

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting, 1:00 p.m. February 2, 2022**  
**WebEx Meeting**

**AGENDA**

1. Minutes of the January 5, 2022 Meeting
  - Motion
  
2. Director's Report
  - Retirements
    - Motion
  - Withdrawals
    - Motion
  - Deaths
    - Information
  - Schedule of Investments – December 2021
    - Information
  - Cash Reconciliation – January 2022
    - Information
  - Other Business
    - Investment Advisory Committee Report
  
3. Participant Communications Review
  - Information
  
4. SageView Contract Extension & Experience Study
  - Motion
  
5. Other Business
  
6. Next Meeting - **Wednesday, March 2, 2022 at 1:00 p.m.**

**\*\*Please note:** The February Board meeting will be held via [WebEx Meeting](https://spokanecity.webex.com/spokanecity/j.php?MTID=m7e8e656528a57f24a2126730eaacaef2).  
<https://spokanecity.webex.com/spokanecity/j.php?MTID=m7e8e656528a57f24a2126730eaacaef2>  
Meeting dial-in number: 1-408-418-9388  
Meeting number (access code): 2498 613 6085

**Spokane Employees' Retirement System (SERS)  
Board Meeting Minutes  
January 5, 2022**

The meeting was called to order at 1:01 p.m. via WebEx conference call.

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

**Absent:** J.D. Morscheck and Michael Cathcart

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

**Guests:** Teri Stripes and Lauren Albanese (FIN News)

**Election of the Chairperson**

Joe Cavanaugh moved and Richard Czernik seconded the motion to select Jim Tieken as the Board Chairperson for the year 2022. The motion passed unanimously.

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

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the minutes of the December 1, 2021 meeting as amended. 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>
Leonora L. Wamsley	58	01/01/2022	15.9	ST
Lynn D. Franke	68	01/07/2022	13.6	ST
Willard H. Dornquast	60	01/08/2022	29.5	D
Riva H. Dean	65	01/22/2022	13.3	ST

Richard Czernik moved and Brian Brill seconded the motion to approve the service retirements as presented on the January Retirement Transaction Report. The motion passed unanimously.

**Withdrawals for January 2022**

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Dustin C. Scott	5.0	01/03/2021
Kathleen M. Myers	4.7	10/02/2021
Debra K. Cato	1.3	10/16/2021
Matthew R. Saltsman	0.1	11/06/2021
Shaun C. Mashtare	5.9	12/04/2021

Joe Cavanaugh moved and Brian Brill seconded the motion to approve the requests for withdrawal as presented on the January Retirement Transaction Report. The motion passed unanimously.

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Stephen M. Burns	Water	20.5
Rebecca A. Menzel	Library	15.7
Matthew J. Bailey	EMS Fund	14.2
Sally A. Stopher	Finance	6.1 Portability
Saydee A. Wilson	CD/HS Operations	3.2 Portability

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Wilford B. Hardy, Jr.	07/04/2017	79	07/13/2021	D Option Continues
Marilynn L. Ellingson	01/08/1987	99	11/25/2021	No Further Benefits
Rita S. Giebel	09/10/2005	84	12/02/2021	No Further Benefits
Garold R. Blair	04/05/1995	85	12/02/2021	D Option Continues

Vesting and death information provided to the Board for review.

Expenditure Summary Report – November 2021

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

Brian Brill moved and Richard Czernik seconded the motion to approve the November 2021 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – November 2021

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on November 30, 2021 was \$364 million with an estimated rate of return of -2.2% 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.

**2022 Investment Outlook Review**

Mr. Tencick led a presentation on the 2022 Investment Outlook. Predictions from 2021 proved to be fairly accurate at a high level, but less accurate at a tactical level. The consensus predictions for 2022 include strong economic growth, Fed intervention to address inflation, and challenging markets. Additionally, long term return estimates have decreased significantly in the past two years.

### **OrbiMed Partners Redemption**

Mr. Tencick reviewed with the Board the letter from Hyas that was included in the packet.

Joe Cavanaugh moved and Brian Brill seconded the recommendation from Hyas to liquidate the position on OrbiMed Partners II due to higher volatility and underperformance. The motion passed unanimously.

