

Spokane Employees' Retirement System (SERS)
Board Meeting, 12:00 p.m. June 5, 2024
Council Briefing Center

AGENDA

Closed Session

1. SERS Board
 - Information

Open Session

1. Moss Adams
 - a. December 31, 2023 Audit Report
 - Information
2. Hyas Group
 - a. 2024 1st Quarter Investment Report
 - Information
 - b. Portfolio Rebalancing Update
 - Information
 - c. Portfolio Comparison Analysis
 - Motion
 - d. Other Business
3. Minutes of the May 1, 2024 Meeting
 - Motion
4. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Deaths
 - Information
 - d. Expenditure Summary Report – April 2024
 - Motion
 - e. Schedule of Investments – April 2024
 - Information
 - f. Cash Reconciliation – May 2024
 - Information
 - g. Other Business
5. Other Business
 - Mayor Presentation

Next Meeting - **Wednesday, June 26, 2024 at 1:00 p.m.**

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
May 1, 2024

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

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

Absent: Jonathan Bingle

Staff: Christine Shisler, Donald Brown, Lisa Dyson, Tim Szambelan

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

Closed Session

The meeting was called to order and the Board immediately went into closed session to discuss Disability Retirements.

Closed session adjourned at 1:10 p.m. and the Board reconvened into Open Session with guests returning.

Bill Reid, SageView Consulting – 2023 Actuarial Valuation

Mr. Reid presented the December 31, 2023 Actuarial Valuation.

The actuarial funded status as of December 31, 2023 was 58.1%, up from 54.8% at the end of 2022. The Actuarially Determined Contribution (ADC) rate was 9.60% for 2023.

Contribution Rate

Joe Cavanaugh moved and Richard Czernik seconded the motion to maintain 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 Richard Czernik 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.

Minutes of the April 3, 2024 Meeting

Richard Czernik moved and Brian Brill seconded the motion to approve the minutes of the April 3, 2024 meeting as presented. The motion passed unanimously with Board Chair Jim Tieken participating in the vote.

Director's Report
Service Retirements

Name	Age	Retirement Date	Years of Service	Option
Kevan T. Brooks	59	05/01/2024	27.2	ST
Keith D. Terry	58	05/01/2024	19.5	E
Richard B. Culton	67	05/04/2024	1.5 (portability)	E
Kevin M. Seals	64	05/10/2024	18.1	D
Raymond J. Franetich	58	05/22/2024	35.8	E
Troy G. Binsfield	64	05/31/2024	25.1	E
Michael J. Beeler	62	06/08/2024	22.3	ST
Robert I. Ervin	70	07/06/2024	8.9	ST

Richard Czernik moved and Brian Myers seconded the motion to approve the service retirements as presented on the May Retirement Transaction Report. The motion passed unanimously with Board Chair Jim Tieken participating in the vote.

Withdrawals for May 2024

Name	Years of Service	Termination Date
Dennis S. Bork, Jr.	7.2	02/12/2016
Brian R. Bowman	5.7	02/13/2019
Jessica M. Kirk	1.5	05/03/2023
Levi P. Giraud	2.5	09/15/2023
Ted L. Colley	0.7	02/07/2024
Kris A. Lockhart	6.1	02/09/2024
Tammy L. Anderson	7.7	02/14/2024
Jack D. Armstrong, II	2.8	03/08/2024
Christy S. Jeffers	1.0	03/29/2024

Richard Czernik 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.

Vesting

Name	Department	Years of Service
Justin R. Martinez	Water Division	2.3

Deaths

Name	Date Retired	Age	Date of Death	Information
Robert E. Wilson	03/07/2016	71	11/04/2023	No Further Benefits
Ronald L. Cabbage	02/02/1999	77	03/10/2024	No Further Benefits
Clinton E. Granlund	01/16/1992	98	03/29/2024	No Further Benefits
Richard A. Leshar	07/09/1997	91	04/21/2024	No Further Benefits
Janet E. Munro	08/18/1999	81	04/24/2024	No Further Benefits
Janet E. Munro (Survivor pension)	10/18/2010	81	04/24/2024	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – March 2024

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

Richard Czernik moved and Brian Myers seconded the motion to approve the March 2024 Expenditure Summary Reports. The motion passed unanimously with Board Chair Jim Tieken participating in the vote.

Schedule of Investments – March 2024

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on March 31, 2024 was \$356.1 million with an estimated monthly rate of return of 1.3%.

Monthly Cash Reconciliation

The monthly cash reconciliation report for April 2024 was presented to provide the Board with additional insight into the ongoing liquidity and cash position of the plan.

Other Business

Ms. Shisler shared the option to complete OPMA training online and confirmed the Board's preference on how to receive board packets and additional documents. The Board will do OPMA training online and provide certificates of completion to staff. Board also confirmed to continue sending board packets via email.

Richard Czernik moved and James Tieken seconded the motion to adjourn the meeting. The motion passed unanimously.

There being no other business, the meeting adjourned at 1:55 p.m.

