

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. September 4, 2024
Council Briefing Center

AGENDA

- 1) Hyas Group, 2024 2nd Quarter Investment Performance Report
 - a. Performance Report
 - Information
- 2) Minutes of the August 7, 2024 Meeting
 - Motion
- 3) Director's Report
 - a) Retirements
 - Motion
 - b) Withdrawals
 - Motion
 - c) Vesting
 - Information
 - d) Deaths
 - Information
 - e) Expenditure Summary Report – July 2024
 - Motion
 - f) Schedule of Investments – July 2024
 - Information
 - g) Cash Reconciliation – August 2024
 - Information
 - h) Other Business
- 4) 2025 & 2026 Budgets
 - Motion
- 5) Next Meeting – **Wednesday, October 2nd at 1:00 p.m.**

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
August 7, 2024**

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

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

Absent: Jonathan Bingle, Beau Madsen, and Brian Myers

Staff: Christine Shisler, Donald Brown, and Tim Szambelan

Guests: Natalie Hilderbrand and Dave Hanshaw

Minutes of the July 26, 2024 Meeting

Joe Cavanaugh moved and Brian Brill seconded the motion to approve the minutes of the June 26, 2024 meeting as corrected. The motion passed unanimously with Board Chair Jim Tieken voting.

Director's Report

Service Retirements

<i>Name</i>	<i>Age</i>	<i>Retirement Date</i>	<i>Years of Service</i>	<i>Option</i>
Jason H. Faulkner (Vested)	50	08/01/2024	5.9	E
Joel T. Graff	56	08/03/2024	19.4	E
James A. Richman	63	08/03/2024	26.0	E
Virgil W. Brown	50	09/01/2024	10.7	E
Daniel T. Polson	63	09/14/2024	29.0	ST
Shukwo M. Chan Palmer (Vested)	50	10/01/2024	7.9	E
Michael A. Sloon	65	10/02/2024	15.6	E

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

Withdrawals for August 2024

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Leann C. Wagele	0.9	12/19/2023
Fidel Bazan	1.5	05/30/2024

Richard Czernik moved and Brian Brill seconded the motion to approve the requests for withdrawal as presented on the August Retirement Transaction Report. The motion passed unanimously with Board Chair Jim Tieken voting.

Vesting

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

Deaths

Name	Age	Date Retired	Date of Death	Information
Ann C. Jackson-Avery	71	05/02/2003	06/21/2024	No Further Benefits
Arland D. Ableman	70	12/03/2005	06/21/2024	No Further Benefits
Shirley M. Pippenger	75	06/02/2018	06/27/2024	No Further Benefits
Dennis W. Hubbard	77	08/14/2010	06/28/2024	E Option Continues
Ronald L. Clavel	73	01/19/2013	07/14/2024	E Option Continues
John L. Rissler	88	10/11/1996	07/17/2024	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – June 2024

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

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

Schedule of Investments – June 2024

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on June 30, 2024 was \$357.8 million with an estimated rate of return of -1.1% 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

Ms. Shisler updated the Board on the progress of her appointment to the Director. Council is scheduled to vote on August 12, 2024. She shared that the change to the composition of the Board is expected to start the process need for SMC changes at the same meeting.

Ms. Shisler also shared with the Board her experience at Wharton and thanked them for the opportunity.

Contribution Interest Rate

Ms. Shisler discussed the US Treasury rates used to determine the Plan interest rate on member contributions. From July 1, 2023 to June 30, 2024, the average 5-year US Treasury Note rate, rounded to the nearest 25 basis points, was 4.50%.

Joe Cavanaugh moved and Richard Czernik seconded the motion to change the contribution interest rate from 3.75% to 4.50% effective July 1, 2024. The motion passed unanimously.

OPMA Training

The remaining Board member who needed to review the OPMA training will complete the training and submit their certificate.

Other Business

There being no other business, the motion to adjourn was made by Brian Brill and the meeting adjourned at 1:25 p.m. The Board reconvened at 1:27 p.m. due to conversation that started about the OCIO. A motion to adjourn was made by Brian Brill and the meeting adjourned at 1:30 p.m.