### **Other Business**

Joe Cavanaugh has had several employees inquire about the recent contribution rate change. He requested if Staff could prepare a history of the Plan with emphasis on the last 20 – 30 years. Ms. Shisler suggested the information could be included with the annual contribution statement that is sent out at the end of January. Discussion ensued and the topic will be discussed further at the next meeting.

Joe Cavanaugh moved and Brian Brill seconded the motion to adjourn the meeting.

The meeting adjourned at 1:52 p.m.

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**Phillip Tencick, Retirement Director**

# SERS Retirement Transaction Report

## February 2022

### *Retirements*

	<b>Name</b>	<b>Age</b>	<b>Retirement Date</b>	<b>Years of Service</b>	<b>Department</b>	<b>Option</b>
1	Scott A. Gale	63	02/12/2022	19.27	Street	B
2	Gregory O. Martin	74	02/12/2022	42.56	Street	B
3	Steven C. Furfaro	56	02/01/2022	7.76	Parking Meter Revenue	ST
4	David W. Hood	66	02/05/2022	12.89	Sewer Maintenance	ST
	Retirements YTD	11				
	2021 Total Retirements	66				

### *Withdrawals*

	<b>Name</b>	<b>Years of Service</b>	<b>Department</b>	<b>Termination Date</b>
1	Staci E. Lehman	0.96	Engineering Services	07/15/2006
2	Philip J. Martins	2.53	Advanced Wastewater Treatment Plant	07/01/2021
3	Michael A. Anger	0.43	Water	11/06/2021

### *Deaths*

	<b>Name</b>	<b>Date Retired</b>	<b>Age</b>	<b>Date of Death</b>	<b>Information</b>
1	Harold R. Folk	11/03/2020	76	01/04/2022	E Option Continues
2	Eddie G. Cates	08/07/2010	76	01/10/2022	D Option Continues
3	Helen I. Evans	05/15/1999	83	01/12/2022	D Option Continues

