

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. August 7, 2024
Council Briefing Center

AGENDA

- 1) Minutes of the June 26, 2024 Meeting
 - Motion

- 2) Director's Report
 - a) Retirements
 - Motion
 - b) Withdrawals
 - Motion
 - c) Vesting
 - Information
 - d) Deaths
 - Information
 - e) Expenditure Summary Report – June 2024
 - Motion
 - f) Schedule of Investments – June 2024
 - Information
 - g) Cash Reconciliation – July 2024
 - Information
 - h) Other Business

- 3) Contribution Interest Rate
 - Motion

- 4) OPMA training
 - Information

- 5) Other Business

Next Meeting – **Wednesday, September 4th at 1:00 p.m.**

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
June 26, 2024**

The regular monthly 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, Brian Myers, and Beau Madsen

Absent: Jonathan Bingle and Brian Brill

Staff: Christine Shisler, Donald Brown, and Tim Szambelan

Guests: Dave Hanshaw, Natalie Hilderbrand, and Jon Barnhart

Minutes of the June 5, 2024 Meeting

Richard Cavanaugh moved and Brian Myers 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>
Rebecca L. Prah	60	07/01/2024	8.7	E
Karen J. Stratton	65	07/01/2024	18.4	ST
Murray "Dean" Giles	63	07/06/2024	10.7	ST
Lawrence E. McIntyre	65	07/06/2024	21.6	E
Robert G. Potter, Jr.	70	08/02/2024	23.8	ST

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the service retirements as presented on the July Retirement Transaction Report. The motion passed unanimously with Board chair Jim Tieken voting.

Withdrawals for July 2024

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Julie D. Happy	5.9	06/03/2019
Barbara D. Rice	7.6	04/27/2024

Joe Cavanaugh moved and Brian Myers 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>
Brian T. McGinn	Hearing Examiner	10.8

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Debra D. Robole	69	01/01/2020	05/17/2024	E Option Continues
Linda O. Hansford	83	04/02/2006	05/23/2024	No Further Benefits
Deborah D. Wolcott	71	06/05/2004	05/31/2024	E Option Continues
Allen L. Pope	69	03/03/2020	06/09/2024	E Option Continues

Vesting and Death information provided to the Board for review.

Expenditure Summary Report – May 2024

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

Richard Czernik moved and Joe Cavanaugh seconded the motion to approve the May 2024 Expenditure Summary Report. The motion passed unanimously with Board chair Jim Tieken voting.

Schedule of Investments – May 2024

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on May 31, 2024 was \$362.8 million with an estimated rate of return of 4.5% 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.

Draft SERS Board Membership Ordinance

The draft SERS Board Membership Ordinance was included with the Board packet for review. After discussion, the Board would like the Board attorney to review the ordinance and include the proposed changes. The changes would include moving the elected employee representatives to a four-year term with a rotating four-year election cycle and more clear language regarding the Mayor's designee and the term they would serve.

Joe Cavanaugh moved and Richard Czernik seconded the motion to have the Board attorney review and revise the Ordinance as discussed. The motion passed unanimously.

Other Business

Richard Czernik moved to adjourn.

There being no other business, the Board meeting adjourned at 1:26 p.m.

Christine Shisler, Interim Retirement Director

DRAFT

SERS Retirement Transaction Report

August 2024

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Jason H. Faulkner (Vested)	50	08/01/2024	5.9	Accounting	E
2	Joel T. Graff	56	08/03/2024	19.4	Engineering Services	E
3	James A. Richman	63	08/03/2024	26.0	Legal	E
4	Virgil W. Brown	50	09/01/2024	10.7	Water	E
5	Daniel T. Polson	63	09/14/2024	29.0	Code Enforcement	ST
6	Shukwo M. Chan Palmer (Vested)	50	10/01/2024	7.9	Information Technology	E
7	Michael A. Sloon	65	10/02/2024	15.6	Information Technology	E
	Retirements YTD	34				
	2023 Total Retirements	36				

