

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting Minutes**  
**December 6, 2023**

The meeting was called to order at 1:07 p.m. in the Council Briefing Center at City Hall.

**Present:** Jim Tieken, Joe Cavanaugh, Richard Czernik, Jonathan Bingle

**Absent:** Brian Brill, Brian Myers

**Staff:** Christine Shisler, Donald Brown, Lisa Laney, Tim Szambelan

**Guests:** Jayson Davidson, Tom Breaden, Natalie Hilderbrand, Jon Barnhart

Jonathan Bingle joined via telephone conference call at 1:25 p.m.

**Third Quarter 2023 Performance Review**

Mr. Davidson reviewed the Third Quarter 2023 Performance Report and discussed general market and economic conditions. There is a somewhat similar pattern to last quarter, with surprising U.S. economic resilience in the face of ever-higher interest rates and increasing geo-political turmoil. The U.S. jobs market remained strong in September, adding a well over expected 336,000 jobs during the month. It cooled in October, but the unemployment rate remains low at 3.9%. In spite of any job market strength, the Federal Reserve appears to be comfortable with their progress on the inflation front and no additional interest rate hikes seem eminent. Hymas Group expects markets to continue to digest the unfolding interest rate and geopolitical situations and trade in a narrow range. The Third Quarter earnings cycle has concluded with not much appearing to unsettle markets. In this backdrop, both equity and fixed income markets sold off and the SERS Portfolio performed in line with expectations during the quarter. The portfolio was down 1.9% and the policy benchmark was down 2%. This leaves SERS with a 5.6% return year-to-date relative to the benchmark's 4.2%. The Private Credit and Real Estate categories were the biggest contributors to positive relative performance.

At quarter-end, there were three managers on watch for performance in violation of underlying policy benchmarks. The Hotchkis & Wiley High Yield Fund, Sterling Mid Cap Value Fund, and the Contrarian Emerging Markets Fund remain in violation of policy parameters and will remain on watch. Each of these options posted strong performance numbers relative to benchmarks during the quarter. SERS also held the MFS Large Growth Fund on qualitative watch as a result of the recently announced departure of one of the senior portfolio managers on the strategy. Hymas Group will look to hold this watch status, and revisit during the First Quarter of next year.

Hymas Group updated the Board on the approved transition for the BlackRock High Yield Bond Fund to the less expensive Commingled Investment Trust (CIT) vehicle. The Hymas

Group analytics team continues to work with staff and the custodian on completing the necessary trust paperwork. We are expecting the change to take place during the first quarter of next year.

Hyas Group informed the Board of a recently received capital call for the Morrison Street Fund VII. Hyas Group will work with staff to raise the capital to satisfy this call.

**Minutes of the November 8, 2023 Meeting**

Joe Cavanaugh moved, and Richard Czernik seconded the motion to approve the minutes of the November 8, 2023 meeting as amended. The motion passed unanimously.

**Director’s Report**

**Service Retirements**

<b>Name</b>	<b>Age</b>	<b>Retirement Date</b>	<b>Years of Service</b>	<b>Department</b>
Lori A. Kinnear	70	12/01/2023	11.8	City Council
Barbara K. Fortney	68	12/02/2023	36.5	Police
Kelle R. Vigeland	61	01/01/2024	5.4 Portability	Solid Waste Disposal
Greg S. Edgerton	65	01/05/2024	40.0	Advanced Wastewater Treatment
Frederick L. Howell	64	01/06/2024	34.0	Sewer Maintenance
Lura L. Robson	65	01/20/2024	25.0	Water
Daniel E. Wong	58	01/20/2024	35.5	Advanced Wastewater Treatment
Thomas M. Smith (changed date)	70	02/03/2024	12.5	Development Services Center

Richard Czernik moved, and Joe Cavanaugh seconded the motion to approve the service retirements as presented on the December Retirement Transaction Report. The motion passed unanimously.

**Withdrawals for December 2023**

<b>Name</b>	<b>Years of Service</b>	<b>Department</b>
Jazmyn A. Clark	6.4	Public Defender
Kara A. Odegard	2.6	Council
Jordan R, Baumgartner	0.1	Solid Waste Management
Dakota H. Ralph	2 days	Street
Ted A. Boucher	0.6	Community Justice Services
Kimberly L. Brown	4.4	Police Property
Johnnie L. Perkins	2.3	Mayor

Justin M. Dominguez	4.2	Advanced Wastewater Treatment
Donnley Kiluwe	0.4	Street
Gregory E. Chute	1.6	Street

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

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Gao Moua	Library	21.1
Andrew C. Johnson	Solid Waste Management	0.2 Portability

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Terry L. Dearing	09/03/1997	66	09/16/2023	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – October 2023

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

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

Schedule of Investments – October 2023

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on October 31, 2023, was \$302.8 million with an estimated rate of return of -3.3% 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**

Joe Cavanaugh moved, and Jonathan Bingle seconded the motion to contract with Hyas for Outside Chief Investment Officer (OCIO) services. The motion passed unanimously.

**Closed Session**

Richard Czernik moved, and Joe Cavanaugh seconded the motion to move into closed session at 1:43 p.m. The motion passed unanimously.

Richard Czernik moved, and Joe Cavanaugh seconded the motion to move to open session at 1:53 p.m. The motion passed unanimously.

**Open Session**

**Disability Motion**

Joe Cavanaugh moved, and Richard Czernik seconded the motion to waive the notification to apply for a disability retirement within 90 days of separation requirement for an employee (12293). The motion passed unanimously.

There being no other business, the meeting adjourned at 1:58 p.m.

/s/

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**Christine Shisler, Interim Retirement Director**