

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. December 7, 2022
Council Briefing Center

AGENDA

- 1) Jayson Davidson, Hyas Group
 - a) Third Quarter 2022 Performance Review
 - Information
 - b) Asset Allocation Study
 - Motion

- 2) Minutes of the November 2, 2022 Meeting
 - Motion

- 3) Director's Report
 - a) Retirements
 - Motion
 - b) Withdrawals
 - Motion
 - c) Deaths
 - Information
 - d) Expenditure Summary Report – October 2022
 - Motion
 - e) Schedule of Investments – October 2022
 - Information
 - f) Cash Reconciliation – November 2022
 - Information
 - g) Other Business

- 4) Other Business
 - a) Pension Recalculation due to Retro
 - Motion

- 5) Next Meeting – **Wednesday January 4, 2023 at 1:00 p.m.**

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
November 2, 2022**

The meeting was called to order at 1:01 p.m. in the Council Briefing Center at City Hall.

Present: Jim Tieken, Joe Cavanaugh, Richard Czernik, Brian Brill, Brian Myers

Absent: Jonathan Bingle

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

Guests: Dave Hanshaw, Jon Barnhart

Minutes of the October 5, 2021 Meeting

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the minutes of the October 5, 2022 meeting as amended. The motion passed unanimously.

Director's Report

Service Retirements

Name	Age	Retirement Date	Years of Service	Department
Jeffrey S. Braviroff	54	11/01/2022	2.8 Portability	Street
Tonya R. Peone	52	11/01/2022	23.7	Combined Communications Center
Liesel E. Lehrhaupt	53	11/01/2022	5.0	Legal
Russell D. Anderson	62	11/03/2022	31.2	Parks & Recreation

Richard Czernik moved and Brian Myers seconded the motion to approve the service retirements as presented on the November Retirement Transaction Report. The motion passed unanimously.

Withdrawals for November 2021

Name	Years of Service	Department
Scotty A. Nicol	0.4	Council
Michael P. Perry	0.9	Engineering Services
Paul M. Ingiosi	3.9	Finance

Richard Czernik moved and Brian Brill seconded the motion to approve the requests for withdrawal as presented on the November 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>
Alvey W. Pratt	01/02/1997	78	09/26/2022	No Further Benefits
Frances J. Bingham	05/05/2001	85	10/02/2022	No Further Benefits
Camilla J. Phillipson	03/01/1995	92	10/14/2022	E Option Continues
James A. Nunn	05/04/1999	74	10/21/2022	E Option Continues
James E. Joireman	07/02/2006	85	10/22/2022	E Option Continues
Berta Sherman	03/18/2019	93	10/22/2022	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report – September 2022

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

Joe Cavanaugh moved and Brian Myers seconded the motion to approve the September 2022 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – September 2022

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on September 30, 2022 was \$293.9 million with an estimated rate of return of -6.6% 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 presented an Asset Allocation Primer.

The Board reviewed the Spokane Municipal Code (SMC) beneficiary option code changes that were included with their packet.

Joe Cavanaugh moved and Richard Czernik seconded the motion to accept the SMC changes as presented. The motion passed unanimously.

Mr. Tencick reviewed with the Board the white paper that was included in the packet that discussed Morrison Street VII fund. Hyas Group recommended a commitment of 6 million dollars.

Joe Cavanaugh moved and Brian Myers seconded the motion to make a 6 million dollar commitment to Morrison Street Fund VII. The motion passed unanimously.

Other Business

Ms. Shisler informed the Board that the M&P Association have settled their contract, waiting for Council to approve. The only retirements that will need to be recalculated are those who retired in 2022. The change will not be as impactful to the System as the Local 270 recalculations.

There being no other business, the meeting adjourned at 1:36 p.m.

Phillip Tencick, Retirement Director

SERS Retirement Transaction Report

December 2022

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Robert J. Womochil	69	12/01/2022	22.3	Street	ST
2	Brittany A. Garwood	53	12/01/2022	25.5	PFD	A
3	John J. Delay	57	02/04/2023	33.2	Public Affairs / Communications	E
	Retirements YTD	0				
	2021 Total Retirements	66				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Cheryl E. Bowers	0.1	My Spokane	04/24/2022
2	Scotty J. Ferguson	0.2	Street	05/02/2022
3	Michelle E. Hannaford	3.2	Parks & Recreation	09/23/2022
4	Yana L. Irvine	0.2	Asset Management	08/04/2022
5	Noah X. Stickney	1.3	Parking Meters	08/22/2022
6	Ricky D. Burke	0.8	Solid Waste Management	09/28/2022

