

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. May 3, 2023
Council Briefing Center

AGENDA

Executive Session

1. Legal Update
2. Director Position Update

Open Session

1. Bill Dowd and Bill Reid, SageView Consulting – Actuarial Valuation Report
 - a. Contribution Rate
 - Motion
 - b. Ad-hoc Increase
 - Motion
2. Minutes of the April 5, 2023 Meeting
 - Motion
3. Director's Report
 - a. Withdrawals
 - Motion
 - b. Deaths
 - Information
 - c. Expenditure Summary Report – March 2023
 - Motion
 - d. Schedule of Investments – March 2023
 - Information
 - e. Cash Reconciliation – April 2023
 - Information
 - f. Other Business
 - SERS Board Member Search
4. Other Business
5. Next Meeting - **Wednesday, June 7, 2023 at 12:00 p.m. Note time change Moss Adams and Hyas Group will be presenting**

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
April 5, 2023**

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

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

Absent: Brian Myers & Jonathan Bingle

Staff: Christine Shisler, Donald Brown, Tim Szambelan

Guests: Natalie Hilderbrand and Dave Hanshaw

Minutes of the March 2, 2022 Meeting

Joe Cavanaugh moved and Richard Czernik 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>
John H. Nett	64	2/18/2023	28.9	Fleet Services
Lance W. Verity	66	03/04/2023	13.1	Advanced Wastewater Treatment
Mark A. Buening	63	04/04/2023	6.6 Portable	Parks & Recreation
Sean M. Jubinville	50	04/08/2023	18.8	Water
William R. Foreman	67	04/14/2023	20.5	Water
Larry J. Ayers	68	04/22/2023	13.0	Engineering Services
Jane M. Nordling	61	05/13/2023	26.8	Fleet Services

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

Withdrawals for March and April 2023

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Sheila K. Morley	3.4	07/26/2016

Pamela M. Pruitt	8.1	07/02/2022
Brian P. McClatchey	7.2	07/15/2022
Tina L. Moore	15 days	07/25/2022
Cheryl A. Pichette	0.3	12/23/2022
Cherie W. Moisan	0.2	01/07/2023
Sara M. Griffin	0.9	08/05/2022
Dennis K. Hauenstein	2.6	01/12/2023
Kevin T. Sharrai	5.3	01/20/2023

Richard Czernik moved and Joe Cavanaugh seconded the motion to approve the request for withdrawals as presented on the March and April Retirement Transaction Reports. The motion passed unanimously.

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
George C. Dahl	CD/HS Operations	11.7
Phillip T. Tencick	Retirement	7.7
Shauna C. Harshman	Council	5.2 Portable

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Sheila R. Brown	09/25/2003	73	01/23/2023	No Further Benefits
Robert C. Pounds	06/01/1993	93	01/26/2023	E Option Continues
Neva L. Calkins	12/02/1988	95	01/30/2023	No Further Benefits
Donald L. Storer	10/24/1989	77	01/31/2023	No Further Benefits
John C. Fruit	11/05/2021	90	02/20/2023	No Further Benefits
Nancy A. Schutz	10/08/2011	81	02/25/2023	No Further Benefits
Thomas J. Arnesen	10/07/2003	71	03/01/2023	No Further Benefits
Gary W. Pierce	06/04/2011	72	03/01/2023	D Option Continues
Timothy V. Ferguson	05/08/1994	78	03/04/2023	No Further Benefits
Donald C. Manderscheid	04/02/2002	85	03/06/2023	No Further Benefits
Lois A. Hendrickson	06/16/2004	80	03/11/2023	No Further Benefits

Vesting and Death information provided to the Board for review.

Expenditure Summary Report – December 2022, January 2023, and February 2023

The December 2022, January 2023 and February 2023 Expenditure Summary Reports was presented to the Board and discussed.

Richard Czernik moved and Joe Cavanaugh seconded the motion to approve the December 2022, January 2023 and February 2023 Expenditure Summary Reports. The motion passed unanimously.

Schedule of Investments – January 2023 and February 2023

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on January 31, 2023 was \$327 million with an estimated monthly rate of return of 5.1%. The estimated market value of the SERS portfolio on February 28, 2023 was \$320 million with an estimated monthly rate of return of -1.7%.

Monthly Cash Reconciliation

The monthly cash reconciliation reports for February 2023 and March 2023 was presented to provide the Board with additional insight into the ongoing liquidity and cash position of the plan.

Other Business

Ms. Shisler inquired about the July Board meeting and if it would need to be cancelled since it is scheduled for the day after the 4th of July holiday. The Board members in attendance indicated they would be at the July 5, 2023 meeting.

Other Business

Board Election

Joe Cavanaugh's term on the Board is up for re-election. He has indicated he will run for re-election.

There being no other business, the meeting adjourned at 1:20 p.m.