Withdrawals

	Name	Department	Years of Service	Termination Date
1	Leann C. Wagele	Mayor	0.9	12/19/2023
2	Fidel Bazan	Risk Management	1.5	05/30/2024

Vesting

	Name	Department	Years of Service
1	Ezra T. Crooks	Advanced Wastewater Treatment	23.4
2	Brittany R. Kraft	Engineering Services	4.7

Deaths

	Name	Age	Retirement Date	Date of Death	Department	Information
1	Ann C. Jackson-Avery	71	05/02/2003	06/21/2024	Parks & Recreation	No Further Benefits
2	Arland D. Ableman	70	12/03/2005	06/21/2024	Building Services	No Further Benefits
3	Shirley M. Pippenger	75	06/02/2018	06/27/2024	City Clerk	No Further Benefits
4	Dennis W. Hubbard	77	08/14/2010	06/28/2024	Administrative Services	E Option Continues
5	Ronald L. Clavel	73	01/19/2013	07/14/2024	Solid Waste Management	E Option Continues
6	John L. Rissler	88	10/11/1996	07/17/2024	Water	No Further Benefits

SERS Cash Reconciliation-July 2024

Date	Transactions	Sources	Uses	Balance
6/20/2024	Ending Balance			\$ 3,506,377.81
6/21/2024	transfer from Fidelity SC Index Fund	546,218.26		4,052,596.07
6/25/2024	Redeposit of Pension Check	1,187.71		4,053,783.78
6/25/2024	Reissue Pension Checks		(1,187.71)	4,052,596.07
6/28/2024	Wire to City for Admin Expenses		(200,000.00)	3,852,596.07
6/28/2024	May Pension Payments		(3,255,207.90)	597,388.17
6/28/2024	Retiree Medical Premiums	28,082.84		625,471.01
6/28/2024	Retiree Medical Premiums Wired to City		(28,082.84)	597,388.17
6/28/2024	transfer from Morgan Stanley Prime Real Estate	70,297.11		667,685.28
7/1/2024	Interest	11,270.08		678,955.36
7/1/2024	Payroll Contributions	1,161,716.20		1,840,671.56
7/1/2024	transfer from Morgan Stanley Prime Real Estate	110,208.52		1,950,880.08
7/2/2024	transfer to Loomis Sayles Core Plus FI		(30,300.00)	1,920,580.08
7/2/2024	transfer from Champlain	8,013,436.56		9,934,016.64
7/2/2024	transfer from Westfield MC Growth	5,905,452.82		15,839,469.46
7/3/2024	transfer to SSGA Russell 2500 Index		(14,000,399.38)	1,839,070.08
7/9/2024	Redeposit of Pension Check	3,033.18		1,842,103.26
7/10/2024	Reissue Pension Checks		(2,123.23)	1,839,980.03
7/15/2024	Payroll Contributions	1,181,699.44		3,021,679.47
7/16/2024	transfer from Bridge City	507,483.80		3,529,163.27
7/17/2024	Bridge City 2Qtr Fees		(6,177.23)	3,522,986.04
7/17/2024	US Bank 2Qtr Fees		(26,118.28)	3,496,867.76
7/18/2024	transfer from Champlain	831,314.99		4,328,182.75
7/18/2024	transfer from Bridge City	1,082.07		4,329,264.82
7/18/2024	transfer from Morrison Street IF	52,843.40		4,382,108.22
7/19/2024	transfer to Sterling Core FI		(428,339.81)	3,953,768.41
7/22/2024	transfer from PIMCO Dynamic Bond	26,964.51		3,980,732.92
7/24/2024	transfer from Morrison Street VI	52,111.55		4,032,844.47
7/24/2024	transfer from Sterling Core FI	464,774.61		4,497,619.08
7/24/2024	Bridge City Final Fees		(802.94)	4,496,816.14
7/25/2024	Redeposit of Pension Check	1,559.02		4,498,375.16
7/25/2024	Reissue Pension Checks		(1,524.78)	4,496,850.38
7/25/2024	transfer from Trivalent	11,000,000.00		15,496,850.38
7/26/2024	Redeposit of Pension Check		(1,559.02)	15,495,291.36
7/26/2024	Reissue Pension Checks	1,524.78		15,496,816.14
7/26/2024	transfer from Hotchkis & Wiley LC Value	5,000,000.00		20,496,816.14
7/29/2024	transfer to Victory Trivalent Internation SC		(10,000,000.00)	10,496,816.14
7/29/2024	transfer to Boston Partners LC Value		(5,000,000.00)	5,496,816.14
7/29/2024	Payroll Contributions	1,166,138.14		6,662,954.28
7/31/2024	transfer from Bridge City (account closed)	108.66		6,663,062.94
7/31/2024	July Pension Payments		(3,185,287.11)	3,477,775.83
7/31/2024	Retiree Medical Premiums	28,082.84		3,505,858.67
7/31/2024	Retiree Medical Premiums Wired to City		(28,082.84)	3,477,775.83
7/31/2024	Redeposit of Pension Check	1,303.38		3,479,079.21
7/31/2024	Ending Balance			3,479,079.21

