

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. February 1, 2023
Council Briefing Center

AGENDA

Executive Session

1. Director Discussion

Open Session

1. Director Discussion
 - Motion
2. Minutes of the January 4, 2023 Meeting
 - Motion
3. Director's Report
 - a Retirements
 - Motion
 - b Withdrawals
 - Motion
 - c Deaths
 - Information
 - d Schedule of Investments – December 2022
 - Information
 - e Cash Reconciliation – January 2023
 - Information
 - f Other Business
 - Investment Advisory Committee Report
4. SageView Contract
 - Motion
5. Other Business
6. Next Meeting - **Wednesday, March 1, 2023 at 1:00 p.m.**

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
January 4, 2023

The meeting was called to order at 1:00 p.m. in the Council Briefing Center at City Hall.

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

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

Guests: Natalie Hilderbrand, Jon Barnhart, and Dave Hanshaw

Executive Session

The meeting was called to order and the Board immediately went into executive session for 15 minutes to discuss the search for the new Retirement Director.

Joe Cavanaugh moved and Jonathan Bingle seconded the motion to move into open session. The motion passed unanimously.

Open Session

Joe Cavanaugh moved and Richard Czernik seconded the motion to name Christine Shisler as Interim Retirement Director and assign signatory authority to Tim Szambelan for 90 days, with a 90 day extension if needed. The motion passed unanimously.

Election of the Chairperson

Joe Cavanaugh moved and Jonathan Bingle seconded the motion to select Jim Tieken as the Board Chairperson for the year 2023. The motion passed unanimously.

Minutes of the December 7, 2022 Meeting

Richard Czernik moved and Jonathan Bingle seconded the motion to approve the minutes of the December 7, 2022 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>
Robert L. Kaatz	57	01/10/2023	22.7	E
George J. Goldschmitz	56	01/12/2023	15.7	C20
Terri L. Ayres	65	03/02/2023	7.4	ST
Edward G. Friedrick	64	04/04/2023	29.6	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 2023

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Joseph B. Thomas	3.6	02/16/2022
Tisha A. Heath	4.0	07/08/2022
Meagan M. Vincello	0.2	08/19/2022
Rebecca C. Mashtare	1.9	10/31/2022

Richard Czernik moved and Jonathan Bingle 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>
Steven B. Bafus	Development Services Center	1.2 Portability

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Richard A. Mauget	12/04/2012	70	12/09/2022	E Option Continues
Jesus T. Aguilar	07/22/2014	94	12/20/2022	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – November 2022

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

Richard Czernik moved and Jonathan Bingle seconded the motion to approve the November 2022 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – November 2022

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on November 30, 2022 was \$319 million with an estimated rate of return of 5.1% 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

Mr. Tencick led the discussion on the Asset Allocation Rebalancing Plan.

Joe Cavanaugh moved and Brian Myers seconded the motion to accept the allocation rebalancing as presented in concept. The motion passed unanimously.

Joe Cavanaugh moved and Brian Myers seconded the motion to add Passive Core Fixed Income manager as a place holder for the proceeds from the sales as a result of the reallocation. Hyas will conduct a manager search.

Joe Cavanaugh moved and Brian Myers seconded the motion to have Hyas fill the advisory committee seat that SERS has with Morrison Street. The motion passed unanimously.

Other Business

Joe Cavanaugh moved and Jonathan Bingle seconded the motion to wish Phill Tencick well and thank him for his years of service. The motion passed unanimously.

Jonathan Bingle informed the Board that Council assignments have been decided and he will remain on the Board for 2023.

The meeting adjourned at 2:07 p.m.

Christine Shisler, Assistant Retirement Director

SERS Retirement Transaction Report

February 2023

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	George J. Goldschmitz		Recinded Retirement Application			
2	Luanne Coulter	68	02/04/2023	7.0	Worker's Compensation	ST
3	Rhonda L. Albin	65	03/03/2023	31.3	Solid Waste Disposal	C-20
4	Tanya T. Hauenstein	56	03/04/2023		Police	C-15
5						
	Retirements YTD	0				
	2022 Total Retirements	81				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Christa R. Boone	2.1	Human Resources	08/01/2022
2	Itzel Harris	3.0	Municipal Court	10/28/2022
3	Ashley A. Olive	0.7	Library	12/09/2022

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Larry M. Hone	01/08/2000	76	12/14/2022	No Further Benefits
2	Deanna M. Schram	02/15/2010	85	12/26/2022	No Further Benefits
3	Carol A. Devereaux	05/09/2010	85	01/12/2023	No Further Benefits

