

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting, 1:00 p.m. November 3, 2021**  
**WebEx Meeting**

**AGENDA**

- 1) Minutes of the October 6, 2021 Meeting
  - Motion
  
- 2) Director's Report
  - a) Retirements
    - Motion
  - b) Withdrawals
    - Motion
  - c) Vesting
    - Information
  - d) Deaths
    - Information
  - e) Expenditure Summary Report – September 2021
    - Motion
  - f) Schedule of Investments – September 2021
    - Information
  - g) Cash Reconciliation – October 2021
    - Information
  - h) Other Business
    - Legislative Update
    - Investment Consultant RFP Update
  
- 3) Other Business
  
- 4) Next Meeting – **Wednesday, December 1st at 1:00 p.m.**

**\*\*Please note:** The October Board meeting will be held via [WebEx Meeting](#).

<https://spokanecity.webex.com/spokanecity/j.php?MTID=m2d6d098ea4f480a7457910c07f844a63>

Meeting dial-in number: 1-408-418-9388

Meeting number (access code): 2495 442 8807

Meeting password: VBgD263XBjM

**Spokane Employees' Retirement System (SERS)  
Board Meeting Minutes  
October 6, 2021**

The meeting was called to order at 1:03 p.m. via WebEx conference call.

**Present:** Mike Coster, Jim Tieken, Joe Cavanaugh, and Michael Cathcart

**Absent:** Brian Brill and J.D. Morscheck

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

**Guests:** Justin Anderson, Jon Barnhart, Richard Czernik, Cyril Espanol, and Zack Cziryak

**Minutes of the September 1, 2021 Meeting**

Jim Tieken moved and Joe Cavanaugh seconded the motion to approve the minutes of the September 1, 2021 meeting as amended. 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>
Laurence C. Anderson	58	09/17/2021	32.5	Street
Deborah D. Rawley	67	09/26/2021	11.3	Library
Stephanie B. Huff	50	10/01/2021	10.9	PFD
Aaron A. Ketza	51	10/01/2021	11.6	Solid Waste Disposal
Lisa A. Cavanaugh	59	10/13/2021	21.7	Library

Joe Cavanaugh moved and Jim Tieken seconded the motion to approve the service retirements as presented on the October Retirement Transaction Report. The motion passed unanimously.

**Withdrawals for October 2021**

<b>Name</b>	<b>Years of Service</b>	<b>Department</b>
Bo-Andrew G. Weissenburger	0.01	My Spokane
Eileen M. May	0.03	Development Service Center
Paul T. Warfield	1.6	Mayor
Brenda J. Schreiber	0.7	CD/HS Operations

Jim Tieken moved and Joe Cavanaugh 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>
Amber N. Richards	Human Resources	3.0
David G. Lewis	CD/HS Operations	11.9

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Lynda L. Rada	10/16/1996	74	06/24/2021	No Further Benefits
Jackie M. Chaffins	05/03/2014	71	08/15/2021	No Further Benefits
Yoko Foxton	05/30/2002	84	08/17/2021	No Further Benefits
Allen D. Craig	11/16/1991	93	09/08/2021	No Further Benefits
Betty Kay Byrnes	06/15/2020	77	09/22/2021	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – August 2021

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

Jim Tieken moved and Joe Cavanaugh seconded the motion to approve the August 2021 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – August 2021

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on July 31, 2021 was \$369.6 million with an estimated rate of return of 1.3% 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.

**Investment Consultant Finalists**

Joe Cavanaugh moved and Jim Tieken seconded the motion to refile the RFP for Investment Services with the friendly amendment to add a one year extension to Hyas for services. The motion passed unanimously.

**Other Business**

Mike Coster asked Mr. Tencick for an update on the amendment to the Spokane Municipal Code regarding beneficiaries. Mr. Tencick indicated that the amendment would be presented at the next finance committee and was expecting to present it to City Council early in November.

There being no other business, the meeting adjourned at 1:16 p.m.