Christine Shisler, Interim Retirement Director

SERS Retirement Transaction Report

June 2024

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Mychael K. Isayev	51	06/01/2024	20.5	Public Safety Personnel Advanced	E
2	Michael A. Cannon	63	06/04/2024	32.9	Wastewater Treatment	E
3	Seth A. McIntosh	50	06/21/2024	25.9	Water Division Information	ST
4	Shelley A. McCarrey	63	08/03/2024	32.2	Technology	ST
	Retirements YTD	34				
	2023 Total Retirements	81				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Michael D. Brown	0.97	Office of Performance Mgmt	03/09/2024
2	Keith R. Lentz	0.44	Community Justice Services	04/02/2024

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Paul R. Peterson	11/06/2017	73	04/27/2024	No Further Benefits

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2024 EXPENDITURE SUMMARY REPORT
April 30, 2024

	2023 ACTUAL	2024 BUDGET	APRIL ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	307,703.65	387,148.00	20,614.41	76,600.99	310,547.01	19.8%
Departmental Benefits	67,758.43	132,492.64	7,421.35	28,611.19	103,881.45	21.6%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	
Administrative Income	(24,435.76)	(30,000.00)	-	(9,336.46)		
Postage/Supplies/Other	2,197.21	7,250.00	447.82	1,021.85	6,228.15	14.1%
State Audit Charges					-	
Contractual Services	136,457.84	175,000.00	22,299.00	42,507.84	132,492.16	24.3%
Travel	9,218.13	15,000.00	563.96	563.96	14,436.04	3.8%
Registration/Schooling	7,220.00	16,000.00	6,150.00	6,150.00	9,850.00	38.4%
Other Dues/Subscriptions/Membership	2,393.80	3,000.00	82.00	1,619.00	1,381.00	54.0%
Other Miscellaneous Charges	3,252.72	5,200.00	54.55	154.55	5,045.45	3.0%
Amortization	17,649.00	-	-	-		
TOTAL OPERATING EXPENDITURES	529,415.02	721,090.64	57,633.09	147,892.92	593,861.26	20.5%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	1,745.00	-	-	-	-	
Interfund - Centralized Accounting	3,624.66	-	-	-	-	
Interfund - My Spokane	958.00	-	-	-	-	
Interfund - Risk Management	537.00	-	-	-	-	
Interfund - Worker's Compensation	118.00	-	-	-	-	
Interfund - Reprographics	11,855.52	-	2,049.14	2,859.14	(2,859.14)	
Interfund - IT	21,287.52	-	-	-	-	
Interfund - IT Replacement	2,961.00	-	-	-	-	
TOTAL INTERFUND EXPENDITURES	43,086.70	-	2,049.14	2,859.14	(2,859.14)	
TOTAL ADMINISTRATIVE EXPENDITURES	572,501.72	721,090.64	59,682.23	150,752.06	591,002.12	20.9%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2024 EXPENDITURE SUMMARY REPORT
April 30, 2024

	2023 ACTUAL	2024 BUDGET	APRIL ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	33,622,179.79	36,000,000.00	2,896,848.07	11,464,031.17	24,535,968.83	31.8%
Pensions-Disability Payments	109,613.46	135,000.00	8,115.76	32,463.04	102,536.96	24.0%
Pensions-Survivor Annuity Benefits Payments	2,356,445.04	2,500,000.00	206,160.69	813,631.99	1,686,368.01	32.5%
TOTAL PENSIONS	<u>36,088,238.29</u>	<u>38,635,000.00</u>	<u>3,111,124.52</u>	<u>12,310,126.20</u>	<u>26,324,873.80</u>	31.9%
Refunds	1,378,165.86	1,250,000.00	207,984.82	360,634.29	889,365.71	28.9%
TOTAL EXPENSES	<u><u>38,038,905.87</u></u>	<u><u>40,606,090.64</u></u>	<u><u>3,378,791.57</u></u>	<u><u>12,821,512.55</u></u>	<u><u>27,805,241.63</u></u>	31.6%

INVESTMENT EXPENSE*						
Advisory Technical Service	465,177.91	600,000.00	-	46,304.67	553,695.33	7.7%