Christine Shisler, Interim Retirement Director

SERS Retirement Transaction Report

September 2024

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Amy K. Jones	52	09/01/2024	5.9	Human Services	ST
2	Dennis C. Doidge	54	09/08/2024	9.8	Water	ST
3	Theresa A. Christiansen	61	10/12/2024	33.5	Utilities Billing	E
4	Dawn M. Biehl	62	10/03/2024	23.4	Police Records	C-5
	Retirements YTD	55				
	2023 Total Retirements	36				

Withdrawals

	Name	Department	Years of Service	Termination Date
1	Timothy J. Horn	Streets	0.6	11/16/2023
2	Michelle L. Coker	EMS Fund	0.5	01/25/2024
3	Tamar E. Powers	Water	2.2	06/05/2024
4	Nicole Miller	Library	0.4	06/10/2024
5	Joshua A. Williams	Advanced Wastewater Treatment	8.4	07/06/2024
6	Patrick A. P. Striker	Neighborhood Services	1.5	07/09/2024

Vesting

	Name	Department	Years of Service
1	Tonya D. Wallace	Finance	4.2
2	Erik D. Johnson	Development Services Center	10.8
3	Brian J. Coddington	Public Affairs/Communications	9.3

Deaths

	Name	Age	Retirement Date	Date of Death	Department	Information
1	Lili M. Hirata	92	12/09/2005	07/27/2024	Survivor	No Further Benefits
2	Greta M. Rizzuti	88	2/24/2007	08/06/2024	Survivor	No Further Benefits
3	Karen M. Nielsen	68	10/06/2005	08/06/2024	Library	No Further Benefits
4	Walter L. Wagner	87	3/4/2003	04/03/2024	Sewer	E Option Continues

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

	2023 ACTUAL	2024 BUDGET	JULY ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	307,703.65	387,148.00	20,614.40	148,531.39	238,616.61	38.4%
Departmental Benefits	67,758.43	132,492.64	6,888.04	48,678.26	83,814.38	36.7%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	
Administrative Income	(24,435.76)	(30,000.00)	(8,591.19)	(17,927.65)		
Postage/Supplies/Other	2,197.21	7,250.00	59.59	2,513.60	4,736.40	34.7%
State Audit Charges	-	-	-	-	-	
Contractual Services	136,457.84	175,000.00	11,722.17	116,661.01	58,338.99	66.7%
Travel	9,218.13	15,000.00	-	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	166.54	1,785.54	1,214.46	59.5%
Other Miscellaneous Charges	3,252.72	5,200.00	2,223.95	2,378.50	2,821.50	45.7%
Amortization	17,649.00	-	-	8,824.50	(8,824.50)	
TOTAL OPERATING EXPENDITURES	529,415.02	721,090.64	33,083.50	327,119.25	406,043.74	45.4%
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	-	654.02	5,320.46	(5,320.46)	
Interfund - IT	21,287.52	-	-	-	-	
Interfund - IT Replacement	2,961.00	-	-	-	-	
TOTAL INTERFUND EXPENDITURES	43,086.70	-	654.02	5,320.46	(5,320.46)	
TOTAL ADMINISTRATIVE EXPENDITURES	572,501.72	721,090.64	33,737.52	332,439.71	400,723.28	46.1%

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

	2023 ACTUAL	2024 BUDGET	JULY ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	33,622,179.79	36,000,000.00	2,940,971.38	20,253,170.47	15,746,829.53	56.3%
Pensions-Disability Payments	109,613.46	135,000.00	8,115.76	56,810.32	78,189.68	42.1%
Pensions-Survivor Annuity Benefits Payments	2,356,445.04	2,500,000.00	214,190.91	1,443,783.76	1,056,216.24	57.8%
TOTAL PENSIONS	<u>36,088,238.29</u>	<u>38,635,000.00</u>	<u>3,163,278.05</u>	<u>21,753,764.55</u>	<u>16,881,235.45</u>	56.3%
Refunds	1,378,165.86	1,250,000.00	19,795.73	492,106.17	757,893.83	39.4%
TOTAL EXPENSES	<u><u>38,038,905.87</u></u>	<u><u>40,606,090.64</u></u>	<u><u>3,216,811.30</u></u>	<u><u>22,578,310.43</u></u>	<u><u>18,039,852.56</u></u>	55.6%
INVESTMENT EXPENSE*						
Advisory Technical Service	465,177.91	600,000.00	36,101.16	198,037.37	401,962.63	33.0%

