

Spokane Employees' Retirement System (SERS)
Board Meeting, 12:00 p.m. June 7, 2023
Council Briefing Center

AGENDA

Open Session

1. Moss Adams
 - a. December 31, 2022 Audit Report
 - Information
2. Hyas Group
 - a. 2023 1st Quarter Investment Report
 - Information
 - b. Investment Policy Statement Review
 - Motion
3. Minutes of the May 3, 2023 Meeting
 - Motion
4. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Deaths
 - Information
 - e. Expenditure Summary Report – April 2023
 - Motion
 - f. Schedule of Investments – April 2023
 - Information
 - g. Cash Reconciliation – May 2023
 - Information
 - h. Other Business
5. Other Business

Executive Session

1. Director Position Update

Next Meeting - **Wednesday, July 5, 2023 at 1:00 p.m.**

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
May 3, 2023

The regular monthly meeting was called to order at 1:00 p.m.

Present: Jim Tieken, Joe Cavanaugh, Brian Myers, and Brian Brill

Absent: Richard Czernik and Jonathan Bingle

Staff: Christine Shisler, Donald Brown, and Tim Szambelan

Guests: Bill Reid, Dan Homan, Natalie Hilderbrand, Dave Hanshaw, and Jon Barnhart,

The regular meeting of the Spokane Employees' Retirement System was called to order at 1:00 p.m.

Bill Reid, SageView Consulting – 2022 Actuarial Valuation

Mr. Reid presented the December 31, 2022 Actuarial Valuation.

The actuarial funded status as of December 31, 2022 was 54.8%, down from 70.7% at the end of 2021. The total Actuarially Determined Contribution (ADC) rate was 11.33% for 2022.

Joe Cavanaugh moved and Brian Myers seconded the motion to confirm the amortization method being used is for a period of 25 years. The motion passed unanimously with Board Chair Jim Tieken participating in the vote.

Contribution Rate

Joe Cavanaugh moved and Brian Brill seconded the motion to increase the contribution rate at the current rate of 11.00%. The motion passed unanimously, with Board Chair Jim Tieken participating in the vote.

Ad-Hoc Increase

In accordance with the SERS Board Policy, SageView Consulting recommended not granting an ad-hoc pension increase since the current funding ratio is below the minimum 90% threshold.

Joe Cavanaugh moved and Brian Brill seconded the motion to follow SageView Consulting's recommendation to not grant an ad-hoc pension increase. The motion passed unanimously with Board Chair Jim Tieken participating in the vote.

Guest left the meeting at 1:36 p.m. and the Board went into Executive Session to discuss a legal update and the Retirement Director position update.

Executive Session

The Executive Session adjourned at approximately 2:06 p.m., and the Board immediately reconvened into Open Session with guests returning.

Minutes of the April 5, 2023 Meeting

Joe Cavanaugh moved and Brian Brill seconded the motion to approve the minutes of the April 5, 2023 meeting as presented. The motion passed unanimously with Board Chair Jim Tieken participating in the vote.

Director's Report

Service Retirements

No retirement applications made since last meeting

Withdrawals for May 2023

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Ruth A. Wolff	1.5	12/15/2017
Randell L. Fleener	2.4	07/02/2019
Skyler L. Moore	40 hours	09/05/2022
Jeremy J. Adams	1.4	01/21/2023
Lori A. Hollaway	0.3	03/03/2023

Brian Myers moved and Brian Brill seconded the motion to approve the request for withdrawal as presented on the May Retirement Transaction Report. The motion passed unanimously with Board Chair Jim Tieken participating in the vote.

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Cheryl L. Johnson	02/09/2021	62	03/31/2023	No Further Benefits
Dennis D. Hein	07/22/2006	77	04/03/2023	E Option Continues
Michael C. Shea	01/13/2007	78	04/09/2023	E Option Continues
Carolyn J. Van Leuven	05/13/2001	86	04/11/2023	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report – March 2023

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

Joe Cavanaugh moved and Brian Myers seconded the motion to approve the March 2023 Expenditure Summary Reports. The motion passed unanimously with Board Chair Jim Tieken participating in the vote.

Schedule of Investments – March 2023

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on March 31, 2023 was \$321 million with an estimated monthly rate of return of 0.6%.

Monthly Cash Reconciliation

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

Other Business

Ms. Shisler confirmed for the Board that the vacant SERS Board member position is the City Council appointed position. Ms. Shisler will confirm with the City that the position is posted on the City's website and how we can possibly promote the vacancy.

Ms. Shisler informed the Board that due to personnel changes in the Benefits Department, the LEOFF 1 medical claims have been moved up to the Retirement Department for processing.