SERS Schedule of Cash and Investments
June 30, 2024

7/26/2024

			Allocation		
	Type		Target	Current Diff.	
Cash Held by Treasurer	Cash	\$ 191,044			
US Bank	Short-term Inv	678,955			
Total Cash		869,999	0.0%	0.2%	0.2%
Sterling Capital	Total Return	35,495,512			
Loomis Sayles Core-Plus	Total Return-Mutual Fund	26,268,020			
Tortoise Energy Infrastructure	Total Return-Mutual Fund	7,407,562			
PIMCO Dynamic	Absolute Return	26,828			
Total Total Return		69,197,922	17.0%	19.3%	2.3%
BlackRock	High Yield - Mutual Fund	6,712,693			
Hotchkis & Wiley	High Yield - Mutual Fund	16,209,653			
Total High Yield		22,922,346	8.0%	6.4%	-1.6%
Total Fixed Income		92,990,267	25.0%	26.0%	1.0%
Hotchkis & Wiley	LC Value - Mutual Fund	9,703,060			
Fidelity S&P 500 Index	LC Core - Mutual Fund	40,033,243			
MFS Growth	LC Growth - Mutual Fund	13,681,046			
Total US Large Cap		63,417,349	16.0%	17.7%	1.7%
Sterling	MC Value	5,513,651			
Fidelity MC Index	MC Core - Mutual Fund	3,382,205			
Westfield MC Growth	MC Growth	5,905,453			
Fidelity SC Index	SC Core - Mutual Fund	-			
Champlain	SC Core	8,844,752			
Bridge City	SC Growth	8,241,428			
Total US Small/Mid Cap		31,887,489	9.0%	8.9%	-0.1%
Total US Equities		95,304,838	25.0%	26.6%	1.6%
Artisan	SMID Value - Mutual Fund	21,195,139			
Euro Pacific	LC Blend - Mutual Fund	16,049,167			
Trivalent	SC Value - Mutual Fund	17,418,412			
Total International Developed		54,662,718	15.0%	15.3%	0.3%
Vanguard EM Index	EM - Mutual Fund	7,572,520			
ABS Emerging Markets	Ltd Partnership	10,968,524			
Total Emerging Markets		18,541,044	5.0%	5.2%	0.2%
Total International Equities		73,203,762	20.0%	20.5%	0.5%
Total Equities		168,508,600	45.0%	47%	2%
Polar	LLC	10,131,071			
Weatherlow Offshore	Ltd Partnership	23,528,061			
Beach Point	Ltd Partnership	15,242,929			
Rimrock Low Volatility	Ltd Partnership	-			
Contrarian Capital Fund I	Ltd Partnership	12,159,436			
Contrarian EM Credit	LLC	7,095,605			
Total Hedge Funds		68,157,102	14.0%	19.0%	5.0%
Morrison Street Fund VI	LP	6,818,223			
Morrison Street Fund VII	LP	3,123,774			
Morrison Street Income Fund	LP	2,448,266			
Morgan Stanley Prime	LLC	6,933,993			
Principal (REITs)	REITs	7,896,635			
Total Real Estate		27,220,891	8.0%	7.6%	-0.4%
Royalty Opportunities I	Ltd Partnership	728,023			
Royalty Opportunities II	Ltd Partnership	220,703			
Total Private Credit		948,726	3.0%	0.3%	-2.7%
Total MLP			2.0%	0.0%	-2.0%
Total Private Equity			3.0%	0.0%	-3.0%
Total Alternatives			30.0%		
Total Cash and Investments		\$ 357,825,586	100.0%	100.0%	0.0%
	Monthly Contributions	2,348,002			
	Monthly Pension	\$ (3,140,899)			
	As of May 31, 2024	\$ 362,777,488			
	Estimated Rate of Return	-1.1%			