Christine Shisler, Interim Retirement Director

SERS Retirement Transaction Report

May 2023

Retirements

No retirement applications made since last meeting

Retirements YTD	13
2022 Total Retirements	81

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Ruth A. Wolff	1.5	Mayor	12/15/2017
2	Randell L. Fleener	2.4	Library	07/02/2019
3	Skyler L. Moore	40 hours	Municipal Court	09/05/2022
4	Jeremy J. Adams	1.4	Street	01/21/2023
5	Lori A. Hollaway	0.3	Community Justice Services	03/03/2023

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Cheryl L. Johnson	02/09/2021	62	03/31/2023	No Further Benefits
2	Dennis D. Hein	07/22/2006	77	04/03/2023	E Option Continues
3	Michael C. Shea	04/09/2023	78	04/09/2023	E Option Continues
4	Carolyn J. Van Leuven	05/13/2001	86	04/11/2023	No Further Benefits

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2023 EXPENDITURE SUMMARY REPORT
MARCH 31, 2023

	2022 ACTUAL	2023 BUDGET	MARCH ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	327,889.58	347,246.48	15,145.60	75,451.31	271,795.17	21.7%
Departmental Benefits	97,465.19	90,374.14	4,815.12	17,175.48	73,198.66	19.0%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(15,225.22)	(10,000.00)	(3,799.36)	(3,799.30)		
Postage/Supplies/Other	2,332.92	7,250.00	267.05	508.93	6,741.07	7.0%
State Audit Charges	14,099.28	-	-	-	-	
Contractual Services	153,666.56	175,000.00	16,800.00	33,600.00	141,400.00	19.2%
Travel	2,256.29	15,000.00	-	1,643.64	13,356.36	11.0%
Registration/Schooling	575.00	16,000.00	-	-	16,000.00	0.0%
Other Dues/Subscriptions/Membership	1,610.73	2,500.00	408.00	1,966.00	534.00	78.6%
Other Miscellaneous Charges	3,845.29	5,200.00	83.97	325.49	4,874.51	6.3%
Amortization	16,178.25	-	-	-		
TOTAL OPERATING EXPENDITURES	604,693.87	658,570.62	33,720.38	126,871.55	537,899.77	19.3%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	7,027.44	2,001.00	2,001.00	2,001.00	-	100.0%
Interfund - Centralized Accounting	2,737.00	4,912.00	-	1,228.00	3,684.00	25.0%
Interfund - My Spokane	965.83	1,291.00	-	322.75	968.25	25.0%
Interfund - Risk Management	571.00	537.00	537.00	537.00	-	100.0%
Interfund - Worker's Compensation	123.00	118.00	-	118.00	-	100.0%
Interfund - Reprographics	11,049.94	6,781.00	1,351.46	1,917.48	4,863.52	28.3%
Interfund - IT	46,111.71	21,884.00	1,827.12	3,657.20	18,226.80	16.7%
Interfund - IT Replacement	3,305.04	2,961.00	246.75	493.50	2,467.50	16.7%
TOTAL INTERFUND EXPENDITURES	71,890.96	40,485.00	5,963.33	10,274.93	30,210.07	25.4%
TOTAL ADMINISTRATIVE EXPENDITURES	676,584.83	699,055.62	39,683.71	137,146.48	568,109.84	19.6%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2023 EXPENDITURE SUMMARY REPORT
MARCH 31, 2023

	2022 ACTUAL	2023 BUDGET	MARCH ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	32,696,265.95	35,500,000.00	2,794,553.74	8,354,986.25	27,145,013.75	23.5%
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	2,246,951.76	2,500,000.00	189,325.92	569,378.17	1,930,621.83	22.8%
TOTAL PENSIONS	<u>35,057,797.31</u>	<u>38,135,000.00</u>	<u>2,993,427.96</u>	<u>8,953,009.32</u>	<u>29,181,990.68</u>	23.5%
Refunds	1,210,280.26	1,000,000.00	60,609.38	255,862.39	744,137.61	25.6%
TOTAL EXPENSES	<u><u>36,944,662.40</u></u>	<u><u>39,834,055.62</u></u>	<u><u>3,093,721.05</u></u>	<u><u>9,346,018.19</u></u>	<u><u>30,494,238.13</u></u>	23.5%
INVESTMENT EXPENSE*						
Advisory Technical Service	499,603.98	600,000.00	39,193.24	52,699.54	547,300.46	8.8%

