

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. September 13, 2023
Tribal Conference Room — City Hall Lobby

AGENDA

- 1) Hyas Group, 2023 2nd Quarter Investment Performance Report
 - a. Performance Report
 - Information
 - b. Contrarian EM Fund
 - Motion
 - c. Blackrock High Yield Fund
 - Motion
 - d. Equity Investment Modification/Allocation
 - Information

- 2) Minutes of the August 2, 2023 Meeting
 - Motion

- 3) Director's Report
 - a) Retirements
 - Motion
 - b) Withdrawals
 - Motion
 - c) Vesting
 - Information
 - d) Deaths
 - Information
 - e) Expenditure Summary Report – July 2023
 - Motion
 - f) Schedule of Investments – July 2023
 - Information
 - g) Cash Reconciliation – August 2023
 - Information
 - h) Other Business

- 4) 2024 Budget
 - Motion

- 5) Next Meeting – **Wednesday, October 4th at 1:00 p.m.**

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
August 2, 2023**

The regular monthly meeting was called to order at 1:05 p.m.

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

Absent: Jonathan Bingle

Staff: Christine Shisler, Donald Brown, and Tim Szambelan

Guests: Natalie Hilderbrand, Jon Barnhart, and Dave Hanshaw

Joe Cavanaugh arrived at 1:07 p.m.

Minutes of the July 5, 2023 Meeting

Richard Czernik moved and Brian Myers seconded the motion to approve the minutes of the July 5, 2023 meeting as presented. 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>
Gregory A. Kinyon	54	08/02/2023	25.0	E
Ronald W. Long	62	08/11/2023	33.0	E
Eduardo L. Santos	52	09/23/2023	15.0	E

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

Withdrawals for August 2023

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
John R. Pilcher	2.9	11/30/2007
Rodger S. Cachero	1.1	01/20/2023
Elisha L. Roberts	0.8	04/13/2023
Teal F. Irvine-Sherman	0.5	05/02/2023
Nicholas C. Campbell	0.7	05/31/2023
Jason W. Bender	0.9	06/23/2023
James H. Illback	Beneficiary Payout	-

Brian Myers moved and Richard Czernik seconded the motion to approve the requests for withdrawal as presented on the August Retirement Transaction Report. The motion passed unanimously.

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
L. Roger Brown	07/09/2010	85	06/24/2023	E Option Continues
Diane F. Stone	07/02/2013	64	07/13/2023	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report – June 2023

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

Richard Czernik moved and Brian Myers seconded the motion to approve the June 2023 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – June 2023

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on June 30, 2023 was \$328.5 million with an estimated rate of return of 3.4% 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 notified the Board that the 2024 Budget will be presented at the September Board meeting for Board approval. This is a month earlier than previous years due to Council's movement of the budget process timeline.

SERS Department Staffing

Ms. Shisler requested the Board approve the addition of a Clerk III position due to the current staff shortage and the increase in the workload from assuming the LEOFF I medical claim processing. The position would be added in time to appear on the 2024 Budget report for the Board to review at the September meeting.

Joe Cavanaugh moved and Richard Czernik seconded the motion to add a Clerk III position. The motion passed unanimously.

SERS Signatory Authority

Ms. Shisler requested the Board revisit giving her signatory authority, in addition to James Tieken and Timothy Szambelan.

Richard Czernik moved and Joe Cavanaugh seconded the motion to grant Christine

Shisler signatory authority, in addition to those already having signatory authority. The motion passed unanimously.

PeopleSoft Trustee File (Graviton)

Ms. Shisler informed the Board that she would be having a meeting with Graviton while they were here to do work for the IT Department to discuss having them work on converting the Pension Trustee File from a text (.txt) file to a spreadsheet (.xls) file. She will update the Board on their ability to make the change and the cost once she meets with Graviton.

Other Business

There being no other business, the meeting adjourned at 1:40 p.m.