* 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, 2024

5/29/2024	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 85,538			
US Bank	Short-term Inv	356,482			
Total Cash		442,020	0.0%	0.1%	0.1%
Sterling Capital	Total Return	34,557,378			
Loomis Sayles Core-Plus	Total Return-Mutual Fund	25,594,881			
Fidelity Core	FI - Mutual Fund	-			
Total Total Return		60,152,259	17.0%	17.3%	0.3%
BlackRock	High Yield - Mutual Fund	6,575,367			
Hotchkis & Wiley	High Yield - Mutual Fund	16,851,882			
Total High Yield		23,427,249	8.0%	6.7%	-1.3%
Post Limited Term High Yield	Ltd Partnership	-			
PIMCO Dynamic	Absolute Return	6,040,948			
Rimrock Low Volatility	Ltd Partnership	530,389	est hold back		
Polar	LLC	9,884,532			
Total Absolute Return		16,455,869	5.0%	4.7%	-0.3%
Total Capital Preservation		100,477,397	30.0%	28.9%	-1.1%
Hotchkis & Wiley	LC Value - Mutual Fund	11,413,813			
Fidelity S&P 500 Index	LC Core - Mutual Fund	36,821,323			
MFS Growth	LC Growth - Mutual Fund	12,192,117			
Total US Large Cap		60,427,253	16.0%	17.4%	1.4%
Sterling	MC Value	5,546,497			
Fidelity MC Index	MC Core - Mutual Fund	3,309,918			
Westfield MC Growth	MC Growth	5,989,218			
Fidelity SC Index	SC Core - Mutual Fund	533,156			
Champlain	SC Core	8,540,234			
Bridge City	SC Growth	7,822,374			
Total US Small/Mid Cap		31,741,397	8.0%	9.1%	1.1%
Total US Equities		92,168,650	24.0%	26.5%	2.5%
Artisan	SMID Value - Mutual Fund	20,568,682			
Euro Pacific	LC Blend - Mutual Fund	15,654,455			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		36,223,137	10.0%	10.4%	0.4%
Trivalent	SC Value - Mutual Fund	17,039,750			
Total International Small/Mid		17,039,750	5.0%	4.9%	-0.1%
Vanguard EM Index	EM - Mutual Fund	6,844,932			
ABS Emerging Markets	Ltd Partnership	10,470,323			
Total Emerging Markets		17,315,255	5.0%	5.0%	0.0%
Total International Equities		70,578,142	20.0%	20.3%	0.3%
Weatherlow Offshore	Ltd Partnership	23,180,177			
Royalty Opportunities I	Ltd Partnership	728,023			
Royalty Opportunities II	Ltd Partnership	220,703			
Total Long Biased		24,128,903	9.0%	6.9%	-2.1%
Morrison Street Fund VI	LP	6,727,301			
Morrison Street Fund VII	LP	2,698,334			
Morrison Street Income Fund	LP	2,482,925			
Morgan Stanley Prime	LLC	7,127,143			
Principal (REITs)	REITs	7,299,663			
Total Real Estate		26,335,366	7.0%	7.6%	0.6%
Contrarian Capital Fund I	Ltd Partnership	11,957,878			
Beach Point	Ltd Partnership	15,109,129			
Total Private Credit		27,067,007	8.0%	7.8%	-0.2%
Contrarian EM Credit	LLC	7,233,432			
Total Master Ltd Partnerships		7,233,432	2.0%	2.1%	0.1%
Total Cash and Investments		\$ 347,988,897	100.0%	100.0%	0.0%
	Monthly Contributions	2,328,986			
	Monthly Pension	\$ (3,320,937)			
	As of March 31, 2024	\$ 356,111,981			
	Estimated Rate of Return	-2.0%			

SERS Cash Reconciliation-May 2024

Date	Transactions	Sources	Uses	Balance
4/24/2024	Beginning Balance			\$ 3,571,857.90
4/25/2024	distribution from	48,222.72		3,620,080.62
4/26/2024	US Bank Fees		(27,489.35)	3,592,591.27
4/29/2024	Redeposit Pension Checks	608.94		3,593,200.21
4/30/2024	distribution from Morrison Street VI	75,851.23		3,669,051.44
4/30/2024	Retiree Medical Premiums	29,586.90		3,698,638.34
4/30/2024	Retiree Medical Premiums Wired to City		(29,586.90)	3,669,051.44
4/30/2024	April Pension Payments		(3,322,695.42)	346,356.02
4/30/2024	Redeposit Pension Checks	49.85		346,405.87
5/1/2023	Interest	10,076.01		356,481.88
5/2/2024	transfer from PIMCO Dynamic Bond Fund	6,027,635.38		6,384,117.26
5/2/2024	transfer from Hotchkis & Wiley High Yield Fund	1,000,000.00		7,384,117.26
5/6/2024	Payroll Contributions	1,164,255.20		8,548,372.46
5/6/2024	transfer to Tortoise Energy Infrastructure Total Return Fund		(7,000,000.00)	1,548,372.46
5/7/2024	Redeposit Pension Checks	2,068.76		1,550,441.22
5/8/2024	Reissue Pension Checks		(1,603.54)	1,548,837.68
5/13/2024	Redeposit Pension Checks	2,062.63		1,550,900.31
5/16/2024	Redeposit Pension Checks	1,807.62		1,552,707.93
5/20/2024	Payroll Contributions	1,183,746.36		2,736,454.29
5/23/2024	transfer to Morrison Street VII		(468,750.00)	2,267,704.29
5/27/2024	transfer from Hotchkis & Wiley LC Value Fund	2,000,000.00		4,267,704.29
5/29/2024	Ending Balance			\$ 4,267,704.29
<u>Upcoming</u>				
5/31/2024	May Pension Payments		(3,150,254.06)	
6/3/2024	Payroll Contributions	1,162,681.18		