There being no other business, the meeting adjourned at 2:19 p.m.

Christine Shisler, Interim Retirement Director

SERS Retirement Transaction Report

June 2023

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Emmett K. Mohror	63	06/10/2023	15.3	Fleet Services	ST
2	Candace M. Mumm	62	07/01/2023	8.0	City Council	ST
3	Margaret A. Redd	60	07/06/2023	29.6	Finance	ST
	Retirements YTD	15				
	2022 Total Retirements	81				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Joshua J. Kautzman	2.3	IT Fund	10/06/2021
2	Stephanie A. Crawford	2.8	Worker's Compensation	08/27/2022
3	Timothy M. Musa	0.7	Solid Waste Management	12/03/2022
4	Robert K. Mockchew	3.4	Golf Fund	03/02/2023
5	John P. McCoy	6.1	CD/HS Operations	04/01/2023

Vesting

	Name	Department	Years of Service
1	Brandon A. Childs	EMS Fund	14.4

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Jeanette J. Blair	12/03/2021	83	05/16/2023	No Further Benefits
2	Terry M. Headley	12/03/2017	73	05/25/2023	No Further Benefits

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2023 EXPENDITURE SUMMARY REPORT
APRIL 30, 2023

	2022 ACTUAL	2023 BUDGET	APRIL ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	327,889.58	342,544.48	15,151.80	90,603.11	251,941.37	26.5%
Departmental Benefits	97,465.19	95,076.14	4,815.63	21,991.11	73,085.03	23.1%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(15,225.22)	(10,000.00)	-	(3,799.30)		
Postage/Supplies/Other	2,332.92	7,250.00	144.50	653.43	6,596.57	9.0%
State Audit Charges	14,099.28	-	-	-	-	
Contractual Services	153,666.56	175,000.00	28,355.42	61,955.42	113,044.58	35.4%
Travel	2,256.29	15,000.00	775.40	2,419.04	12,580.96	16.1%
Registration/Schooling	575.00	16,000.00	6,295.00	6,295.00	9,705.00	39.3%
Other Dues/Subscriptions/Membership	1,610.73	2,500.00	-	1,966.00	534.00	78.6%
Other Miscellaneous Charges	3,845.29	5,200.00	-	325.49	4,874.51	6.3%
Amortization	17,649.00	-	-	-		
TOTAL OPERATING EXPENDITURES	606,164.62	658,570.62	55,537.75	182,409.30	482,362.02	27.7%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	7,027.44	2,001.00	-	2,001.00	-	100.0%
Interfund - Centralized Accounting	2,737.00	4,912.00	1,228.00	2,456.00	2,456.00	50.0%
Interfund - My Spokane	965.83	1,291.00	-	322.75	968.25	25.0%
Interfund - Risk Management	571.00	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	810.00	2,727.48	4,053.52	40.2%
Interfund - IT	46,111.71	21,884.00	1,825.75	5,482.95	16,401.05	25.1%
Interfund - IT Replacement	3,305.04	2,961.00	246.75	740.25	2,220.75	25.0%
TOTAL INTERFUND EXPENDITURES	71,890.96	40,485.00	4,110.50	14,385.43	26,099.57	35.5%
TOTAL ADMINISTRATIVE EXPENDITURES	678,055.58	699,055.62	59,648.25	196,794.73	508,461.59	28.2%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2023 EXPENDITURE SUMMARY REPORT
APRIL 30, 2023

	2022 ACTUAL	2023 BUDGET	APRIL ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	32,696,265.95	35,500,000.00	2,795,931.09	11,150,087.33	24,349,912.67	31.4%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	38,193.20	96,806.80	28.3%
Pensions-Survivor Annuity Benefits Payments	2,246,951.76	2,500,000.00	189,179.24	758,557.41	1,741,442.59	30.3%
TOTAL PENSIONS	<u>35,057,797.31</u>	<u>38,135,000.00</u>	<u>2,994,658.63</u>	<u>11,946,837.94</u>	<u>26,188,162.06</u>	31.3%
Refunds	1,210,280.26	1,000,000.00	21,561.30	277,423.69	722,576.31	27.7%
TOTAL EXPENSES	<u><u>36,946,133.15</u></u>	<u><u>39,834,055.62</u></u>	<u><u>3,075,868.18</u></u>	<u><u>12,421,056.36</u></u>	<u><u>27,419,199.96</u></u>	31.2%
INVESTMENT EXPENSE*						
Advisory Technical Service	499,603.98	600,000.00	40,516.51	93,216.05	506,783.95	15.5%

