

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting Minutes**  
**September 4, 2024**

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

**Present:** Jim Tieken, Joe Cavanaugh, Richard Czernik, Jonathan Bingle, Brian Brill, Brian Myers, and Beau Madsen

**Staff:** Christine Shisler, Donald Brown, and Tim Szambelan

**Guests:** Jayson Davidson, Tom Breaden, Robyn Moss, Matt Boston, Jon Barnhart, and Natalie Hilderbrand

**Hyas Group, 2024 2<sup>nd</sup> Quarter Investment Performance Report**

Mr. Davidson presented the Second Quarter 2024 Performance Report and discussed general market conditions as well as expectations for the remainder of the year. As with recent prior quarters, the U.S. economy continues to post respectable economic growth numbers and the much-discussed inflation appears to be softening. With recent price and employment data, the Federal Reserve appears to be poised to begin cutting rates this year. Hyas Group expects them to be wary of coming monthly data and likely will engage these cuts in a gradual, measured fashion. Markets appear to be reacting to the rate cut prospect and Hyas Group has seen a slight rotation from the large cap technology sector led gains to more mainline sectors such as energy, real estate, and finance. Additionally, small capitalization stocks also seem to be benefiting from the anticipated lowering of interest rates. The portfolio again posted respectable numbers in what has been a pretty consistent economic and market back drop. SERS recorded a 1.0% return for the quarter, outpacing the policy portfolio's return of 0.7%. SERS remains well ahead of the policy benchmark for the year-to-date and trailing one-year periods. Most of the performance premium this year came from the portfolio's largest allocation categories. Most fixed income and large cap managers outperformed their respective benchmarks. Mr. Davidson noted that the prior quarter's quantitative watch status managers were still held in the Fund at the end of the Second Quarter. The Sterling Mid Cap Value, Champlain Small Cap and Contrarian Emerging Markets remained in violation of the prior approved policy at quarter-end. The Hotchkis & Wiley High Yield Fund actually posted policy compliant numbers. As the OCIO group has now taken over responsibility for portfolio management, it will be incumbent upon them to address individual fund performance concerns and prior watch status policy language is no longer applicable. Many of the watch status options were transferred out of the portfolio with the OCIO initiated changes that took place after quarter-end. There were also two funds, Sterling Total Return Bond, and Sterling Mid Cap Value (also on watch for quantitative reasons), on watch for qualitative reasons related to the previously announced ownership change for Sterling. The same responsibility change under OCIO applies here as well.

Mr. Davidson informed the Board that we are expecting the final capital call for Morrison Street Fund VII in the coming months.

Robyn Moss, the newly introduced Portfolio Manager under the approved OCIO mandate, provided an update on portfolio adjustments and manager transitions. Since OCIO has taken over responsibility for management of the SERS portfolio they have made several adjustments to the holdings within the portfolio in accordance with the new approved policy. The next report will reflect these changes and we will continue to keep you apprised of OCIO actions related to the portfolio.

### **Minutes of the August 7, 2024 Meeting**

Joe Cavanaugh moved, and Richard Czernik seconded the motion to approve the minutes of the August 7, 2024 meeting as presented. 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>
Amy K. Jones	52	09/01/2024	5.9	Human Services
Dennis C. Doidge	54	09/08/2024	9.8	Water
Theresa A. Christiansen	61	10/12/2024	33.5	Utilities Billing
Dawn M. Biehl	62	10/03/2024	23.4	Police Records

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

#### **Withdrawals for September 2024**

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Timothy J. Horn	0.6	11/16/2023
Michelle L. Coker	0.5	01/25/2024
Tamar E. Powers	2.2	06/05/2024
Nicole Miller	0.4	06/10/2024
Joshua A. Williams	8.4	07/06/2024
Patrick A. P. Striker	1.5	07/09/2024

Jonathan Bingle moved, and Richard Czernik seconded the motion to approve the requests for withdrawal as presented on the September Retirement Transaction Report. The motion passed unanimously.

Vesting

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

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Lili M. Hirata	12/09/2005	92	07/27/2024	No Further Benefits
Greta M. Rizzuti	02/24/2007	88	08/06/2024	No Further Benefits
Karen M. Nielsen	10/06/2005	68	08/06/2024	No Further Benefits
Walter L. Wagner	03/04/2003	87	04/03/2024	E Option Continues

Vesting and death information provided to the Board for review.

Expenditure Summary Report – July 2024

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

Joe Cavanaugh moved, and Jonathan Bingle seconded the motion to approve the July 2024 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – July 2024

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on July 31, 2024 was \$363 million with an estimated rate of return of 1.4% 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 shared with the Board information from the IRS pertaining to the hiring of retirees as temp/seasonal employees and included examples from other Plans and their policies on the issue. By allowing an employee to begin receiving their pension before a legitimate retirement could cause SERS to lose our qualified tax status, and contributions would become taxable immediately to all employees. The Board changed the wait period from 2 weeks to 6 months based on the information provided. Mr. Szambelan will work with Ms. Shisler to draft a change to the code and notify Department Heads of the change to the process of rehiring retirees.

Jim Tieken discussed the voluntary retirement incentive plan that was being offered and discussion ensued about the impacts to the Plan.

Joe Cavanaugh moved and Richard Czernik seconded the motion to engage SageView to conduct an experience study for a cost to not exceed \$10,000.00. The motion passed unanimously with Board chair Jim Tieken voting.

**2025 and 2026 Budgets**

The 2025 and 2026 Budgets was presented to the Board and discussed. Ms. Shisler expressed to the Board that she would like to add an accountant position to the department and will work with Civil Service to bring on the appropriate level of accountant.

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the 2025 and 2026 budgets as presented. The motion passed unanimously.

There being no other business, the meeting adjourned at 2:38 p.m.

/s/

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**Christine Shisler, Retirement Director**