Vesting

	Name	Department	Years of Service
1	Dustin C. Patrick	EMS Fund	18.7

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Sam R. Roderick	12/31/2004	83	11/02/2022	E Option Continues
2	Clifton Doss	10/01/1999	73	11/03/2022	No Further Benefits
3	Mary T. Badeaux	09/07/2019	72	11/14/2022	No Further Benefits

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

	2021 ACTUAL	2022 BUDGET	OCTOBER ACTUAL EXPENDITURES	2022 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	311,200.63	311,479.00	23,432.00	240,579.73	70,899.27	77.2%
Departmental Benefits	88,085.00	96,560.00	7,615.76	77,433.12	19,126.88	80.2%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(15,225.22)	(10,000.00)		(10,256.55)		
Postage/Supplies/Other	3,133.07	4,950.00	48.26	1,631.01	3,318.99	32.9%
State Audit Charges	12,432.82	15,000.00	1,858.29	11,179.11	3,820.89	74.5%
Contractual Services	131,620.94	175,000.00	15,775.25	136,053.93	38,946.07	77.7%
Travel	-	15,000.00	-	699.74	14,300.26	4.7%
Registration/Schooling	500.00	16,000.00	-	575.00	15,425.00	3.6%
Other Dues/Subscriptions/Membership	1,898.55	2,500.00	-	1,418.73	1,081.27	56.7%
Other Miscellaneous Charges	3,212.30	3,200.00	55.00	795.10	2,404.90	24.8%
Amortization	17,649.00	-	-	4,412.25		
TOTAL OPERATING EXPENDITURES	554,507.09	639,689.00	48,784.56	464,521.17	179,323.53	72.6%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	313.32	9,733.00	2,433.25	9,733.00	-	100.0%
Interfund - Centralized Accounting	1,764.00	2,136.00	534.00	2,136.00	-	100.0%
Interfund - My Spokane	885.25	1,125.00	281.25	1,125.00	-	100.0%
Interfund - Risk Management	607.00	571.00	-	428.25	142.75	75.0%
Interfund - Worker's Compensation	134.00	123.00	-	92.25	30.75	75.0%
Interfund - Reprographics	3,898.68	5,262.00	667.88	4,297.34	964.66	81.7%
Interfund - IT	38,532.25	46,237.00	3,854.26	34,696.67	11,540.33	75.0%
Interfund - IT Replacement	3,003.00	3,305.00	275.42	2,478.78	826.22	75.0%
TOTAL INTERFUND EXPENDITURES	49,137.50	68,492.00	8,046.06	54,987.29	13,504.71	80.3%
TOTAL ADMINISTRATIVE EXPENDITURES	603,644.59	708,181.00	56,830.62	519,508.46	192,828.24	73.4%

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

	2021 ACTUAL	2022 BUDGET	OCTOBER ACTUAL EXPENDITURES	2022 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	30,993,999.10	33,500,000.00	2,771,490.28	27,150,341.30	6,349,658.70	81.0%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	95,483.00	39,517.00	70.7%
Pensions-Survivor Annuity Benefits Payments	2,147,772.56	2,500,000.00	187,413.83	1,864,384.70	635,615.30	74.6%
TOTAL PENSIONS	<u>33,256,351.26</u>	<u>36,135,000.00</u>	<u>2,968,452.41</u>	<u>29,110,209.00</u>	<u>7,024,791.00</u>	80.6%
Refunds	741,018.82	1,000,000.00	51,217.09	1,120,393.87	(120,393.87)	112.0%
TOTAL EXPENSES	<u><u>34,601,014.67</u></u>	<u><u>37,843,181.00</u></u>	<u><u>3,076,500.12</u></u>	<u><u>30,750,111.33</u></u>	<u><u>7,097,225.37</u></u>	81.3%
INVESTMENT EXPENSE*						
Advisory Technical Service	557,485.34	565,000.00	45,978.89	363,357.78	201,642.22	64.3%

