

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. August 2, 2023
Council Briefing Center

AGENDA

- 1) Minutes of the July 5, 2023 Meeting
 - Motion

- 2) Director's Report
 - a) Retirements
 - Motion
 - b) Withdrawals
 - Motion
 - c) Deaths
 - Information
 - d) Expenditure Summary Report – June 2023
 - Motion
 - e) Schedule of Investments – June 2023
 - Information
 - f) Cash Reconciliation – July 2023
 - Information
 - g) Other Business

- 3) SERS Department Staffing
 - Motion

- 4) PeopleSoft Trustee File (Graviton)
 - Information

- 5) Other Business

- 6) Next Meeting – **Wednesday, September 6th at 1:00 p.m.**

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

The regular monthly meeting was called to order at 1:14 p.m. in the Council Briefing Center at City Hall.

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

Absent: Jonathan Bingle and Brian Myers

Staff: Christine Shisler, Donald Brown, Tim Szambelan

Guests: Natalie Hilderbrand and Jon Barnhart

Minutes of the June 7, 2023 Meeting

Joe Cavanaugh moved and Brian Brill seconded the motion to approve the minutes of the June 7, 2023 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>
Karen T. Cash	50	08/01/2023	5.1	Water
Penny C. Brown	62	09/07/2023	9.4	Library
David VanGelder	66	09/30/2023	30.0	Advanced Wastewater Treatment

Joe Cavanaugh moved and Brian Brill seconded the motion to approve the service retirements as presented on the July Retirement Transaction Report. The motion passed unanimously.

Withdrawals for June 2023

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Lance S. Mueller	2.8	11/02/2022
Brandi J. Burke	0.7	01/04/2023
Jason P. Herron	0.2	02/18/2023
Joshua J. Kelly	5.6	03/04/2023
Erik J. Bowman	0.7	05/05/2023
Oliver R. Reishus	5.3	05/03/2023

Amanda D. Beck
Chelsey Faggiano
Charles Faggiano

1.2
Beneficiary Withdrawal
Beneficiary Withdrawal

05/06/2023

Richard Czernik moved and Joe Cavanaugh seconded the motion to approve the requests for withdrawal as presented on the July Retirement Transaction Report. The motion passed unanimously.

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Bradley R. Dilg	EMS Fund	11.0
Forrest J. McKinney	Solid Waste Disposal	8.5

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Debbie R. Wagner	02/15/2014	68	06/09/2023	No Further Benefits
Barbara J. Black	04/08/2000	85	06/03/2023	No Further Benefits
Ellen M. Dimond	04/13/1997	94	06/25/2023	No Further Benefits

Vesting and Death information provided to the Board for review.

Expenditure Summary Report – May 2023

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

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the May 2023 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – May 2023

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on May 31, 2023 was \$318.9 million with an estimated rate of return of -0.7% 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.

Contribution Interest Rate

Ms. Shisler presented information on the US Treasury rates used to determine the Plan interest rate on member contributions. From July 1, 2022 to June 30, 2023, the average 5-year US Treasury Note rate, rounded to the nearest 25 basis points, was 3.75%.

Joe Cavanaugh moved and Richard Czernik seconded the motion to change the contribution interest rate from 1.75% to 3.75% effective July 1, 2023. The motion passed

unanimously.

Other Business

Ms. Shisler presented to the Board the preliminary 2024 budget. The final budget will be presented at the September for the Board to approve.

Ms. Shisler shared with the Board a meeting she had with Ms. Tonya Wallace, the Chief Financial Officer for the City. Ms. Wallace had inquired if the contribution rate could be set at 10.75% instead of 11.00% due to issues with recruitment.

Joe Cavanaugh moved and Richard Czernik seconded the motion reconfirm the Board's decision in May to change the 2024 contribution rate to 11.00%. The motion passed unanimously.

Ms. Shisler gave an update on the Department and changes.

There being no other business to conduct in open session, the Board asked the guests and Staff, to leave and went into Executive Session at 1:40 p.m.

The meeting was called back to open session at 2:15 p.m.

Richard Czernik moved and Brian Brill seconded the motion to move the agenda item regarding the Director Position to a future meeting to gather more information and give opportunity to include the absent Board members in the discussion. The motion passed unanimously.

There being no other business, the Board meeting adjourned at 2:18 p.m.