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**Phillip Tencick, Retirement Director**

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# SERS Retirement Transaction Report

## November 2021

### *Retirements*

	<b>Name</b>	<b>Age</b>	<b>Retirement Date</b>	<b>Years of Service</b>	<b>Department</b>	<b>Option</b>
1	Ana L. Kruger	56	10/24/2021	24.2	Library	D
2	Katherine S. Knox	67	10/30/2021	26.4	Public Defender	E
3	Kirsti Nelson-Funston	64	10/30/2021	12.6	Library	ST
4	Tamara L. Tenner	68	11/04/2021	22.2	Police Records	ST
5	Brian W. Bierig	66	01/08/2022	25.4	Solid Waste Management	E
	Retirements YTD	60				
	2020 Total Retirements	74				

### *Withdrawals*

	<b>Name</b>	<b>Years of Service</b>	<b>Department</b>	<b>Termination Date</b>
1	Jason T. Preeo	4.0	Solid Waste Management	01/11/2020
2	Tyler J. Benner	1.7	Finance	06/26/2021
3	Jesse R. Siemers	0.1	Solid Waste Management	07/22/2021
4	William M. Eddy	0.5	Parks & Recreation	08/08/2021

### *Vesting*

	<b>Name</b>	<b>Department</b>	<b>Years of Service</b>
1	Hans B. Horstketter	Probation Services	5.2 Portable

### *Deaths*

	<b>Name</b>	<b>Date Retired</b>	<b>Age</b>	<b>Date of Death</b>	<b>Information</b>
1	Betty K. Byrnes	06/15/2020	77	09/22/2021	No Further Benefits
2	Ellis 'Lynn' Shupe	02/03/2015	71	10/17/2021	Option E Continues

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100  
 2021 EXPENDITURE SUMMARY REPORT  
**SEPTEMBER 30, 2021**

	2020 ACTUAL	2021 BUDGET	SEPTEMBER ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>OPERATING EXPENDITURES</b>						
Departmental Salaries	315,165.09	313,354.00	22,992.00	214,117.42	99,236.58	68.3%
Departmental Benefits	85,294.40	89,760.00	6,955.58	63,874.00	25,886.00	71.2%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(16,886.25)	(10,000.00)	(6,940.35)	(11,883.77)		
Postage/Supplies/Other	3,997.66	5,200.00	82.74	2,172.37	3,027.63	41.8%
State Audit Charges	12,990.88	15,000.00	1,455.38	7,212.17	7,787.83	48.1%
Contractual Services	142,161.60	175,000.00	-	108,002.19	66,997.81	61.7%
Travel	109.09	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	5,995.00	16,000.00	500.00	500.00	15,500.00	3.1%
Other Dues/Subscriptions/Membership	1,752.80	2,500.00	9.95	1,091.25	1,408.75	43.7%
Other Miscellaneous Charges	1,179.23	2,200.00	55.00	1,651.57	548.43	75.1%
Amortization	17,649.00	-	-	-	-	
<b>TOTAL OPERATING EXPENDITURES</b>	<b>569,408.50</b>	<b>634,014.00</b>	<b>25,110.30</b>	<b>386,737.20</b>	<b>245,393.03</b>	<b>61.0%</b>
<b>INTERFUND EXPENDITURES</b>						
Interfund - Office Performance Mgmt Services	389.00	-	-	-	-	
Interfund - Centralized Purchasing	448.85	5,000.00	-	276.75	4,723.25	5.5%
Interfund - Centralized Accounting	1,377.27	1,764.00	-	1,323.00	441.00	75.0%
Interfund - Risk Management	293.00	607.00	-	455.25	151.75	75.0%
Interfund - Worker's Compensation	134.00	134.00	-	100.50	33.50	75.0%
Interfund - Reprographics	5,043.80	9,412.00	-	2,793.15	6,618.85	29.7%
Interfund - IT	39,242.59	39,237.00	3,270.86	26,170.16	13,066.84	66.7%
Interfund - IT Replacement	1,827.00	3,003.00	250.25	2,002.00	1,001.00	66.7%
Interfund - My Spokane	970.64	756.00	178.59	535.77	220.23	70.9%
<b>TOTAL INTERFUND EXPENDITURES</b>	<b>49,726.15</b>	<b>59,913.00</b>	<b>3,699.70</b>	<b>33,656.58</b>	<b>26,256.42</b>	<b>56.2%</b>
<b>TOTAL ADMINISTRATIVE EXPENDITURES</b>	<b>619,134.65</b>	<b>693,927.00</b>	<b>28,810.00</b>	<b>420,393.78</b>	<b>271,649.45</b>	<b>60.6%</b>