SERS Schedule of Cash and Investments  
December 31, 2021

1/27/2022

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 268,477			
US Bank	Short-term Inv	1,012,184			
<b>Total Cash</b>		<b>1,280,661</b>	<b>0.0%</b>	<b>0.3%</b>	<b>0.3%</b>
Sterling Capital	Total Return	27,488,768			
<b>Total Total Return</b>		<b>27,488,768</b>	<b>10.0%</b>	<b>7.3%</b>	<b>-2.7%</b>
Hotchkis & Wiley	High Yield - Mutual Fund	16,254,221			
<b>Total High Yield</b>		<b>16,254,221</b>	<b>5.0%</b>	<b>4.3%</b>	<b>-0.7%</b>
PIMCO Dynamic	Absolute Return	6,964,608			
Polar	LLC	8,758,083			
Post Limited Term High Yield	Ltd Partnership	6,946,650			
Rimrock Low Volatility	Ltd Partnership	10,634,016			
<b>Total Absolute Return</b>		<b>33,303,357</b>	<b>8.0%</b>	<b>8.9%</b>	<b>0.9%</b>
<b>Total Capital Preservation</b>		<b>78,327,007</b>	<b>23.0%</b>	<b>20.9%</b>	<b>-2.1%</b>
Hotchkis & Wiley	LC Value - Mutual Fund	18,142,925			
MFS Growth	LC Growth - Mutual Fund	19,281,203			
Fidelity S&P 500 Index	LC Core - Mutual Fund	42,818,796			
<b>Total US Large Cap</b>		<b>80,242,924</b>	<b>21.0%</b>	<b>21.4%</b>	<b>0.4%</b>
Sterling	MC Value	6,703,971			
Westfield MC Growth	MC Growth	6,240,514			
Fidelity MC Index	MC Core - Mutual Fund	4,433,071			
Champlain	SC Core	9,722,781			
Bridge City	SC Growth	8,860,114			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund	5,801,104			
Fidelity SC Index	SC Core - Mutual Fund	583,785			
<b>Total US Small/Mid Cap</b>		<b>42,345,340</b>	<b>11.0%</b>	<b>11.3%</b>	<b>0.3%</b>
<b>Total US Equities</b>		<b>122,588,264</b>	<b>32.0%</b>	<b>32.7%</b>	<b>0.7%</b>
Artisan	SMID Value - Mutual Fund	29,386,912			
Euro Pacific	LC Blend - Mutual Fund	25,499,887			
Fidelity International	LC Index - Mutual Fund	-			
<b>Total International Large Cap</b>		<b>54,886,799</b>	<b>15.0%</b>	<b>14.6%</b>	<b>-0.4%</b>
Trivalent	SC Value - Mutual Fund	14,995,657			
<b>Total International Small/Mid</b>		<b>14,995,657</b>	<b>4.0%</b>	<b>4.0%</b>	<b>0.0%</b>
Vanguard EM Index	EM - Mutual Fund	543,440			
ABS Emerging Markets	Ltd Partnership	11,783,844			
<b>Total Emerging Markets</b>		<b>12,327,284</b>	<b>3.0%</b>	<b>3.3%</b>	<b>0.3%</b>
<b>Total International Equities</b>		<b>82,209,740</b>	<b>22.0%</b>	<b>21.9%</b>	<b>-0.1%</b>
Weatherlow Offshore	Ltd Partnership	22,286,682			
Royalty Opportunities I	Ltd Partnership	1,120,622			
Royalty Opportunities II	Ltd Partnership	514,064			
<b>Total Long Biased</b>		<b>23,921,368</b>	<b>7.0%</b>	<b>6.4%</b>	<b>-0.6%</b>
Metropolitan Real Estate Partners	Ltd Partnership	76,827			
Morrison Street Fund V	LP	-			
Morrison Street Fund VI	LP	2,938,073			
Morrison Street Debt Opportunites	LP	-			
Morrison Street Income Fund	LP	2,768,145			
Morgan Stanley Prime	LLC	8,512,820			
Principal (REITs)	REITs	19,721,069			
<b>Total Real Estate</b>		<b>34,016,934</b>	<b>9.0%</b>	<b>9.1%</b>	<b>0.1%</b>
Contrarian Capital Fund I	Ltd Partnership	10,772,621			
Beach Point	Ltd Partnership	14,347,506			
<b>Total Opportunistic Credit</b>		<b>25,120,127</b>	<b>7.0%</b>	<b>6.7%</b>	<b>-0.3%</b>
Contrarian EM Credit	LLC	5,198,396			
OrbiMed II	Ltd Partnership	3,747,133			
<b>Total Special Opportunities</b>		<b>8,945,529</b>	<b>0.0%</b>	<b>2.4%</b>	<b>2.4%</b>
<b>Total Cash and Investments</b>		<b>\$ 375,128,969</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>
	Monthly Contributions	2,585,945			
	Monthly Pension	\$ (3,229,567)			
	As of November 30, 2021	<b>\$ 364,383,001</b>			
	Estimated Rate of Return	3.1%			
<b>Abs. Return and Total Return FI</b>	Thesis 2017.1	<b>60,792,125</b>	<b>18.0%</b>	<b>16.2%</b>	<b>-1.8%</b>
<b>Equity and Special Situations</b>	Thesis 2017.3	<b>213,743,533</b>	<b>54.0%</b>	<b>57.0%</b>	<b>3.0%</b>

## Cash Recon - Jan

Date	Transactions	Sources	Uses	Balance
<b>12/29/2021</b>	<b>Beginning Balance</b>			<b>1,801,044.90</b>
12/30/2021	Distribution - Morgan Stanley PRIME	77,294.78		<b>1,878,339.68</b>
12/30/2021	December Pension Payments		(2,908,730.46)	<b>(1,030,390.78)</b>
12/31/2021	Sale - Fidelity S&P 500 Index	1,200,000.00		<b>169,609.22</b>
12/31/2021	Payroll Contributions	878,456.72		<b>1,048,065.94</b>
12/31/2021	December Insurance Premiums		(35,889.40)	<b>1,012,176.54</b>
1/3/2022	Interest	7.87		<b>1,012,184.41</b>
1/14/2022	Distribution - Morrison Street VI	29,322.45		<b>1,041,506.86</b>
1/18/2022	Payroll Contributions	926,806.78		<b>1,968,313.64</b>
<b>1/25/2022</b>	<b>Ending Balance</b>	<b>3,111,888.60</b>	<b>(2,944,619.86)</b>	<b>1,968,313.64</b>
	<u>Upcoming</u>			
1/26/2022	Sale - Artisan Internation	1,875,000.00		
1/31/2022	January Pension Payments		(2,861,630.47)	
1/31/2022	January Pension Payments		(961,778.18)	

