

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. November 6, 2024
Council Briefing Center

AGENDA

- 1) Minutes of the October 2, 2024 Meeting
 - Motion

- 2) Director's Report
 - a) Retirements
 - Motion
 - b) Withdrawals
 - Motion
 - c) Deaths
 - Information
 - d) Expenditure Summary Report – September 2024
 - Motion
 - e) Schedule of Investments – September 2024
 - Information
 - f) Cash Reconciliation – October 2024
 - Information
 - g) Other Business
 - VRIP update

- 3) Other Business

- 4) Next Meeting – **Wednesday, December 4, 2024 at 1:00 p.m.**

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
October 2, 2024**

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

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

Staff: Christine Shisler, Donald Brown, and Tim Szambelan

Guests: Natalie Hilderbrand, Dave Hanshaw, and Jon Barnhart

Matt Boston arrived at 1:01 p.m. and Jonathan Bingle arrived at 1:02 p.m.

Minutes of the September 4, 2024 Meeting

Richard Czernik moved and Brian Myers seconded the motion to approve the minutes of the September 4, 2024 meeting as presented. The motion passed unanimously.

Director's Report

Service Retirements

Name	Age	Retirement Date	Years of Service	Department
Craig M. Gilbert	53	10/01/2024	12.4	Advanced Wastewater Treatment
Judith M. Knaack	67	01/04/2025	45.2	Library
Anthony C. Bentley	56	01/09/2025	26.7	Sewer Maintenance

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

Withdrawals for October 2024

Name	Years of Service	Department
Shane M. Gronholz	1.6	Library
Jeni L. Rostie	0.7	Sewer Maintenance
Rebecca S. Jenkins	8.8	Solid Waste Disposal

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

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Craig M. Gilbert	Wastewater	12.4

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Carol J. Swanson	02/03/2007	88	08/31/2024	No Further Benefits
Kathy L. Meredith	06/07/2003	71	09/19/2024	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – August 2024

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

Richard Czernik moved and Brian Myers seconded the motion to approve the August 2024 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – August 2024

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on August 31, 2024 was \$367.5 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.

VRIP Update

Ms. Shisler gave an update on the VRIP offered by the City.

Other Business

Richard Czernik moved and Jonathan Bingle seconded the motion to adjourn the meeting. The motion passed unanimously.

There being no other business, the meeting adjourned at 1:24 p.m.

Christine Shisler, Retirement Director

SERS Retirement Transaction Report

November 2024

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Leslie I. Baker	70	11/05/2024	12.6	Police Records	C-15
2	William L. Downs	67	02/01/2025	26.3	Water	E
	Retirements YTD	64				
	2023 Total Retirements	36				

Withdrawals

	Name	Department	Years of Service	Termination Date
1	Anthony M. Kavere	Street	0.1	10/25/2022
2	Derek L. Gildersleeve	Water	0.5	04/16/2024
3	Jaclyn B. Treat	Human Resources	0.3	05/17/2024
4	Jamie M. Wiggins	EMS Fund	3.0	07/26/2024
5	Michael B. Light	Parks & Recreation	1.2	08/02/2024
6	Alexia A. Palafox	Parks & Recreation	1.0	08/02/2024
7	Irina S. Ilina	Police - Radio	0.2	08/05/2024
8	John T. Davis	Golf	1.1	08/22/2024
9	Russell R. McKinley	Solid Waste Management	1.9	08/30/2024
10	Wyatt E. Barnett	Sewer Maintenance	2.9	09/15/2024
11	Adam G. Schooley	CD/HS Operations	1.2	09/27/2024

Deaths

	Name	Age	Retirement Date	Date of Death	Department	Information
1	Richard L. Combs	82	11/14/1998	10/12/2024	Sewer Maintenance	E Option Continues
2	Donald C. Cummings	83	09/26/1991	10/21/2024	Building Department	No Further Benefits

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

	2023 ACTUAL	2024 BUDGET	SEPTEMBER ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	307,703.65	387,148.00	20,582.40	189,728.19	197,419.81	49.0%
Departmental Benefits	67,758.43	132,492.64	6,883.12	62,455.34	70,037.30	47.1%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	
Administrative Income	(24,435.76)	(30,000.00)	(5,252.87)	(23,180.52)		
Postage/Supplies/Other	2,197.21	7,250.00	190.13	2,840.17	4,409.83	39.2%
State Audit Charges					-	
Contractual Services	136,457.84	175,000.00	-	116,661.01	58,338.99	66.7%
Travel	9,218.13	15,000.00	1,375.93	5,347.11	9,652.89	35.6%
Registration/Schooling	7,220.00	16,000.00	-	13,225.00	2,775.00	82.7%
Other Dues/Subscriptions/Membership	2,393.80	3,000.00	-	1,785.54	1,214.46	59.5%
Other Miscellaneous Charges	3,252.72	5,200.00	(9.09)	2,369.41	2,830.59	45.6%
Amortization	17,649.00	-	-	11,766.00	(11,766.00)	
TOTAL OPERATING EXPENDITURES	529,415.02	721,090.64	23,769.62	382,997.25	344,912.87	53.1%
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	-	-	6,193.66	(6,193.66)	
Interfund - IT	21,287.52	-	-	-	-	
Interfund - IT Replacement	2,961.00	-	-	-	-	
TOTAL INTERFUND EXPENDITURES	43,086.70	-	-	6,193.66	(6,193.66)	
TOTAL ADMINISTRATIVE EXPENDITURES	572,501.72	721,090.64	23,769.62	389,190.91	338,719.21	54.0%

