

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. May 1, 2024
Council Briefing Center

AGENDA

Closed Session

1. Disability Update
 - Information

Open Session

1. Disability Update
 - Motion
2. Bill Reid and Dan Homan, SageView Consulting – Actuarial Valuation Report
 - a. Contribution Rate
 - Motion
 - b. Ad-hoc Increase
 - Motion
3. Minutes of the April 3, 2024 Meeting
 - Motion
4. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Deaths
 - Information
 - e. Expenditure Summary Report – March 2024
 - Motion
 - f. Schedule of Investments – March 2024
 - Information
 - g. Cash Reconciliation – April 2024
 - Information
 - h. Other Business
 - OPMA Training
5. Other Business
6. Next Meeting - **Wednesday, June 5, 2024 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 3, 2024**

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

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

Absent: Brian Myers

Staff: Christine Shisler, Donald Brown, and Lisa Dyson

Guests: Natalie Hilderbrand, Dave Hanshaw, and John Barnhart

Jonathan Bingle joined via telephone.

Closed Session

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

Jim Tieken moved and Richard Czernik seconded the motion to move into Open Session at 1:07 p.m. The motion passed unanimously.

Open Session

Joe Cavanaugh moved and Richard Czernik seconded the motion to deny the disability retirement request. The motion passed unanimously with the Board Chair Jim Tieken voting.

Ms. Shisler will notify the separated employee of the Board's decision.

Minutes of the March 6, 2024 Meeting

Richard Czernik moved and Brian Brill seconded the motion to approve the minutes of the March 6, 2024 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>
Murray "Dean" Giles	64	Rescinded retirement application		
Kelli L. Nygren	64	04/01/2024	7.2	ST
Beth A. Gleason (Changed Date)	64	04/06/2024	19.1	C5
Kenneth J. Hopkins	58	04/12/2024	21.8	E
Tamra S. Duncan	67	04/13/2024	33.8	ST
Kim A. Goodman	69	04/27/2024	29.5	ST

Carl S. Cline

68

05/02/2024

16.6

E

Richard Czernik moved and Jonathan Bingle seconded the motion to approve the service retirements as presented on the April Retirement Transaction Report. The motion passed unanimously.

Withdrawals for April 2024

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Victoria R. Utecht	0.3	08/21/2023
Zachary W. Rose	1.0	09/01/2023
Stephen M. Coleman	1.9	09/13/2023
Andrew C . Johnson	0.2	10/18/2023
Robert D. Dexter	0.2	02/03/2024
Martin L. Rosendahl	0.4	02/13/2024

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

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Laverta M. Berry	06/05/1993	95	12/23/2023	No Further Benefits
Lyndia R. Cossiart	01/09/2000	79	03/09/2024	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report –February 2024

The February 2024 Expenditure Summary Report was presented to the Board and discussed.

Richard Czernik moved and Jonathan Bingle seconded the motion to approve the February 2024 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – February 2024

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on February 29, 2024 was \$352.4 million with an estimated monthly rate of return of 3.0%.

Monthly Cash Reconciliation

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

Other Business

Ms. Shisler inquired about rescheduling the July Board meeting as it is scheduled for the day before the July 4th holiday.

Joe Cavanaugh moved and Jonathan Bingle seconded the motion to reschedule the July Board meeting for June 26, 2024. The motion passed unanimously.

OPMA Training

Richard Czernik moved and Joe Cavanaugh seconded the motion to reschedule the OPMA training to the May Board meeting to allow all board members to be present. The motion passed unanimously.

Other Business

Board Election

Jim Tieken's SERS Board position is up for election, with his term ending June 30, 2024. He has indicated he is running for re-election. The deadline for nominations to be filed is 5 p.m. on Tuesday, April 9, 2024.

Travel Policy

Ms. Shisler presented a draft to the Board regarding a Travel Policy for professional educational opportunities in relation to SERS.

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the Travel Policy as presented. The motion passed unanimously.

Jim Tieken shared an invitation from Hyas Group to attend their Investing Conference on April 30, 2024 in Pheonix, Arizona. Jonathan Bingle stated his interest to attend alongside Ms. Shisler. The cost would be limited to travel and per diem since both Jonathan Bingle and Ms. Shisler will each stay with family.

Richard Czernik moved and Joe Cavanaugh seconded the motion to approve per diem and the cost of travel for Jonathan Bingle and Ms. Shisler to attend the conference with Board Chair Jim Tieken voting and Jonathan Bingle abstaining.

Other Business

Ms. Shisler shared with the Board that the Auditors will be returning in April for two weeks and SageView will be presenting the 2023 actuarial valuation at the May meeting.

Joe Cavanaugh moved and Richard Czernik seconded the motion to draft a letter to Mayor Brown confirming the SERS Board's choice of Ms. Christine Shisler as the SERS Director that was voted on in November 2023 and respectfully request that the Mayor concur and appoint Ms. Shisler as the SERS Director. The motion passed unanimously with the Board Chair Jim Tieken voting.

Joe Cavanaugh moved and Brian Brill seconded the motion to adjourn the meeting. The motion passed unanimously.