* 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
October 31, 2022

11/29/2022

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer US Bank	Cash Short-term Inv	\$ 212,176 41,800			
Total Cash		253,976	0.0%	0.1%	0.1%
Sterling Capital	Total Return	23,303,619			
Total Total Return		23,303,619	10.0%	7.6%	-2.4%
Hotchkis & Wiley	High Yield - Mutual Fund	14,432,355			
Total High Yield		14,432,355	5.0%	4.7%	-0.3%
PIMCO Dynamic	Absolute Return	5,468,850			
Polar	LLC	8,896,753			
Post Limited Term High Yield	Ltd Partnership	6,586,371			
Rimrock Low Volatility	Ltd Partnership	10,156,377			
Total Absolute Return		31,108,351	8.0%	10.2%	2.2%
Total Capital Preservation		69,098,301	23.0%	22.7%	-0.3%
Hotchkis & Wiley	LC Value - Mutual Fund	16,688,896			
MFS Growth	LC Growth - Mutual Fund	13,409,110			
Fidelity S&P 500 Index	LC Core - Mutual Fund	32,956,336			
Total US Large Cap		63,054,342	21.0%	20.7%	-0.3%
Sterling	MC Value	5,827,277			
Westfield MC Growth	MC Growth	4,732,739			
Fidelity MC Index	MC Core - Mutual Fund	2,740,808			
Champlain	SC Core	7,809,957			
Bridge City	SC Growth	7,239,325			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund	4,989,427			
Fidelity SC Index	SC Core - Mutual Fund	486,135			
Total US Small/Mid Cap		33,825,668	11.0%	11.1%	0.1%
Total US Equities		96,880,010	32.0%	31.8%	-0.2%
Artisan	SMID Value - Mutual Fund	22,936,357			
Euro Pacific	LC Blend - Mutual Fund	18,173,487			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		41,109,844	15.0%	13.5%	-1.5%
Trivalent	SC Value - Mutual Fund	10,463,122			
Total International Small/Mid		10,463,122	4.0%	3.4%	-0.6%
Vanguard EM Index	EM - Mutual Fund	398,714			
ABS Emerging Markets	Ltd Partnership	8,236,317			
Total Emerging Markets		8,635,031	3.0%	2.8%	-0.2%
Total International Equities		60,207,997	22.0%	19.8%	-2.2%
Weatherlow Offshore	Ltd Partnership	19,980,761			
Royalty Opportunities I	Ltd Partnership	590,988			
Royalty Opportunities II	Ltd Partnership	287,480			
Total Long Biased		20,859,229	7.0%	6.8%	-0.2%
Metropolitan Real Estate Partners	Ltd Partnership	53,230			
Morrison Street Fund VI	LP	6,466,756			
Morrison Street Income Fund	LP	2,689,429			
Morgan Stanley Prime	LLC	9,115,238			
Principal (REITs)	REITs	11,949,198			
Total Real Estate		30,273,851	9.0%	9.9%	0.9%
Contrarian Capital Fund I	Ltd Partnership	9,592,617			
Beach Point	Ltd Partnership	13,172,591			
Total Opportunistic Credit		22,765,208	7.0%	7.5%	0.5%
Contrarian EM Credit	LLC	4,419,613			
OrbiMed II	Ltd Partnership	156,569			
Total Special Opportunities		4,576,182	0.0%	1.5%	1.5%
Total Cash and Investments		\$ 304,660,778	100.0%	100.0%	0.0%
	Monthly Contributions	1,883,638			
	Monthly Pension	\$ (3,019,188)			
	As of September 30, 2022	\$ 293,877,350			
	Estimated Rate of Return	4.1%			
Abs. Return and Total Return FI Equity and Special Situations	Thesis 2017.1	54,411,970	18.0%	17.9%	-0.1%
	Thesis 2017.3	161,664,189	54.0%	53.1%	-0.9%

Cash Recon - Nov

Date	Transactions	Sources	Uses	Balance
10/27/2022	Beginning Balance			2,108,301.96
10/31/2022	Sale - Fidelity S&P500 Index	950,000.00		3,058,301.96
10/31/2022	October Pension Payments		(3,019,428.88)	38,873.08
11/1/2022	Interest	2,926.75		41,799.83
11/7/2022	Payroll Contributions	930,457.64		972,257.47
11/7/2022	Redeposit Pension Payment	514.78		972,772.25
11/8/2022	Reissue Pension Payment		(365.33)	972,406.92
11/14/2022	Redeposit/Reissue Pension Payment	2,687.26	(2,687.26)	972,406.92
11/21/2022	Payroll Contributions	969,815.42		1,942,222.34
11/30/2022	Sale - EuroPacific Fund	1,050,000.00		2,992,222.34
11/30/2022	November Pension Payments		(2,994,602.71)	(2,380.37)
11/30/2022	Ending Balance	3,906,401.85	(6,017,084.18)	(2,380.37)
	<u>Upcoming</u>			
12/1/2022	Sale - EuroPacific Fund	25,000.00		