Christine Shisler, Interim Retirement Director

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SERS Retirement Transaction Report
September 2023

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Christopher L King	51	09/01/2023	8.4	Solid Waste Mangement	E
2	Kenneth Lamoreaux	50	09/01/2023	7.4	Accounting	E
3	Matthew R. Bayley	50	11/01/2023	8.1	IT	E
4	David J. Randolph	64	12/09/2023	38.8	Parks & Recreation	E
5	Thomas M. Smith	70	12/30/2023	12.4	Development Service Center	ST
6	Frank B. Espinoza	67	01/06/2024	7.1	Reprographics	E
	Retirements YTD	23				
	2022 Total Retirements	81				

Withdrawals

	Name	Years of Eligible Service	Department	Termination Date
1	Gabriel O. Rivera	0.3	My Spokane	07/25/2018
2	Colin M. Martin	4.9	Civil Service	03/11/2023
3	RaMona M. Pinto	1.0	Community Development	06/20/2023
4	Catherine M. Mangis	6.3	Library	06/24/2023
5	Richard D. Olson	0.8	Community Development	07/06/2023

Vesting

	Name	Department	Years of Service
1	Hannahlee F. Allers	Council	7.0
2	Breean L. Beggs	Council	7.4
3	Franklyn J. Powell	Development Services Center	7.1

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Eunice L. Sproul	09/02/1994	93	08/12/2023	No Further Benefits

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2023 EXPENDITURE SUMMARY REPORT
 July 31, 2023

	2022 ACTUAL	2023 BUDGET	JULY ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	327,889.58	342,544.48	15,416.00	143,743.11	198,801.37	42.0%
Departmental Benefits	97,465.19	95,262.14	4,864.05	37,832.74	57,429.40	39.7%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(15,225.22)	(10,000.00)	-	(11,683.23)		
Postage/Supplies/Other	2,332.92	7,250.00	117.57	1,065.24	6,184.76	14.7%
State Audit Charges	14,099.28	-	-	-	-	
Contractual Services	153,666.56	175,000.00	53,789.03	111,749.03	63,250.97	63.9%
Travel	2,256.29	15,000.00	-	7,436.94	7,563.06	49.6%
Registration/Schooling	575.00	16,000.00	-	6,295.00	9,705.00	39.3%
Other Dues/Subscriptions/Membership	1,610.73	2,500.00	160.00	2,243.00	257.00	89.7%
Other Miscellaneous Charges	3,845.29	5,200.00	-	332.32	4,867.68	6.4%
Amortization	17,649.00	-	-	5,883.00		
TOTAL OPERATING EXPENDITURES	606,164.62	658,756.62	74,346.65	304,897.15	358,059.24	46.3%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	7,027.44	2,001.00	-	2,001.00	-	100.0%
Interfund - Centralized Accounting	2,737.00	4,912.00	1,228.00	3,684.00	1,228.00	75.0%
Interfund - My Spokane	965.83	1,291.00	-	640.75	650.25	49.6%
Interfund - Risk Management	571.00	537.00	-	537.00	-	100.0%
Interfund - Worker's Compensation	123.00	118.00	-	118.00	-	100.0%
Interfund - Reprographics	11,049.94	6,781.00	707.38	5,437.44	1,343.56	80.2%
Interfund - IT	46,111.71	21,884.00	1,824.81	10,961.61	10,922.39	50.1%
Interfund - IT Replacement	3,305.04	2,961.00	246.75	1,480.50	1,480.50	50.0%
TOTAL INTERFUND EXPENDITURES	71,890.96	40,485.00	4,006.94	24,860.30	15,624.70	61.4%
TOTAL ADMINISTRATIVE EXPENDITURES	678,055.58	699,241.62	78,353.59	329,757.45	373,683.94	47.2%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2023 EXPENDITURE SUMMARY REPORT
 July 31, 2023

	2022 ACTUAL	2023 BUDGET	JULY ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	32,696,265.95	35,500,000.00	2,799,715.47	19,548,725.67	15,951,274.33	55.1%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	66,838.10	68,161.90	49.5%
Pensions-Survivor Annuity Benefits Payments	2,246,951.76	2,500,000.00	194,890.02	1,353,391.46	1,146,608.54	54.1%
TOTAL PENSIONS	<u>35,057,797.31</u>	<u>38,135,000.00</u>	<u>3,004,153.79</u>	<u>20,968,955.23</u>	<u>17,166,044.77</u>	55.0%
Refunds	1,210,280.26	1,000,000.00	93,021.22	739,691.44	260,308.56	74.0%
TOTAL EXPENSES	<u><u>36,946,133.15</u></u>	<u><u>39,834,241.62</u></u>	<u><u>3,175,528.60</u></u>	<u><u>22,038,404.12</u></u>	<u><u>17,800,037.27</u></u>	55.3%
INVESTMENT EXPENSE*						
Advisory Technical Service	499,603.98	600,000.00	39,848.33	214,483.53	385,516.47	35.7%