Christine Shisler, Interim Retirement Director

SERS Retirement Transaction Report

August 2023

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Gregory A. Kinyon	54	08/02/2023	25.0	Street	E
2	Ronald W. Long	62	08/11/2023	33.0	Solid Waste Disposal	E
3	Eduardo L. Santos	52	09/23/2023	15.0	IT	E
	Retirements YTD	18				
	2022 Total Retirements	81				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	John R. Pilcher	2.9	Mayor	11/30/2007
2	Rodger S. Cachero	1.1	Solid Waste Management	01/20/2023
3	Elisha L. Roberts	0.8	Police Records	04/13/2023
4	Teal F. Irvine-Sherman	0.5	Library	05/02/2023
5	Nicholas C. Campbell	0.7	My Spokane	05/31/2023
6	Jason W. Bender	0.9	Solid Waste Management	06/23/2023
7	James H. Illback	-	Beneficiary Payout	-

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	L. Roger Brown	07/09/2010	85	06/24/2023	E Option Continues
2	Diane F. Stone	07/02/2013	64	07/13/2023	No Further Benefits

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

	2022 ACTUAL	2023 BUDGET	JUNE ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	327,889.58	342,544.48	22,570.40	128,327.11	214,217.37	37.5%
Departmental Benefits	97,465.19	95,262.14	6,161.24	32,968.69	62,293.45	34.6%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(15,225.22)	(10,000.00)	(7,883.87)	(11,683.23)		
Postage/Supplies/Other	2,332.92	7,250.00	82.40	947.67	6,302.33	13.1%
State Audit Charges	14,099.28	-	-	-	-	
Contractual Services	153,666.56	175,000.00	7,560.00	57,960.00	117,040.00	33.1%
Travel	2,256.29	15,000.00	3,286.50	7,436.94	7,563.06	49.6%
Registration/Schooling	575.00	16,000.00	-	6,295.00	9,705.00	39.3%
Other Dues/Subscriptions/Membership	1,610.73	2,500.00	117.00	2,083.00	417.00	83.3%
Other Miscellaneous Charges	3,845.29	5,200.00	6.83	332.32	4,867.68	6.4%
Amortization	17,649.00	-	-	2,941.50		
TOTAL OPERATING EXPENDITURES	606,164.62	658,756.62	31,900.50	227,609.00	432,405.89	34.6%
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	-	2,456.00	2,456.00	50.0%
Interfund - My Spokane	965.83	1,291.00	-	640.75	650.25	49.6%
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	1,301.66	4,730.06	2,050.94	69.8%
Interfund - IT	46,111.71	21,884.00	1,828.89	9,136.80	12,747.20	41.8%
Interfund - IT Replacement	3,305.04	2,961.00	246.75	1,233.75	1,727.25	41.7%
TOTAL INTERFUND EXPENDITURES	71,890.96	40,485.00	3,377.30	20,853.36	19,631.64	51.5%
TOTAL ADMINISTRATIVE EXPENDITURES	678,055.58	699,241.62	35,277.80	248,462.36	452,037.53	35.5%

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

	2022 ACTUAL	2023 BUDGET	JUNE ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	32,696,265.95	35,500,000.00	2,797,831.30	16,749,612.80	18,750,387.20	47.2%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	57,289.80	77,710.20	42.4%
Pensions-Survivor Annuity Benefits Payments	2,246,951.76	2,500,000.00	194,890.02	1,158,824.61	1,341,175.39	46.4%
TOTAL PENSIONS	<u>35,057,797.31</u>	<u>38,135,000.00</u>	<u>3,002,269.62</u>	<u>17,965,727.21</u>	<u>20,169,272.79</u>	47.1%
Refunds	1,210,280.26	1,000,000.00	235,744.59	646,670.22	353,329.78	64.7%
TOTAL EXPENSES	<u><u>36,946,133.15</u></u>	<u><u>39,834,241.62</u></u>	<u><u>3,273,292.01</u></u>	<u><u>18,860,859.79</u></u>	<u><u>20,974,640.10</u></u>	47.3%
INVESTMENT EXPENSE*						
Advisory Technical Service	499,603.98	600,000.00	6,654.89	174,635.20	425,364.80	29.1%