* 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

April 30, 2023

5/30/2023

				Allocation		
		Type		Target	Current	Diff.
Cash Held by Treasurer	Cash		\$ 160,987			
US Bank	Short-term Inv		7,953,903			
	Total Cash		8,114,890	0.0%	2.5%	2.5%
Sterling Capital	Total Return		24,947,209			
Fidelity Core	FI - Mutual Fund		16,143,071			
	Total Total Return		41,090,280	17.0%	12.8%	-4.2%
Hotchkis & Wiley	High Yield - Mutual Fund		21,567,962			
	Total High Yield		21,567,962	8.0%	6.7%	-1.3%
PIMCO Dynamic	Absolute Return		5,657,209			
Polar	LLC		9,078,949			
Post Limited Term High Yield	Ltd Partnership		-			
Rimrock Low Volatility	Ltd Partnership		10,479,886			
	Total Absolute Return		25,216,044	5.0%	7.8%	2.8%
Total Capital Preservation			95,989,176	30.0%	29.8%	-0.2%
Hotchkis & Wiley	LC Value - Mutual Fund		9,558,187			
MFS Growth	LC Growth - Mutual Fund		10,506,030			
Fidelity S&P 500 Index	LC Core - Mutual Fund		35,797,979			
	Total US Large Cap		55,862,196	16.0%	17.3%	1.3%
Sterling	MC Value		4,938,597			
Westfield MC Growth	MC Growth		4,883,516			
Fidelity MC Index	MC Core - Mutual Fund		2,845,066			
Champlain	SC Core		7,922,216			
Bridge City	SC Growth		7,112,456			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund		-			
Fidelity SC Index	SC Core - Mutual Fund		469,944			
	Total US Small/Mid Cap		28,171,795	8.0%	8.7%	0.7%
Total US Equities			84,033,991	24.0%	26.1%	2.1%
Artisan	SMID Value - Mutual Fund		19,755,963			
Euro Pacific	LC Blend - Mutual Fund		14,325,270			
Fidelity International	LC Index - Mutual Fund		-			
	Total International Large Cap		34,081,233	10.0%	10.6%	0.6%
Trivalent	SC Value - Mutual Fund		15,660,751			
	Total International Small/Mid		15,660,751	5.0%	4.9%	-0.1%
Vanguard EM Index	EM - Mutual Fund		6,266,696			
ABS Emerging Markets	Ltd Partnership		9,399,415			
	Total Emerging Markets		15,666,111	5.0%	4.9%	-0.1%
Total International Equities			65,408,095	20.0%	20.3%	0.3%
Weatherlow Offshore	Ltd Partnership		20,375,408			
Royalty Opportunities I	Ltd Partnership		536,437			
Royalty Opportunities II	Ltd Partnership		259,765			
	Total Long Biased		21,171,610	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		1,628,519			
Morrison Street Income Fund	LP		2,592,472			
Morgan Stanley Prime	LLC		8,495,004			
Principal (REITs)	REITs		7,340,041			
	Total Real Estate		26,822,172	7.0%	8.3%	1.3%
Contrarian Capital Fund I	Ltd Partnership		9,981,910			
Beach Point	Ltd Partnership		13,700,080			
	Total Private Credit		23,681,990	8.0%	7.3%	-0.7%
Contrarian EM Credit	LLC		5,105,651			
OrbiMed II	Ltd Partnership		-			
	Total Master Ltd Partnerships		5,105,651	2.0%	1.6%	-0.4%
Total Cash and Investments			\$ 322,212,685	100.0%	100.0%	0.0%
	Monthly Contributions		1,987,788			
	Monthly Pension		\$ (3,016,220)			
	As of March 31, 2023		\$ 321,128,448			
	Estimated Rate of Return		0.7%			

SERS Cash Reconciliation-May 2023

Date	Transactions	Sources	Uses	Balance
4/27/2023	Ending Balance			\$ 10,946,705.58
4/28/2023	April Pension Payments		(3,016,219.93)	7,930,485.65
5/1/2023	Interest	23,417.77		7,953,903.42
5/8/2023	Payroll Contributions	993,910.40		8,947,813.82
5/8/2023	Redeposit of Pension Check	1,013.26		8,948,827.08
5/8/2023	Reissue of Pension Check		(1,013.26)	8,947,813.82
5/12/2023	Redeposit of Pension Check	50.00		8,947,863.82
5/12/2023	Reissue of Pension Check		(50.00)	8,947,813.82
5/22/2023	Payroll Contributions	1,002,794.84		9,950,608.66
5/30/2023	Ending Balance			9,950,608.66
	<u>Upcoming</u>			
5/31/2023	May Pension Payments		(3,150,254.06)	