidson presented the First Quarter 2022 Performance Report and discussed near term market expectations as well as broader economic and geopolitical topics. The inflation/growth dynamic appears to be the main driver of market activity in the U.S. Interest rates have continued their sharp upward trajectory as the Federal Reserve has taken action (and signaled further action) to tamp down inflation. Interest rate increases have weighed on bond prices and growth-oriented equity sectors in particular. For the remainder of this year, Hyas Group expects markets to continue to react to the Fed's actions and signal whether they are controlling inflation without damaging economic growth too severely. Outside the U.S., the inflation/growth dynamic is similar, but in other large economic markets the dynamic is exacerbated by the Russia/Ukraine conflict and the impact this conflict has had on commodity prices and on gas and oil in particular. The First Quarter brought a top quartile ranking versus peers as the Absolute Return and Long/Growth categories added value versus the Bloomberg US Aggregate and the S&P 500 respectively. The portfolio returned -4.5% and lagged the policy benchmark at -3.5%, however.

The Hotchkis & Wiley High Yield and the Rimrock Low Volatility were the two managers on watch at the end of the quarter and Hyas Group recommending maintaining that watch status, though Mr. Davidson noted continued performance improvements for both. Hyas Group again discussed the Sterling Mid Cap Value Fund's underperformance versus its benchmark and peers at quarter-end. The Fund did have a good relative quarter and Hyas Group remains comfortable holding off on any watch action. Hyas Group can revisit this status at next quarterly investment meeting.

Mr. Davidson informed the Board that American Funds has announced that Harold H. La will be a disclosed portfolio manager for the EuroPacific Growth Fund. Mr. La had previously worked as a portfolio manager on the Fund in an undisclosed capacity. Mr. La has been with the firm for 23 years and, in keeping with the American Fund's typical management structure, will manage less than approximately 5% of the assets alongside 10 other disclosed managers. Hyas Group does not believe this announced change requires any action.

Mr. Davidson informed the Board that the OrbiMed Partners position has been liquidated (absent a 5% holdback amount that will be released upon final audit), and proceeds will be used to fund pensioner distributions.

Minutes of the May 4, 2022 Meeting

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the minutes of the May 4, 2022 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>
Kathryn Lewis	66	04/30/2022	30.0	A
David E. Lund	50	05/01/2022	11.5	E
Rodney M. Glasser	66	05/14/2022	30.0	E
Stephen G. Mullerleile	66	06/03/2022	7.1	ST
Randy N. Barry	63	06/04/2022	30.5	ST

Richard Czernik 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 2022

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Aaren R. Carnline	1.4	09/15/2021
Nicholas W. Anderson	4.0	09/24/2021
Pamela M. Bergin	5.8	01/21/2022
Wayne S. Desautel	2.4	02/26/2022
Casey L. LaPrath	0.7	03/24/2022

Richard Czernik 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.

Deaths

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

Death information provided to the Board for review.

Expenditure Summary Report – April 2022

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

Richard Czernik moved and Joe Cavanaugh seconded the motion to approve the April 2022 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – April 2022

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on March 31, 2022 was \$354 million with an estimated rate of return of 1.0% 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

Mr. Tencick informed the Board that there will be an upcoming change to the Human Resources Department's leadership. Both the Director, Kris Smith, and Labor Relations Manager, Meghann Steinolfson, will be leaving the City.

Joe Cavanaugh moved and Richard Czernik seconded the motion to adjourn the meeting. The motion passed unanimously.

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

/s/

Phillip Tencick, Retirement Director