* 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

June 30, 2023

7/26/2023

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 127,735			
US Bank	Short-term Inv	5,760,703			
Total Cash		5,888,438	0.0%	1.8%	1.8%
Sterling Capital	Total Return	24,640,261			
Loomis Sayles Core-Plus	Total Return-Mutual Fund	15,956,488			
Fidelity Core	FI - Mutual Fund	26,760			
Total Total Return		40,623,509	17.0%	12.4%	-4.6%
BlackRock	High Yield - Mutual Fund	6,026,627			
Hotchkis & Wiley	High Yield - Mutual Fund	15,678,894			
Total High Yield		21,705,521	8.0%	6.6%	-1.4%
Post Limited Term High Yield	Ltd Partnership	333,550			
PIMCO Dynamic	Absolute Return	5,683,298			
Rimrock Low Volatility	Ltd Partnership	10,607,774			
Polar	LLC	9,302,168			
Total Absolute Return		25,926,790	5.0%	7.9%	2.9%
Total Capital Preservation		94,144,258	30.0%	28.7%	-1.3%
Hotchkis & Wiley	LC Value - Mutual Fund	9,850,212			
Fidelity S&P 500 Index	LC Core - Mutual Fund	38,327,426			
MFS Growth	LC Growth - Mutual Fund	11,584,574			
Total US Large Cap		59,762,212	16.0%	18.2%	2.2%
Sterling	MC Value	5,090,668			
Fidelity MC Index	MC Core - Mutual Fund	2,995,796			
Westfield MC Growth	MC Growth	5,490,815			
Fidelity SC Index	SC Core - Mutual Fund	503,579			
Champlain	SC Core	8,500,827			
Bridge City	SC Growth	7,677,055			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund	-			
Total US Small/Mid Cap		30,258,740	8.0%	9.2%	1.2%
Total US Equities		90,020,952	24.0%	27.4%	3.4%
Artisan	SMID Value - Mutual Fund	20,133,785			
Euro Pacific	LC Blend - Mutual Fund	14,482,134			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		34,615,919	10.0%	10.5%	0.5%
Trivalent	SC Value - Mutual Fund	15,863,406			
Total International Small/Mid		15,863,406	5.0%	4.8%	-0.2%
Vanguard EM Index	EM - Mutual Fund	6,375,462			
ABS Emerging Markets	Ltd Partnership	9,309,119			
Total Emerging Markets		15,684,581	5.0%	4.8%	-0.2%
Total International Equities		66,163,906	20.0%	20.1%	0.1%
Weatherlow Offshore	Ltd Partnership	21,041,592			
Royalty Opportunities I	Ltd Partnership	536,437			
Royalty Opportunities II	Ltd Partnership	259,765			
Total Long Biased		21,837,794	9.0%	6.6%	-2.4%
Metropolitan Real Estate Partners	Ltd Partnership	1,087			
Morrison Street Fund VI	LP	6,845,317			
Morrison Street Fund VII	LP	1,628,519			
Morrison Street Income Fund	LP	2,544,161			
Morgan Stanley Prime	LLC	8,058,463			
Principal (REITs)	REITs	7,393,075			
Total Real Estate		26,470,622	7.0%	8.1%	1.1%
Contrarian Capital Fund I	Ltd Partnership	10,310,929			
Beach Point	Ltd Partnership	13,999,845			
Total Private Credit		24,310,774	8.0%	7.4%	-0.6%
Contrarian EM Credit	LLC	5,490,716			
OrbiMed II	Ltd Partnership	-			
Total Master Ltd Partnerships		5,490,716	2.0%	1.7%	-0.3%
Total Cash and Investments		\$ 328,439,022	100.0%	100.0%	0.0%
	Monthly Contributions	2,030,177			
	Monthly Pension	\$ (3,237,088)			
	As of May 31, 2023	\$ 318,866,824			
	Estimated Rate of Return	3.4%			

SERS Cash Reconciliation-July 2023

Date	Transactions	Sources	Uses	Balance
6/27/2023	Ending Balance			\$ 8,882,086.26
6/30/2023	June Pension Payments		(3,238,014.18)	5,644,072.08
6/30/2023	Distribution from Morgan Stanley RE	83,897.86		5,727,969.94
7/3/2023	Interest	32,732.59		5,760,702.53
7/3/2023	Payroll Contributions	1,015,885.18		6,776,587.71
7/3/2023	Distribution from Morgan Stanley RE	162,251.80		6,938,839.51
7/11/2023	Redeposit of Pension Checks	1,851.48		6,940,690.99
7/12/2023	Reissue of Pension Check		(1,542.90)	6,939,148.09
7/17/2023	Payroll Contributions	1,064,661.66		8,003,809.75
7/18/2023	Distribution from Morrison Street Income Fund	53,830.72		8,057,640.47
7/19/2023	Proceeds from Rimrock	10,077,385.48		18,135,025.95
7/24/2023	Distribution from Morrison Street Fund VI	130,503.79		18,265,529.74
7/26/2023	Ending Balance			18,265,529.74
Upcoming				
7/31/2023	July Pension Payments		(3,095,420.96)	
7/31/2023	Payroll Contributions	1,055,575.52		