

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
September 7, 2022**

The regular meeting was called to order at 1:20 p.m.

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

Absent: J.D. Morscheck

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

Guests: Jayson Davidson, Tom Breaden, Jon Barnhart, Dave Hanshaw, Natalie Hilderbrand, Daniel Ramos III, Lauren Albanese, and Joe Ebisa

Hyas Group, 2022 2nd Quarter Investment Performance Report

Hyas Group reviewed the Second Quarter 2022 Performance Report and discussed absolute and relative performance for the portfolio as well as expectations going forward. From an economic and market perspective, the broad themes impacting markets have remained generally the same since the Board last met. Inflation, the central bank's response to inflation, and the corresponding impact on growth are driving market activity across the world. Price pressure has not shown any material signs of lessening and it is expected that the Federal Reserve will maintain its aggressive monetary actions to try and tamp down inflation. Again, whether they can do this without any more severe recessionary consequences remains the question. Portfolio performance for the quarter, at -11.1%, lagged the policy benchmark by 0.8% and placed in the 65th percentile of peers. Marginal underperformance relative to policy benchmarks occurred in most categories, with larger shortfalls coming in Long Biased and Opportunistic Credit.

Hyas Group briefly discussed the timing to initiate a new asset allocation study. They will be engaging in this project over the next several months and expect to be able to present results at the next Board meeting. They will work with staff to gather necessary portfolio detail and actuarial assumptions.

The Hotchkis & Wiley High Yield and the Rimrock Low Volatility, the two managers on watch at the end of the quarter, will remain on watch. Hyas Group recommended placing the Sterling Mid Cap Value Fund on watch for performance in violation of policy parameters. While recent performance for the fund has been strong, performance for the prescribed policy period came in slightly below benchmarks.

Richard Czernik moved, and Jonathan Bingle seconded the motion to place Sterling Midcap Value on watch. The motion passed unanimously.

Minutes of the August 3, 2022 Meeting

Joe Cavanaugh moved, and Jonathan Bingle seconded the motion to approve the minutes of the August 3, 2022 meeting as presented. The motion passed unanimously.

Director's Report

Service Retirements

Name	Age	Retirement Date	Years of Service	Department
David L. Beardslee	65	10/28/2022	41.0	Street
Ronald J. Dowers	66	10/07/2022	29.6	Solid Waste Disposal
Kenneth R. Jenness	52	09/10/2022	19.8	Development Services
John D. Larribeau	70	10/01/2022	14.5	Fleet Services
Jeffrey J. Weinfurtnr	65	12/02/2022	25.0	Police Records

Richard Czernik moved, and Jonathan Bingle seconded the motion to approve the service retirements as presented on the September Retirement Transaction Report. The motion passed unanimously.

Withdrawals for September 2022

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Melanie S. Mick	0.8	Finance
Michael G. Probst	7.9	Information Technology
Allen L. Jones	0.6	Accounting

Richard Czernik moved, and Johnathan Bingle seconded the motion to approve the requests for withdrawal as presented on the September Retirement Transaction Report. The motion passed unanimously.

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Cassandra N. Berg	CD/HS Operations	10.9
Joseph P. Conley	Solid Waste Disposal	13.6
Brandy A. Cote	Mayor	7.7
Michael D. Elston	Public Defender	3.2 Portability
Brittany A. Garwood	Public Facilities District	25.5
Jacob A. Hensley	Finance	9.9
Kenneth L. Knutson	Street	7.1
Meghann R. Steinolfson	Human Resources	7.5

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Loran A. Thompson	02/16/2008	76	07/16/2022	No Further Benefits
Velda M. Berry	05/11/2001	95	08/08/2022	No Further Benefits
Myron E. Guffey	02/06/2010	68	08/10/2022	D Option Continues
Lisa G. Porter	05/02/2017	63	08/16/2022	No Further Benefits
Bertram I. Nelson	12/31/2004	72	08/20/2022	No Further Benefits
Edward G. Ellefsen	01/12/1994	78	08/22/2022	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – July 2022

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

Richard Czernik moved, and Jonathan Bingle seconded the motion to approve the July 2022 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – July 2022

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on July 31, 2022 was \$324 million with an estimated rate of return of 4.8% 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

Ms. Shisler updated the Board that the retirement calculations that were to be recalculated due to the settlement of the Local 270 contract have been completed and the retro payments and new pension amounts are scheduled to be included with the October pension payroll.

Ms. Shisler inquired about the updated mandate from Governor Inslee regarding access to the Board meetings and if the Board desired to continue the WebEx portion as well as in-person. Discussion ensued, and Joe Cavanaugh moved with Jonathan Bingle seconding the motion to discontinue using WebEx to allow for remote access to the SERS Board meetings after the October meeting. The motion passed unanimously.

2023 Budget

The 2023 Budget was presented to the Board and discussed.

Jonathan Bingle moved, and Richard Czernik seconded the motion to adopt the 2023 Budget as presented. The motion passed unanimously.

SERS Board Member Search

A candidate for the open Board Member was interviewed before the Board Meeting. The Board discussed the necessary next steps required before submitting for City Council appointment. A formal recommendation will be presented at the next meeting.

There being no other business, the meeting adjourned at 2:12 p.m.

/s/

Phillip Tencick, Retirement Director