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

	2023 ACTUAL	2024 BUDGET	SEPTEMBER ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	33,622,179.79	36,000,000.00	2,961,707.71	26,168,343.04	9,831,656.96	72.7%
Pensions-Disability Payments	109,613.46	135,000.00	8,115.76	73,041.84	61,958.16	54.1%
Pensions-Survivor Annuity Benefits Payments	2,356,445.04	2,500,000.00	211,306.20	1,873,000.49	626,999.51	74.9%
TOTAL PENSIONS	<u>36,088,238.29</u>	<u>38,635,000.00</u>	<u>3,181,129.67</u>	<u>28,114,385.37</u>	<u>10,520,614.63</u>	72.8%
Refunds	1,378,165.86	1,250,000.00	68,001.56	672,295.32	577,704.68	53.8%
TOTAL EXPENSES	<u><u>38,038,905.87</u></u>	<u><u>40,606,090.64</u></u>	<u><u>3,272,900.85</u></u>	<u><u>29,175,871.60</u></u>	<u><u>11,437,038.52</u></u>	71.9%
INVESTMENT EXPENSE*						
Advisory Technical Service	465,177.91	600,000.00	6,542.29	242,095.66	357,904.34	40.3%

* 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
September 30, 2024

10/30/2024	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 179,478			
US Bank	Short-term Inv	1,055,784			
	Total Cash	1,235,262	0.0%	0.3%	0.3%
Loomis Sayles Core-Plus	Core Fixed Income - CIT	26,000,311			
Segall Bryant Core	Core Fixed Income - SMA	39,518,293			
Sterling Core Fixed Income	Core Fixed Income - SMA	-			
PIMCO Dynamic Bond	Core Fixed Income - Mutual Fund	-			
	Total Total Return	65,518,604	17.0%	17.9%	0.9%
BlackRock	High Yield - Mutual Fund	13			
BlackRock	High Yield - CIT	6,500,000			
Hotchkis & Wiley	High Yield - Mutual Fund	16,876,572			
	Total High Yield	23,376,585	8.0%	6.4%	-1.6%
Total Fixed Income		90,130,451	25.0%	24.6%	-0.4%
Hotchkis & Wiley	LC Value - Mutual Fund	-			
Fidelity S&P 500 Index	LC Core - Mutual Fund	-			
MFS Growth	LC Growth - Mutual Fund	-			
Boston Partners Large Cap Value	LC Value - SMA	5,144,409			
SSGA S&P 500 Index	LC Core - CIT	41,000,000			
Columbia Dividend Income	LC Value - SMA	5,190,674			
SSGA Russell 1000 Growth Index	LC Growth - CIT	13,500,000			
	Total US Large Cap	64,835,083	16.0%	17.7%	1.7%
Fidelity MC Index	MC Core - Mutual Fund	-			
Earnest Partners S/M Core Equity	MC Core - SMA	6,097,269			
Allspring Special SCV CIT	SC Value - CIT	6,982,599			
SSGA Russell 2500 Index Strat	SC Core - CIT	17,000,000			
Bridge City	SC Growth - SMA	-			
Champlain	SC Core - CIT	-			
Sterling Mid Cap Value	MC Value - SMA	-			
	Total US Small/Mid Cap	30,079,868	9.0%	8.2%	-0.8%
Total US Equities		94,914,951	25.0%	25.9%	0.9%
Artisan Intl	SMID Value - Mutual Fund	17,864,631			
American Funds Euro Pacific	LC Blend - Mutual Fund	16,918,054			
Trivalent	SC Value - Mutual Fund	-			
Victory Trivalent Intl Sml	SC Value - CIT	10,000,000			
SSGA MSCI EAFE Index	LC Blend - CIT	11,585,136			
	Total International Developed	56,367,821	15.0%	15.4%	0.4%
Vanguard EM Index	EM - Mutual Fund	-			
ABS Emerging Markets	Ltd Partnership	-			
GQG Partners Emerging Markets	EM - CIT	5,000,000			
SSGA MSCI Emerging Markets	EM - CIT	12,000,000			
	Total Emerging Markets	17,000,000	5.0%	4.6%	-0.4%
Total International Equities		73,367,821	20.0%	20.0%	0.0%
Total Equities		168,282,772	45.0%	46%	1%
Polar	LLC	10,247,436			
Weatherlow Offshore	Ltd Partnership	24,213,060			
Beach Point	Ltd Partnership	13,820,763			
Contrarian Capital Fund I	Ltd Partnership	13,094,952			
Contrarian EM Credit	LLC	7,721,316			
	Total Hedge Funds	69,097,527	14.0%	18.9%	4.9%
Morrison Street Fund VI	LP	5,971,495			
Morrison Street Fund VII	LP	3,961,669			
Morrison Street Income Fund	LP	2,461,526			
Morgan Stanley Prime	LLC	6,749,363			
Principal (REITs)	REITs	9,058,878			
	Total Real Estate	28,202,931	8.0%	7.7%	-0.3%
Royalty Opportunities I	Ltd Partnership	475,746			
Royalty Opportunities II	Ltd Partnership	147,929			
Atalaya Special Opp Fund	Ltd Partnership	1,963,213			
Apollo Debt Solutions BDC	Ltd Partnership	-			
	Total Private Credit	2,586,888	3.0%	0.7%	-2.3%
Tortoise Energy Infrastructure	Total Return - Mutual Fund	7,952,722			
	Total MLP	7,952,722	2.0%	2.2%	0.2%
	Total Private Equity	-	3.0%	0.0%	-3.0%
Total Alternatives		107,840,068	30.0%		
Total Cash and Investments		\$ 366,253,291	100.0%	100.0%	0.0%
	Monthly Contributions	2,348,002			
	Monthly Pension	\$ (3,140,899)			
	As of August 31, 2024	\$ 367,276,015			
	Estimated Rate of Return	-0.1%			