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

SERS Schedule of Cash and Investments
July 31, 2024

8/27/2024

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 190,844			
US Bank	Short-term Inv	3,502,877			
Total Cash		3,693,721	0.0%	1.0%	1.0%
Loomis Sayles Core-Plus	Core Fixed Income - CIT	26,096,636			
Segall Bryant Core	Core Fixed Income - SMA	36,227,392			
Sterling Core Fixed Income	Core Fixed Income - SMA	99,705			
PIMCO Dynamic Bond	Core Fixed Income - Mutual Fund	77			
Total Total Return		62,423,810	17.0%	17.2%	0.2%
BlackRock	High Yield - Mutual Fund	6,839,434			
BlackRock	High Yield - CIT	-			
Hotchkis & Wiley	High Yield - Mutual Fund	16,483,623			
Total High Yield		23,323,057	8.0%	6.4%	-1.6%
Total Fixed Income		89,440,588	25.0%	24.6%	-0.4%
Hotchkis & Wiley	LC Value - Mutual Fund	5,120,783			
Fidelity S&P 500 Index	LC Core - Mutual Fund	40,519,524			
MFS Growth	LC Growth - Mutual Fund	13,436,448			
Boston Partners Large Cap Value	LC Value - SMA	5,001,421			
SSGA S&P 500 Index	LC Core - CIT	-			
Columbia Dividend Income	LC Value - SMA	-			
SSGA Russell 1000 Growth Index	LC Growth - CIT	-			
Total US Large Cap		64,078,176	16.0%	17.6%	1.6%
Fidelity MC Index	MC Core - Mutual Fund	3,541,469			
Earnest Partners S/M Core Equity	MC Core - SMA	5,962,024			
Allspring Special SCV CIT	SC Value - CIT	7,114,203			
SSGA Russell 2500 Index Strat	SC Core - CIT	14,000,401			
Bridge City	SC Growth - SMA	579			
Champlain	SC Core - CIT	2,089			
Sterling Mid Cap Value	MC Value - SMA	1,946			
Total US Small/Mid Cap		30,622,711	9.0%	8.4%	-0.6%
Total US Equities		94,700,887	25.0%	26.1%	1.1%
Artisan Intl	SMID Value - Mutual Fund	22,030,415			
American Funds Euro Pacific	LC Blend - Mutual Fund	16,239,762			
Trivalent	SC Value - Mutual Fund	6,866,124			
Victory Trivalent Intl Sml	SC Value - CIT	10,000,000			
SSGA MSCI EAFE Index	LC Blend - CIT	-			
Total International Developed		55,136,301	15.0%	15.2%	0.2%
Vanguard EM Index	EM - Mutual Fund	7,202,499			
ABS Emerging Markets	Ltd Partnership	10,851,020			
GQG Partners Emerging Markets	EM - CIT	-			
SSGA MSCI Emerging Markets	EM - CIT	-			
Total Emerging Markets		18,053,519	5.0%	5.0%	0.0%
Total International Equities		73,189,820	20.0%	20.2%	0.2%
Total Equities		167,890,707	45.0%	46%	1%
Polar	LLC	10,130,786			
Weatherlow Offshore	Ltd Partnership	23,712,275			
Beach Point	Ltd Partnership	15,443,159			
Contrarian Capital Fund I	Ltd Partnership	12,345,162			
Contrarian EM Credit	LLC	7,296,277			
Total Hedge Funds		68,927,659	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	8,362,308			
Total Real Estate		27,686,564	8.0%	7.6%	-0.4%
Royalty Opportunities I	Ltd Partnership	475,746			
Royalty Opportunities II	Ltd Partnership	147,929			
Atalaya Special Opp Fund	Ltd Partnership	904,258			
Apollo Debt Solutions BDC	Ltd Partnership	-			
Total Private Credit		1,527,933	3.0%	0.4%	-2.6%
Tortoise Energy Infrastructure	Total Return - Mutual Fund	7,623,185			
Total MLP		7,623,185	2.0%	2.1%	0.1%
Total Private Equity			3.0%	0.0%	-3.0%
Total Alternatives			30.0%		
Total Cash and Investments		\$ 363,096,636	100.0%	100.0%	0.0%
	Monthly Contributions	3,509,554			
	Monthly Pension	\$ (3,183,074)			
	As of June 30, 2024	\$ 357,825,586			
	Estimated Rate of Return	1.4%			