SERS Schedule of Cash and Investments
December 31, 2022

1/26/2023

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 111,725			
US Bank	Short-term Inv	158,601			
Total Cash		270,326	0.0%	0.1%	0.1%
Sterling Capital	Total Return	23,997,208			
Total Total Return		23,997,208	10.0%	7.7%	-2.3%
Hotchkis & Wiley	High Yield - Mutual Fund	14,676,847			
Total High Yield		14,676,847	5.0%	4.7%	-0.3%
PIMCO Dynamic	Absolute Return	5,553,203			
Polar	LLC	9,041,806			
Post Limited Term High Yield	Ltd Partnership	6,670,996			
Rimrock Low Volatility	Ltd Partnership	10,333,389			
Total Absolute Return		31,599,394	8.0%	10.2%	2.2%
Total Capital Preservation		70,543,775	23.0%	22.7%	-0.3%
Hotchkis & Wiley	LC Value - Mutual Fund	16,922,664			
MFS Growth	LC Growth - Mutual Fund	13,288,280			
Fidelity S&P 500 Index	LC Core - Mutual Fund	32,790,657			
Total US Large Cap		63,001,601	21.0%	20.3%	-0.7%
Sterling	MC Value	5,878,528			
Westfield MC Growth	MC Growth	4,632,220			
Fidelity MC Index	MC Core - Mutual Fund	2,748,569			
Champlain	SC Core	7,729,347			
Bridge City	SC Growth	7,091,024			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund	5,017,058			
Fidelity SC Index	SC Core - Mutual Fund	465,440			
Total US Small/Mid Cap		33,562,186	11.0%	10.8%	-0.2%
Total US Equities		96,563,787	32.0%	31.1%	-0.9%
Artisan	SMID Value - Mutual Fund	23,920,024			
Euro Pacific	LC Blend - Mutual Fund	18,639,548			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		42,559,572	15.0%	13.7%	-1.3%
Trivalent	SC Value - Mutual Fund	11,525,994			
Total International Small/Mid		11,525,994	4.0%	3.7%	-0.3%
Vanguard EM Index	EM - Mutual Fund	446,810			
ABS Emerging Markets	Ltd Partnership	9,041,815			
Total Emerging Markets		9,488,625	3.0%	3.1%	0.1%
Total International Equities		63,574,191	22.0%	20.5%	-1.5%
Weatherlow Offshore	Ltd Partnership	20,354,939			
Royalty Opportunities I	Ltd Partnership	590,988			
Royalty Opportunities II	Ltd Partnership	287,480			
Total Long Biased		21,233,407	7.0%	6.8%	-0.2%
Metropolitan Real Estate Partners	Ltd Partnership	53,230			
Morrison Street Fund VI	LP	6,704,713			
Morrison Street Income Fund	LP	2,698,365			
Morgan Stanley Prime	LLC	8,688,629			
Principal (REITs)	REITs	11,967,433			
Total Real Estate		30,112,370	9.0%	9.7%	0.7%
Contrarian Capital Fund I	Ltd Partnership	9,796,840			
Beach Point	Ltd Partnership	13,292,026			
Total Opportunistic Credit		23,088,866	7.0%	7.4%	0.4%
Contrarian EM Credit	LLC	5,108,060			
OrbiMed II	Ltd Partnership	156,569			
Total Special Opportunities		5,264,629	0.0%	1.7%	1.7%
Total Cash and Investments		\$ 310,381,025	100.0%	100.0%	0.0%
	Monthly Contributions	2,279,775			
	Monthly Pension	\$ (3,043,778)			
	As of November 30, 2022	\$ 319,157,550			
	Estimated Rate of Return	-2.5%			
Abs. Return and Total Return FI	Thesis 2017.1	55,596,602	18.0%	17.9%	-0.1%
Equity and Special Situations	Thesis 2017.3	165,402,607	54.0%	53.3%	-0.7%

SERS Cash Reconciliation-January 2023

Date	Transactions	Sources	Uses	Balance
12/22/2022	Beginning Balance			1,369,261.45
12/30/2022	Redeposit Pension Checks	40,645.88		1,409,907.33
12/30/2022	Reissue Pension Check		(40,736.08)	1,369,171.25
12/30/2022	Distribution-Morgan Stanley	90,112.51		1,459,283.76
12/30/2022	Sale-Artisan International	1,700,000.00		3,159,283.76
12/30/2022	Redeposit Pension Checks	40,736.08		3,200,019.84
12/30/2022	December Pension		(3,044,624.55)	155,395.29
1/3/2023	Payroll Contributions	991,265.36		1,146,660.65
1/3/2023	Interest	3,206.11		1,149,866.76
1/10/2023	Sale-Euro Pacific	6,000,000.00		7,149,866.76
1/10/2023	Sale-Hotchkis & Wiley	8,000,000.00		15,149,866.76
1/10/2023	Sale-MFS Growth Fund	4,000,000.00		19,149,866.76
1/10/2023	Sale-Wells Fargo SC Value	5,194,977.57		24,344,844.33
1/11/2023	Sale-Artisan International	6,000,000.00		30,344,844.33
1/11/2023	Sale-Sterling MC Value	1,000,000.00		31,344,844.33
1/11/2023	Purchase-Hotchkis & Wiley HY		-6,000,000.00	25,344,844.33
1/11/2023	Purchase-Travalent		-3,000,000.00	22,344,844.33
1/11/2023	Purchase-Vanguard EM		-6,000,000.00	16,344,844.33
1/12/2023	Sale-Principal	5,000,000.00		21,344,844.33
1/17/2023	Payroll Contributions	1,012,611.32		22,357,455.65
1/17/2023	Purchase-Fidelity Core Index Fund		(16,000,000.00)	6,357,455.65
1/18/2023	Distribution-Morrison Street Income Fund	59,589.08		6,417,044.73
1/19/2023	Redeposit Pension Check	1,446.25		6,418,490.98
1/23/2023	Reissue Pension Check		(540.73)	6,417,950.25
1/23/2023	Distribution-Morrison Street VI	75,966.67		6,493,916.92
1/24/2023	Ending Balance			6,493,916.92
	<u>Upcoming</u>			
1/31/2023	January Pension Payments		(3,006,453.98)	