There being no other business, the meeting adjourned at 1:41 p.m.

Christine Shisler, Interim Retirement Director

DRAFT

SERS Retirement Transaction Report

May 2024

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Kevan T. Brooks	59	05/01/2024	27.2	Accounting	ST
2	Keith D. Terry	58	05/01/2024	19.5	Engineering Services	E
3	Richard B. Culton	67	05/04/2024	1.5 (portability)	CD/HS Operations	E
4	Kevin M. Seals	64	05/10/2024	18.1	Advanced Wastewater	D
5	Raymond J. Franetich	58	05/22/2024	35.8	Solid Waste	E
6	Troy G. Binsfield	64	05/31/2024	25.1	Street	E
7	Michael J. Beeler	62	06/08/2024	22.3	Solid Waste	ST
8	Robert I. Ervin	70	07/06/2024	8.9	Street	ST
Retirements YTD		31				
2023 Total Retirements		81				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Dennis S. Bork, Jr.	7.2	IT Fund	02/12/2016
2	Brian R. Bowman	5.7	Water	02/13/2019
3	Jessica M. Kirk	1.5	Mayor	05/03/2023
4	Levi P. Giraud	2.5	Police Administration	09/15/2023
5	Ted L. Colley	0.7	CD/HS Operations	02/07/2024
6	Kris A. Lockhart	6.1	Parks & Recreation	02/09/2024
7	Tammy L. Anderson	7.7	Library	02/14/2024
8	Jack D. Armstrong, II	2.8	Solid Waste Disposal	03/08/2024
9	Christy S. Jeffers	1.0	CD/HS Operations	03/29/2024

Vesting

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

Deaths

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

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2024 EXPENDITURE SUMMARY REPORT
March 31, 2024

	2023 ACTUAL	2024 BUDGET	MARCH ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	307,703.65	387,148.00	20,614.41	55,986.58	331,161.42	14.5%
Departmental Benefits	67,758.43	132,492.64	7,423.61	21,189.84	111,302.80	16.0%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	
Administrative Income	(24,435.76)	(30,000.00)	(9,336.46)	(9,336.46)		
Postage/Supplies/Other	2,197.21	7,250.00	523.72	574.03	6,675.97	7.9%
State Audit Charges					-	
Contractual Services	136,457.84	175,000.00	2,358.84	20,208.84	154,791.16	11.5%
Travel	9,218.13	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	7,220.00	16,000.00	-	-	16,000.00	0.0%
Other Dues/Subscriptions/Membership	2,393.80	3,000.00	42.00	1,537.00	1,463.00	51.2%
Other Miscellaneous Charges	3,252.72	5,200.00	100.00	100.00	5,100.00	1.9%
Amortization	17,649.00	-	-	-		
TOTAL OPERATING EXPENDITURES	529,415.02	721,090.64	21,726.12	90,259.83	651,494.35	12.5%
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	-	-	810.00	(810.00)	
Interfund - IT	21,287.52	-	-	-	-	
Interfund - IT Replacement	2,961.00	-	-	-	-	
TOTAL INTERFUND EXPENDITURES	43,086.70	-	-	810.00	(810.00)	
TOTAL ADMINISTRATIVE EXPENDITURES	572,501.72	721,090.64	21,726.12	91,069.83	650,684.35	12.6%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2024 EXPENDITURE SUMMARY REPORT
 March 31, 2024

	2023 ACTUAL	2024 BUDGET	MARCH ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	33,622,179.79	36,000,000.00	2,877,701.52	8,567,183.10	27,432,816.90	23.8%
Pensions-Disability Payments	109,613.46	135,000.00	8,115.76	24,347.28	110,652.72	18.0%
Pensions-Survivor Annuity Benefits Payments	2,356,445.04	2,500,000.00	201,813.79	607,471.30	1,892,528.70	24.3%
TOTAL PENSIONS	<u>36,088,238.29</u>	<u>38,635,000.00</u>	<u>3,087,631.07</u>	<u>9,199,001.68</u>	<u>29,435,998.32</u>	23.8%
Refunds	1,378,165.86	1,250,000.00	23,901.48	152,649.47	1,097,350.53	12.2%
TOTAL EXPENSES	<u><u>38,038,905.87</u></u>	<u><u>40,606,090.64</u></u>	<u><u>3,133,258.67</u></u>	<u><u>9,442,720.98</u></u>	<u><u>31,184,033.20</u></u>	23.3%