SERS Cash Reconciliation-August 2024

Date	Transactions	Sources	Uses	Balance
7/31/2024	Ending Balance			\$ 3,479,079.21
8/1/2024	Transfer from Blackrock FI	6,798,630.80		10,277,710.01
8/1/2024	Interest	23,797.96		10,301,507.97
8/2/2024	Transfer to Blackrock High Yield CIT		(6,500,000.00)	3,801,507.97
8/2/2024	Transfer from Champlain	2,088.84		3,803,596.81
8/2/2024	Transfer from Bridge City	772.16		3,804,368.97
8/5/2024	Redeposit of Pension Check	6,333.43		3,810,702.40
8/5/2024	Reissue Pension Checks		(6,333.43)	3,804,368.97
8/5/2024	Transfer from Morrison Street VII	121,070.35		3,925,439.32
8/5/2024	Transfer from Sterling MC	1,617.65		3,927,056.97
8/5/2024	Transfer from Sterling FI	99,704.64		4,026,761.61
8/6/2024	Redeposit of Pension Check	7,158.66		4,033,920.27
8/6/2024	Reissue Pension Checks		(7,158.66)	4,026,761.61
8/6/2024	Sterling Capital Mangement Fees		(37,516.00)	3,989,245.61
8/6/2024	Transfer from Pimco	76.76		3,989,322.37
8/6/2024	Transfer from Blackrock FI	40,345.21		4,029,667.58
8/8/2024	Redeposit of Pension Check	1,541.06		4,031,208.64
8/9/2024	Redeposit of Pension Check	1,061.08		4,032,269.72
8/9/2024	Reissue Pension Checks		(1,769.27)	4,030,500.45
8/9/2024	Transfer to SSGA MSCI EAFE INDEX		(6,000,000.00)	(1,969,499.55)
8/9/2024	Transfer to SSGA RUSSELL 2500 INDEX		(3,000,000.00)	(4,969,499.55)
8/9/2024	Transfer from Tivalent	6,499,930.33		1,530,430.78
8/9/2024	Transfer from Fidelity MC	3,418,792.86		4,949,223.64
8/12/2024	Transfer to Sterling FI		(1,838.87)	4,947,384.77
8/12/2024	Transfer to Columbia Dividend Income		(4,854,829.39)	92,555.38
8/12/2024	Payroll Contributions	1,157,309.30		1,249,864.68
8/12/2024	Tranferred from Hotchkis & Wiley LC	4,854,829.39		6,104,694.07
8/14/2024	Transfer to Segal Bryan Core		(2,000,000.00)	4,104,694.07
8/20/2024	Transfer to SSGA MSCI EM International		(7,000,000.00)	(2,895,305.93)
8/20/2024	Transfer from Vanguard EM Index	7,329,475.72		4,434,169.79
8/21/2024	Redeposit of Pension Check	2,390.03		4,436,559.82
8/22/2024	Redeposit of Pension Check	138.03		4,436,697.85
8/22/2024	Transfer from Sterling FI	1,620.17		4,438,318.02
8/22/2024	Transfer from Westfield MC	878.80		4,439,196.82
8/26/2024	Transfer to SSGA MSCI EAFE INDEX		(5,000,000.00)	(560,803.18)
8/26/2024	Payroll Contributions	1,153,322.66		592,519.48
8/26/2024	Transfer from Artisan	5,000,000.00		5,592,519.48
8/27/2024	Transfer from Morrison Street VI	823,155.85		6,415,675.33
8/28/2024	Ending Balance			6,415,675.33
Upcoming				
8/30/2024	August Pension Payments		(3,295,039.67)	

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2025 and 2026 PRELIMINARY BUDGET