SERS Cash Reconciliation-October 2024

Date	Transactions	Sources	Uses	Balance
9/26/2024	Ending Balance		\$	21,285,276.52
9/26/2024	Transfer to SSGA S&P 500 Strategy Index		(7,000,000.00)	14,285,276.52
9/30/2024	Transfer to SSGA MSCI EM International		(5,000,000.00)	9,285,276.52
9/30/2024	Transfer to GQG Partners EM		(5,000,000.00)	4,285,276.52
9/30/2024	Retiree Medical Premiums	24,920.18		4,310,196.70
9/30/2024	Retiree Medical Premiums Wired to City		(24,920.18)	4,285,276.52
9/30/2024	Redeposit of Pension Checks	1,501.68		4,286,778.20
9/30/2024	September Pension Payment		(3,249,883.17)	1,036,895.03
10/1/2024	Received from Morgan Stanley Prime	199,557.66		1,236,452.69
10/1/2024	Interest	18,889.42		1,255,342.11
10/7/2024	Payroll Contributions	1,149,397.84		2,404,739.95
1/16/2024	Transfer from Morrison Street VII	43,575.86		2,448,315.81
10/18/2024	Transfer from Bridge City	489.97		2,448,805.78
10/21/2024	Payroll Contributions	1,187,431.72		3,636,237.50
10/22/2024	Transfer from Beach Point	1,974,394.78		5,610,632.28
10/22/2024	Transfer from Morrison Street Income Fund	51,237.29		5,661,869.57
10/24/2024	Transfer to WorldQuant Global Equity		(5,000,000.00)	661,869.57
10/25/2024	Transfer from Contrarian Capital Fund I	11,150,633.69		11,812,503.26
10/28/2024	Transfer to Loomis Sayles Core-Plus		(6,000,000.00)	5,812,503.26
10/28/2024	Transfer from Contrarian EM Credit	7,335,249.76		13,147,753.02
10/28/2024	US Bank 3Qtr Fees		(24,849.44)	13,122,903.58
10/30/2024	Ending Balance			13,122,903.58
Upcoming				
10/31/2024	October Pension Payments		(3,283,353.66)	

Spokane Employees' Retirement System
2024 VRIP Cost Analysis

	Prior Valuation Results	Estimated VRIP Impact Amortize over 25 Years*	Estimated VRIP Impact Amortize over 3 Years**
Accrued Liability	\$ 589,529,250	\$ 591,699,349	\$ 591,699,349
Change		\$ 2,170,099	\$ 2,170,099
Estimated Annual Benefit Payments	\$ 36,404,300	\$ 37,175,373	\$ 37,175,373
Change		\$ 771,073	\$ 771,073
Employer Contribution Rate	9.60%	9.77%	10.24%
Change		0.17%	0.64%
50/50 of Combined Total Contribution Rate	10.30%	10.39%	10.62%
Change		0.08%	0.32%

* Current (Gain)/Loss Period

** Matches Benefit Payment Cash Flow