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

March 31, 2024

				Allocation		
		Type		Target	Current	Diff.
4/24/2024						
Cash Held by Treasurer	Cash		\$ 122,205			
US Bank	Short-term Inv		668,895			
	Total Cash		791,100	0.0%	0.2%	0.2%
Sterling Capital	Total Return		35,409,266			
Loomis Sayles Core-Plus	Total Return-Mutual Fund		26,349,196			
Fidelity Core	FI - Mutual Fund		-			
	Total Total Return		61,758,462	17.0%	17.3%	0.3%
BlackRock	High Yield - Mutual Fund		6,628,607			
Hotchkis & Wiley	High Yield - Mutual Fund		16,999,639			
	Total High Yield		23,628,246	8.0%	6.6%	-1.4%
Post Limited Term High Yield	Ltd Partnership		-			
PIMCO Dynamic	Absolute Return		6,064,653			
Rimrock Low Volatility	Ltd Partnership		530,389	est hold back		
Polar	LLC		9,911,413			
	Total Absolute Return		16,506,455	5.0%	4.6%	-0.4%
Total Capital Preservation			102,684,263	30.0%	28.8%	-1.2%
Hotchkis & Wiley	LC Value - Mutual Fund		11,958,053			
Fidelity S&P 500 Index	LC Core - Mutual Fund		38,389,774			
MFS Growth	LC Growth - Mutual Fund		12,774,383			
	Total US Large Cap		63,122,210	16.0%	17.7%	1.7%
Sterling	MC Value		5,857,109			
Fidelity MC Index	MC Core - Mutual Fund		3,499,241			
Westfield MC Growth	MC Growth		6,374,538			
Fidelity SC Index	SC Core - Mutual Fund		573,431			
Champlain	SC Core		9,079,395			
Bridge City	SC Growth		8,354,594			
	Total US Small/Mid Cap		33,738,308	8.0%	9.5%	1.5%
Total US Equities			96,860,518	24.0%	27.2%	3.2%
Artisan	SMID Value - Mutual Fund		20,881,910			
Euro Pacific	LC Blend - Mutual Fund		16,086,944			
Fidelity International	LC Index - Mutual Fund		-			
	Total International Large Cap		36,968,854	10.0%	10.4%	0.4%
Trivalent	SC Value - Mutual Fund		17,636,429			
	Total International Small/Mid		17,636,429	5.0%	5.0%	0.0%
Vanguard EM Index	EM - Mutual Fund		6,772,922			
ABS Emerging Markets	Ltd Partnership		10,449,787			
	Total Emerging Markets		17,222,709	5.0%	4.8%	-0.2%
Total International Equities			71,827,992	20.0%	20.2%	0.2%
Weatherlow Offshore	Ltd Partnership		22,712,206			
Royalty Opportunities I	Ltd Partnership		710,279			
Royalty Opportunities II	Ltd Partnership		234,276			
	Total Long Biased		23,656,761	9.0%	6.6%	-2.4%
Morrison Street Fund VI	LP		6,678,720			
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		7,846,525			
	Total Real Estate		26,833,647	7.0%	7.5%	0.5%
Contrarian Capital Fund I	Ltd Partnership		12,037,193			
Beach Point	Ltd Partnership		15,167,293			
	Total Private Credit		27,204,486	8.0%	7.6%	-0.4%
Contrarian EM Credit	LLC		7,044,314			
	Total Master Ltd Partnerships		7,044,314	2.0%	2.0%	0.0%
Total Cash and Investments			\$ 356,111,981	100.0%	100.0%	0.0%
	Monthly Contributions		2,306,329			
	Monthly Pension		\$ (3,111,533)			
	As of February 29, 2024		\$ 352,372,288			
	Estimated Rate of Return		1.3%			

SERS Cash Reconciliation-April 2024

Date	Transactions	Sources	Uses	Balance
3/27/2024	Ending Balance			\$ 3,540,357.47
3/28/2024	distribution from Morgan Stanley Real Estate	73,729.40		3,614,086.87
3/29/2024	distribution from Morgan Stanley Real Estate	161,101.33		3,775,188.20
3/29/2024	Retiree Medical Premiums	30,335.43		3,805,523.63
3/29/2024	Retiree Medical Premiums Wired to City		(30,335.43)	3,775,188.20
3/29/2024	March Pension Payments		(3,087,631.07)	687,557.13
3/29/2024	March Lump Sum Payments		(23,901.48)	663,655.65
4/1/2024	distribution from Rimrock (holdback)	530,388.71		1,194,044.36
4/1/2024	Interest	5,239.78		1,199,284.14
4/3/2024	Redeposit Pension Checks	1,661.30		1,200,945.44
4/3/2024	Reissue Pension Checks		(1,661.30)	1,199,284.14
4/8/2024	Payroll Contributions	1,166,186.60		2,365,470.74
4/8/2024	Redeposit Pension Checks	1,770.48		2,367,241.22
4/8/2024	Reissue Pension Checks		(1,770.48)	2,365,470.74
4/11/2024	Redeposit Pension Checks	1,661.30		2,367,132.04
4/11/2024	Reissue Pension Checks		(1,661.30)	2,365,470.74
4/11/2024	Redeposit Pension Checks	3,339.63		2,368,810.37
4/15/2024	Reissue Pension Checks		(2,189.66)	2,366,620.71
4/15/2024	distribution from Morrison Street VII	42,437.55		2,409,058.26
4/22/2024	Payroll Contributions	1,162,799.64		3,571,857.90
4/24/2024	Ending Balance			3,571,857.90
<u>Upcoming</u>				
4/30/2024	April Pension Payments			\$ (3,114,710.60)
4/30/2024	April Lump Sum Payments			(207,984.82)