	2023 ACTUAL	7/2024 YTD ACTUALS	2024 BUDGET	2025 BUDGET	2025 BUDGET CHANGE	2026 BUDGET	2026 BUDGET CHANGE
REVENUES							
IF Personnel Services	24,435.76	17,927.65	30,000.00	30,000.00	\$ -	33,060.00	\$ 3,060.00
Investment Interest/Dividends	6,831,866.17	3,657,630.22	5,000,000.00	6,000,000.00	1,000,000.00	6,500,000.00	500,000.00
Realized Gains/Losses	26,365,988.12	4,945,727.41	7,000,000.00	7,500,000.00	500,000.00	8,000,000.00	500,000.00
Unrealized Gains/Losses	9,493,171.89	16,091,578.58	-	-	-	-	-
City Contributions	13,322,516.56	9,272,835.98	12,000,000.00	12,000,000.00	-	12,554,400.00	554,400.00
Mandatory Contributions Employees	13,322,516.56	9,272,835.98	12,000,000.00	12,000,000.00	-	12,554,400.00	554,400.00
Voluntary Contributions Employees	12,669.04	-	-	-	-	-	-
SREC Employer Contributions	124,093.18	74,252.81	150,000.00	150,000.00	-	156,930.00	6,930.00
SREC Employee Contributions	124,093.51	74,252.48	150,000.00	150,000.00	-	156,930.00	6,930.00
TOTAL REVENUES	69,621,350.79	43,407,041.11	36,330,000.00	37,830,000.00	1,500,000.00	39,955,720.00	2,125,720.00
OPERATING EXPENDITURES							
Departmental Salaries	307,703.65	148,531.39	387,148.00	396,218.00	9,070.00	423,927.00	27,709.00
Departmental Benefits	67,758.43	48,678.26	132,492.64	133,608.00	1,115.36	140,683.00	7,075.00
Postage/Supplies/Other	2,197.21	2,513.60	7,250.00	5,250.00	(2,000.00)	5,313.00	63.00
Contractual Services	136,457.84	116,661.01	175,000.00	175,000.00	-	234,500.00	59,500.00
Travel	9,218.13	3,374.10	15,000.00	15,000.00	-	15,000.00	-
Registration/Schooling	7,220.00	12,300.00	16,000.00	16,000.00	-	17,088.00	1,088.00
Other Dues/Subscriptions/Membership	2,393.80	1,785.54	3,000.00	3,000.00	-	3,000.00	-
Printing/Binding OS Vendor	2,207.76	1,728.95	3,000.00	3,000.00	-	3,000.00	-
Other Miscellaneous Charges	1,044.96	649.55	2,200.00	2,200.00	-	2,316.00	116.00
Depreciation/Amortization	17,649.00	8,824.50	-	-	-	-	-
TOTAL OPERATING EXPENDITURES	553,850.78	345,046.90	741,090.64	749,276.00	8,185.36	844,827.00	95,551.00

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2025 and 2026 PRELIMINARY BUDGET

	2023 ACTUAL	7/2024 YTD ACTUALS	2024 BUDGET	2025 BUDGET	2025 BUDGET CHANGE	2026 BUDGET	2026 BUDGET CHANGE
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	5,320.46	-	-	-	-	-
Interfund - IT	21,287.52	-	-	-	-	-	-
Interfund - IT Replacement	2,961.00	-	-	-	-	-	-
TOTAL INTERFUND EXPENDITURES	43,086.70	5,320.46	-	-	-	-	-
TOTAL ADMINISTRATIVE EXPENDITURES	596,937.48	350,367.36	741,090.64	749,276.00	8,185.36	844,827.00	95,551.00
PENSIONS							
Pensions-Annuity Benefit Payments	33,622,179.79	20,253,170.47	36,000,000.00	37,000,000.00	1,000,000.00	39,000,000.00	2,000,000.00
Pensions-Disability Payments	109,613.46	56,810.32	135,000.00	135,000.00	-	144,180.00	9,180.00
Pensions-Survivor Annuity Benefits Payments	2,356,445.04	1,443,783.76	2,500,000.00	2,500,000.00	-	2,670,000.00	170,000.00
TOTAL PENSIONS	36,088,238.29	21,753,764.55	38,635,000.00	39,635,000.00	1,000,000.00	41,814,180.00	2,179,180.00
Refunds	1,378,165.86	492,106.17	1,250,000.00	1,250,000.00	-	1,335,000.00	85,000.00
Reserve for Budget Adjustment	-	-	10,000.00	10,000.00	-	10,000.00	-
INVESTMENT EXPENDITURES							
Advisory Technical Service	465,177.91	198,037.37	600,000.00	600,000.00	-	600,000.00	-
TOTAL EXPENDITURES	\$ 38,528,519.54	\$ 22,794,275.45	\$ 41,236,090.64	\$ 42,244,276.00	\$ 1,008,185.36	\$ 44,604,007.00	\$ 2,359,731.00