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

	2023 ACTUAL	2024 BUDGET	JUNE ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	307,703.65	387,148.00	20,614.40	127,916.99	259,231.01	33.0%
Departmental Benefits	67,758.43	132,492.64	4,371.87	41,790.22	90,702.42	31.5%
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	69.97	2,454.01	4,795.99	33.8%
State Audit Charges					-	
Contractual Services	136,457.84	175,000.00	21,749.00	104,938.84	70,061.16	60.0%
Travel	9,218.13	15,000.00	1,440.74	3,374.10	11,625.90	22.5%
Registration/Schooling	7,220.00	16,000.00	-	12,300.00	3,700.00	76.9%
Other Dues/Subscriptions/Membership	2,393.80	3,000.00	-	1,619.00	1,381.00	54.0%
Other Miscellaneous Charges	3,252.72	5,200.00	-	154.55	5,045.45	3.0%
Amortization	17,649.00	-	-	5,883.00	(5,883.00)	
TOTAL OPERATING EXPENDITURES	529,415.02	721,090.64	48,245.98	291,094.25	450,659.93	40.4%
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	-	995.92	4,666.44	(4,666.44)	
Interfund - IT	21,287.52	-	-	-	-	
Interfund - IT Replacement	2,961.00	-	-	-	-	
TOTAL INTERFUND EXPENDITURES	43,086.70	-	995.92	4,666.44	(4,666.44)	
TOTAL ADMINISTRATIVE EXPENDITURES	572,501.72	721,090.64	49,241.90	295,760.69	445,993.49	41.0%

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

	2023 ACTUAL	2024 BUDGET	JUNE ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	33,622,179.79	36,000,000.00	2,932,615.98	17,312,199.09	18,687,800.91	48.1%
Pensions-Disability Payments	109,613.46	135,000.00	8,115.76	48,694.56	86,305.44	36.1%
Pensions-Survivor Annuity Benefits Payments	2,356,445.04	2,500,000.00	210,535.07	1,229,592.85	1,270,407.15	49.2%
TOTAL PENSIONS	<u>36,088,238.29</u>	<u>38,635,000.00</u>	<u>3,151,266.81</u>	<u>18,590,486.50</u>	<u>20,044,513.50</u>	48.1%
Refunds	1,378,165.86	1,250,000.00	101,629.97	472,310.44	777,689.56	37.8%
TOTAL EXPENSES	<u><u>38,038,905.87</u></u>	<u><u>40,606,090.64</u></u>	<u><u>3,302,138.68</u></u>	<u><u>19,358,557.63</u></u>	<u><u>21,268,196.55</u></u>	47.7%
INVESTMENT EXPENSE*						
Advisory Technical Service	465,177.91	600,000.00	44,934.09	161,936.21	438,063.79	27.0%

* investment expenses are netted against investment income in the statement of changes of plan net assets to arrive at a net investment income amount.