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100  
 2021 EXPENDITURE SUMMARY REPORT  
**SEPTEMBER 30, 2021**

	2020 ACTUAL	2021 BUDGET	SEPTEMBER ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>PENSIONS</b>						
Pensions-Annuity Benefit Payments	29,378,701.18	31,500,000.00	2,591,029.59	23,124,452.89	8,375,547.11	73.4%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	85,934.70	49,065.30	63.7%
Pensions-Survivor Annuity Benefits Payments	2,101,833.92	2,500,000.00	177,761.04	1,609,558.84	890,441.16	64.4%
<b>TOTAL PENSIONS</b>	<u>31,595,114.70</u>	<u>34,135,000.00</u>	<u>2,778,338.93</u>	<u>24,819,946.43</u>	<u>9,315,053.57</u>	72.7%
Refunds	513,758.34	1,000,000.00	19,540.51	418,340.63	581,659.37	41.8%
<b>TOTAL EXPENSES</b>	<u><u>32,728,007.69</u></u>	<u><u>35,828,927.00</u></u>	<u><u>2,826,689.44</u></u>	<u><u>25,658,680.84</u></u>	<u><u>10,168,362.39</u></u>	71.6%
<b>INVESTMENT EXPENSE*</b>						
Advisory Technical Service	449,834.07	550,000.00	39,674.66	299,068.81	250,931.19	54.4%

\* 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, 2021

10/27/2021

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer US Bank	Cash Short-term Inv	112,155			
<b>Total Cash</b>		<b>112,155</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Sterling Capital	Total Return	27,578,002			
<b>Total Total Return</b>		<b>27,578,002</b>	<b>10.0%</b>	<b>7.6%</b>	<b>-2.4%</b>
Hotchkis & Wiley	High Yield - Mutual Fund	16,082,548			
<b>Total High Yield</b>		<b>16,082,548</b>	<b>5.0%</b>	<b>4.4%</b>	<b>-0.6%</b>
PIMCO Dynamic	Absolute Return	7,026,436			
Polar	LLC	8,837,784			
Post Limited Term High Yield	Ltd Partnership	6,913,446			
Rimrock Low Volatility	Ltd Partnership	10,630,347			
<b>Total Absolute Return</b>		<b>33,408,013</b>	<b>8.0%</b>	<b>9.2%</b>	<b>1.2%</b>
<b>Total Capital Preservation</b>		<b>77,180,718</b>	<b>23.0%</b>	<b>21.2%</b>	<b>-1.8%</b>
Hotchkis & Wiley	LC Value - Mutual Fund	17,132,280			
MFS Growth	LC Growth - Mutual Fund	17,835,608			
Fidelity S&P 500 Index	LC Core - Mutual Fund	41,038,171			
<b>Total US Large Cap</b>		<b>76,006,059</b>	<b>21.0%</b>	<b>20.8%</b>	<b>-0.2%</b>
Sterling	MC Value	6,362,834			
Westfield MC Growth	MC Growth	5,951,524			
Fidelity MC Index	MC Core - Mutual Fund	4,165,012			
Champlain	SC Core	9,244,158			
Bridge City	SC Growth	8,207,010			
Wells Fargo	SC Value - Mutual fund	5,424,692			
Fidelity SC Index	SC Core - Mutual Fund	571,757			
<b>Total US Small/Mid Cap</b>		<b>39,926,987</b>	<b>11.0%</b>	<b>10.9%</b>	<b>-0.1%</b>
<b>Total US Equities</b>		<b>115,933,046</b>	<b>32.0%</b>	<b>31.8%</b>	<b>-0.2%</b>
Artisan	SMID Value - Mutual Fund	28,135,794			
Euro Pacific	LC Blend - Mutual Fund	25,790,564			
Fidelity International	LC Index - Mutual Fund	-			
<b>Total International Large Cap</b>		<b>53,926,358</b>	<b>15.0%</b>	<b>14.8%</b>	<b>-0.2%</b>
Trivalent	SC Value - Mutual Fund	14,798,098			
<b>Total International Small/Mid</b>		<b>14,798,098</b>	<b>4.0%</b>	<b>4.1%</b>	<b>0.1%</b>
Vanguard EM Index	EM - Mutual Fund	545,725			
ABS Emerging Markets	Ltd Partnership	11,769,014			
<b>Total Emerging Markets</b>		<b>12,314,739</b>	<b>3.0%</b>	<b>3.4%</b>	<b>0.4%</b>
<b>Total International Equities</b>		<b>81,039,195</b>	<b>22.0%</b>	<b>22.2%</b>	<b>0.2%</b>
Weatherlow Offshore	Ltd Partnership	22,675,628			
Royalty Opportunities I	Ltd Partnership	1,354,454			
Royalty Opportunities II	Ltd Partnership	897,742			
<b>Total Long Biased</b>		<b>24,927,824</b>	<b>7.0%</b>	<b>6.8%</b>	<b>-0.2%</b>
Metropolitan Real Estate Partners	Ltd Partnership	78,163			
Morrison Street Fund V	LP	745,178			
Morrison Street Fund VI	LP	2,885,194			
Morrison Street Debt Oppourtunities	LP	2,856,785			
Morgan Stanley Prime	LLC	7,837,683			
Principal (REITs)	REITs	17,153,714			
<b>Total Real Estate</b>		<b>31,556,717</b>	<b>9.0%</b>	<b>8.7%</b>	<b>-0.3%</b>
Contrarian Capital Fund I	Ltd Partnership	10,489,103			
Beach Point	Ltd Partnership	13,721,327			
<b>Total Opportunistic Credit</b>		<b>24,210,430</b>	<b>7.0%</b>	<b>6.6%</b>	<b>-0.4%</b>
Contrarian EM Credit	LLC	5,369,751			
OrbiMed II	Ltd Partnership	4,553,052			
<b>Total Special Opportunities</b>		<b>9,922,803</b>	<b>0.0%</b>	<b>2.7%</b>	<b>2.7%</b>
<b>Total Cash and Investments</b>		<b>\$ 364,770,733</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>
	Monthly Contributions	1,699,186			
	Monthly Pension	\$ (2,797,834)			
	As of August 31, 2021	<b>\$ 374,086,884</b>			
	Estimated Rate of Return	-2.2%			
<b>Abs. Return and Total Return FI</b>	Thesis 2017.1	<b>60,986,015</b>	<b>18.0%</b>	<b>16.7%</b>	<b>-1.3%</b>
<b>Equity and Special Situations</b>	Thesis 2017.3	<b>206,895,044</b>	<b>54.0%</b>	<b>56.7%</b>	<b>2.7%</b>