**Spokane Employees' Retirement System (SERS)**  
**Investment Advisory Committee Minutes**  
**January 19, 2022**

The Investment Advisory Committee (IAC) meeting was called to order at 1:00 pm on January 19, 2022 via WebEx. The committee met in accordance with Washington State RCW 35.39.080 and .090 and submits the following report.

**Present:** Brian Brill, Gene Fitzpatrick, Phillip Tencick, and Tonya Wallace

**Guests:** Jayson Davidson and Tom Breden from Hyas Group

2021 Market Update

Mr. Davidson reviewed broad economic data and the major market indices for the fourth quarter and full year of 2021. The US economy showed persistent strong growth following a turbulent 2020, with GDP and unemployment returning to pre-pandemic levels. Corporate earnings growth fueled another year of strong equity returns in the US, while international markets lagged due to greater restrictions to contain COVID. By the end of the year, inflation concerns grew as supply related price increases proved to be more long lasting than transitory. Additionally, interest rates rose as the Fed indicated rate increases are likely in 2022 and supportive bond buying will wane.

Investment Manager Actions

Mr. Davidson highlighted the investment activities from 2021:

**On-watch Status as of December 31, 2020:**

- Hotchkis & Wiley High Yield
- OrbiMed Partners
- Hotchkis & Wiley Diversified Value
- Sterling Mid Cap Value
- Rimrock Low Volatility

**4Q20 Meeting Action Items – March 3, 2021**

- Sterling Mid Cap Value – Removed from the watch list as performance has cured under the new management team.
- Bridge City Small Cap Growth – Added to the watch list due to underperformance of investment policy parameters.
- Wells Fargo (now Allspring) Special Small Cap Value – Added to the watch list due to the sale of majority ownership from Wells Fargo to two private equity funds.
- A manager search for Absolute Return Bonds was performed. PIMCO Dynamic Bond was approved for funding in an amount of approximately \$7 million. The monies for this funding were primarily drawn from the Sterling Capital Total Return Fund.

**1Q21 Meeting Action Items – June 2, 2021**

- None



**2Q21 Meeting Action Items – September 1, 2021**

- Polar Long/Short – Added to the watch list due to investigation of a rogue trader.
- Hotchkis & Wiley Diversified Value – Removed from watch list as performance had continued to rebound strongly and was compliant with investment policy criteria.

**3Q21 Meeting Action Items – December 1, 2021**

- Morrison Street Debt Opportunities – Voted to transition the fund into the Morrison Street Income Fund, which is expected to offer a materially similar performance profile and the Debt Opportunities Fund, but with improved liquidity potential and slightly lower expenses.

**On-watch Status as of December 31, 2021:**

- Orbi-Med Partners – Board approved full redemption in January 2022
- Hotchkis & Wiley High Yield
- Rimrock Low Volatility
- Bridge City Small Cap Growth
- Allspring (formerly Wells Fargo) Special Small Cap Value
- Polar Long/Short

There being no other business, the meeting adjourned at 1:29pm.