* 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, 2023

4/27/2023

				Allocation		
		Type		Target	Current	Diff.
Cash Held by Treasurer	Cash		\$ 190,439			
US Bank	Short-term Inv		2,312,853			
Total Cash			2,503,292	0.0%	0.8%	0.8%
Sterling Capital	Total Return		24,789,444			
Fidelity Core	FI - Mutual Fund		16,043,926			
Total Total Return			40,833,370	17.0%	12.7%	-4.3%
Hotchkis & Wiley	High Yield - Mutual Fund		21,316,929			
Total High Yield			21,316,929	8.0%	6.6%	-1.4%
PIMCO Dynamic	Absolute Return		5,632,783			
Polar	LLC		9,095,816			
Post Limited Term High Yield	Ltd Partnership		6,859,561			
Rimrock Low Volatility	Ltd Partnership		10,479,026			
Total Absolute Return			32,067,186	5.0%	10.0%	5.0%
Total Capital Preservation			96,720,777	30.0%	30.1%	0.1%
Hotchkis & Wiley	LC Value - Mutual Fund		9,490,797			
MFS Growth	LC Growth - Mutual Fund		10,327,204			
Fidelity S&P 500 Index	LC Core - Mutual Fund		35,248,971			
Total US Large Cap			55,066,972	16.0%	17.1%	1.1%
Sterling	MC Value		4,864,208			
Westfield MC Growth	MC Growth		5,000,788			
Fidelity MC Index	MC Core - Mutual Fund		2,859,911			
Champlain	SC Core		8,074,113			
Bridge City	SC Growth		7,337,865			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund		-			
Fidelity SC Index	SC Core - Mutual Fund		478,523			
Total US Small/Mid Cap			28,615,408	8.0%	8.9%	0.9%
Total US Equities			83,682,380	24.0%	26.1%	2.1%
Artisan	SMID Value - Mutual Fund		19,355,382			
Euro Pacific	LC Blend - Mutual Fund		14,175,281			
Fidelity International	LC Index - Mutual Fund		-			
Total International Large Cap			33,530,663	10.0%	10.4%	0.4%
Trivalent	SC Value - Mutual Fund		15,435,578			
Total International Small/Mid			15,435,578	5.0%	4.8%	-0.2%
Vanguard EM Index	EM - Mutual Fund		6,306,156			
ABS Emerging Markets	Ltd Partnership		9,392,184			
Total Emerging Markets			15,698,340	5.0%	4.9%	-0.1%
Total International Equities			64,664,581	20.0%	20.1%	0.1%
Weatherlow Offshore	Ltd Partnership		20,429,764			
Royalty Opportunities I	Ltd Partnership		545,455			
Royalty Opportunities II	Ltd Partnership		272,444			
Total Long Biased			21,247,663	9.0%	6.6%	-2.4%
Metropolitan Real Estate Partners	Ltd Partnership		-			
Morrison Street Fund VI	LP		6,766,136			
Morrison Street Fund VII	LP		950,965			
Morrison Street Income Fund	LP		2,592,472			
Morgan Stanley Prime	LLC		8,495,004			
Principal (REITs)	REITs		7,253,902			
Total Real Estate			26,058,479	7.0%	8.1%	1.1%
Contrarian Capital Fund I	Ltd Partnership		9,987,118			
Beach Point	Ltd Partnership		13,577,422			
Total Private Credit			23,564,540	8.0%	7.3%	-0.7%
Contrarian EM Credit	LLC		5,190,028			
OrbiMed II	Ltd Partnership		-			
Total Master Ltd Partnerships			5,190,028	2.0%	1.6%	-0.4%
Total Cash and Investments			\$ 321,128,448	100.0%	100.0%	0.0%
			Monthly Contributions	1,985,148		
			Monthly Pension	\$ (3,054,037)		
			As of February 28, 2023	\$ 320,371,632		
			Estimated Rate of Return	0.6%		

SERS Cash Reconciliation-April 2023

Date	Transactions	Sources	Uses	Balance
3/29/2023	Ending Balance			\$ 5,266,243.02
3/30/2023	Transfer	0.14		5,266,243.16
3/31/2023	March Pension Payments		(3,054,037.34)	2,212,205.82
3/31/2023	Distribution from Morgan Stanley RE	85,839.94		2,298,045.76
4/3/2023	Interest	14,807.54		2,312,853.30
4/5/2023	Redeposit Pension Checks	2,110.17		2,314,963.47
4/5/2023	Reissue Pension Checks		(2,110.17)	2,312,853.30
4/10/2023	Payroll Contributions	992,232.14		3,305,085.44
4/17/2023	Redemption from Post	6,516,582.84		9,821,668.28
4/14/2023	Distributions from Morrison Street IF	90,467.46		9,912,135.74
4/21/2023	Distributions from Morrison Street VI	64,417.63		9,976,553.37
4/24/2023	Payroll Contributions	995,555.68		10,972,109.05
4/24/2023	US Bank Fees		(25,403.47)	10,946,705.58
4/27/2023	Ending Balance			10,946,705.58
<u>Upcoming</u>				
4/28/2023	April Pension Payments			\$ (3,016,219.93)