## Cash Recon - Oct

Date	Transactions	Sources	Uses	Balance
<b>9/30/2021</b>	<b>Beginning Balance</b>			<b>1,813,555.23</b>
9/30/2021	Sale - Fidelity Mid Cap Index	1,100,000.00	-	<b>2,913,555.23</b>
9/30/2021	September Pension Payments		(2,801,404.84)	<b>112,150.39</b>
10/1/2021	Class Action Settlement	1.96		<b>112,152.35</b>
10/1/2021	Interest	4.99		<b>112,157.34</b>
10/8/2021	Distribution - Royalty Opps	249,305.06		<b>361,462.40</b>
10/12/2021	Payroll Contributions	844,258.70		<b>1,205,721.10</b>
10/13/2021	Redeposit Pension Payment	2,474.75		<b>1,208,195.85</b>
10/14/2021	Redeposit Pension Payment	273.73		<b>1,208,469.58</b>
10/15/2021	Distribution - Morrison Street Fund VI	38,710.05		<b>1,247,179.63</b>
10/15/2021	Reissue Pension Payment		(2,015.55)	<b>1,245,164.08</b>
10/18/2021	Distribution - Morrison Street Fund V	476,624.83		
10/26/2021	Payroll Contributions	842,554.46		
10/26/2021	Trust Fees		(27,032.71)	
<b>10/27/2021</b>	<b>Ending Balance</b>	<b>3,554,208.53</b>	<b>(2,830,453.10)</b>	<b>2,537,310.66</b>
	<u>Upcoming</u>			
10/28/2021	Sale - Fidelity S&P 500 Index	550,000.00		
10/31/2021	October Pension Payments		(2,837,440.61)	