Respectfully submitted,

Phillip Tencick  
Retirement Director

# PARTICIPANT COMMUNICATIONS REVIEW

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February 2, 2022



# Current Communications

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- 1) New Hire
- 2) Retirement Seminars
- 3) Website
- 4) Contribution Statement
- 5) Ad hoc (calls, emails, walk-in)
- 6) Retirement Appointment
- 7) Annual Report
- 8) SERS Board Meetings
- 9) Exit Letters
- 10) Monthly Pension Advice

# Current Communications

	New Hire	Seminars	Website	Contribution	Ad Hoc
<b>Target</b>	Active – Early	Active – Late	All	Active – All	All
<b>Medium</b>	In-person Presentation	In-person Presentation	Online	Mail	Call, Email, In-person, Mail
<b>Frequency</b>	Bi-monthly	Annual (ish)	24/7	Annual	Office Hours
<b>Demand</b>	Push	Push/Pull	Pull	Push	Pull
<b>Advantages</b>	First impression of SERS	Very targeted, high demand information	Availability, flexibility	Drive value message	High demand, high value interaction
<b>Limitations</b>	Not SERS specific	Scheduling	Access, text heavy	Low feedback	Availability, inertia
<b>Effectiveness</b>	Immediate feedback	Highly attended	Unknown	Unknown	High

# Current Communications

	Appointment	Ann. Report	Board Mtgs	Exit Letter	Advice
<b>Target</b>	Active – Late	Community, Administration	Board	Active – Early, Mid	Retirees
<b>Medium</b>	In-person	Report, Online	In-person presentation	Mail	Mail, Online
<b>Frequency</b>	Ad hoc	Annual	Monthly	Ad hoc	Monthly
<b>Demand</b>	Pull	Pull, Push	Pull	Push	Push
<b>Advantages</b>	Highly relevant	In-depth	Regular, Targeted	Relevant	Regular
<b>Limitations</b>	One time	In-depth	Access	Procedural	Unused, Brief
<b>Effectiveness</b>	Very high	Limited	High	High	Unknown

# Gap Analysis

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- 1) History
- 2) Newsletter
- 3) On-demand Presentations
- 4) Presentation Series
- 5) Ad hoc Text messages
- 6) Expanded Website
- 7) Social Media
- 8) Mass Email
- 9) Targeted Email
- 10) Communications Resource

# Gap Analysis

	History	Newsletter	Online Present	Present Series	Text/Chat
<b>Target</b>	All, Board, Staff	Active – All	All	All	All
<b>Medium</b>	Document	Email, Online	Online	In-person, online	Text message
<b>Frequency</b>	One-time, ongoing	Periodic	24/7	Periodic, 24/7	Office Hours
<b>Demand</b>	Pull, Push	Push, Pull	Pull	Pull	Pull
<b>Advantages</b>	Record institutional knowledge	Regular, Timely content	Availability, flexibility	Target content to various stakeholders	Increased flexibility
<b>Limitations</b>	Time consuming	Quality of content	Access	Identifying Demand	Technical, Records
<b>Effectiveness</b>	Unknown for All, High for Staff and Board	Unknown, but very common	Unknown, but common	Unknown, more common at large plans	High
<b>Resources</b>	Author, Knowledge holders	Contributors	Content, Production	Content, Production, Scheduling	Phone, Application

# Gap Analysis

	Website	Social Media	Mass Email	Target Email	Resource
<b>Target</b>	All	Platform based	Active, Retired	TBD	All
<b>Medium</b>	Online	Social media	Email	Email	Resource
<b>Frequency</b>	24/7	Ongoing	TBD	Targeted	Ongoing
<b>Demand</b>	Pull	Pull, Push	Push	Push	Push and Pull
<b>Advantages</b>	More information, mobile	Frequent, skew younger	Broad reach, awareness	High relevancy	Focused, Dedicated
<b>Limitations</b>	Quality, Usefulness	Quality, Usefulness	Low signal	Identify, Target	Cost
<b>Effectiveness</b>	Unknown	Unknown	Likely low	Likely moderate	Likely high, common at large plans
<b>Resources</b>	Design, Build	Content creation	Content, Measurement	Identify, Content, Measurement	Search, Measurement



# Gap Analysis

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- 1) History – Record institutional knowledge
- 2) Newsletter – Leverage HR quarterly newsletter
- 3) On-demand Presentations – Record and post retirement seminar, new hire orientation
- 4) Presentation Series
- 5) Ad hoc Text Messaging or Chat
- 6) Expanded Website – Review Q&A
- 7) Social Media
- 8) Mass Email
- 9) Targeted Email – Vesting notice
- 10) Communications Resource