* 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
July 31, 2023

8/30/2023

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 79,601			
US Bank	Short-term Inv	4,284,770			
Total Cash		4,364,371	0.0%	1.3%	1.3%
Sterling Capital	Total Return	30,638,070			
Loomis Sayles Core-Plus	Total Return-Mutual Fund	21,976,853			
Fidelity Core	FI - Mutual Fund	26,749			moved to cash 8/22
Total Total Return		52,641,672	17.0%	15.7%	-1.3%
BlackRock	High Yield - Mutual Fund	6,113,934			
Hotchkis & Wiley	High Yield - Mutual Fund	15,914,826			
Total High Yield		22,028,760	8.0%	6.5%	-1.5%
Post Limited Term High Yield	Ltd Partnership	333,550			est hold back
PIMCO Dynamic	Absolute Return	5,728,046			
Rimrock Low Volatility	Ltd Partnership	530,389			est hold back
Polar	LLC	9,401,809			
Total Absolute Return		15,993,794	5.0%	4.8%	-0.2%
Total Capital Preservation		95,028,597	30.0%	28.3%	-1.7%
Hotchkis & Wiley	LC Value - Mutual Fund	10,471,700			
Fidelity S&P 500 Index	LC Core - Mutual Fund	39,558,359			
MFS Growth	LC Growth - Mutual Fund	11,829,063			
Total US Large Cap		61,859,122	16.0%	18.4%	2.4%
Sterling	MC Value	5,262,684			
Fidelity MC Index	MC Core - Mutual Fund	3,114,947			
Westfield MC Growth	MC Growth	5,490,815			
Fidelity SC Index	SC Core - Mutual Fund	534,582			
Champlain	SC Core	8,739,872			
Bridge City	SC Growth	7,999,371			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund	-			
Total US Small/Mid Cap		31,142,271	8.0%	9.3%	1.3%
Total US Equities		93,001,393	24.0%	27.7%	3.7%
Artisan	SMID Value - Mutual Fund	20,461,534			
Euro Pacific	LC Blend - Mutual Fund	14,904,739			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		35,366,273	10.0%	10.5%	0.5%
Trivalent	SC Value - Mutual Fund	16,516,406			
Total International Small/Mid		16,516,406	5.0%	4.9%	-0.1%
Vanguard EM Index	EM - Mutual Fund	6,751,378			
ABS Emerging Markets	Ltd Partnership	10,310,937			
Total Emerging Markets		17,062,315	5.0%	5.1%	0.1%
Total International Equities		68,944,994	20.0%	20.5%	0.5%
Weatherlow Offshore	Ltd Partnership	21,317,222			
Royalty Opportunities I	Ltd Partnership	674,022			
Royalty Opportunities II	Ltd Partnership	245,207			
Total Long Biased		22,236,451	9.0%	6.6%	-2.4%
Metropolitan Real Estate Partners	Ltd Partnership	-			
Morrison Street Fund VI	LP	6,845,317			
Morrison Street Fund VII	LP	1,607,123			
Morrison Street Income Fund	LP	2,544,161			
Morgan Stanley Prime	LLC	8,058,463			
Principal (REITs)	REITs	7,565,318			
Total Real Estate		26,620,382	7.0%	7.9%	0.9%
Contrarian Capital Fund I	Ltd Partnership	10,549,060			
Beach Point	Ltd Partnership	14,220,082			
Total Private Credit		24,769,142	8.0%	7.4%	-0.6%
Contrarian EM Credit	LLC	5,717,659			
OrbiMed II	Ltd Partnership	-			
Total Master Ltd Partnerships		5,717,659	2.0%	1.7%	-0.3%
Total Cash and Investments		\$ 336,318,618	100.0%	100.0%	0.0%
	Monthly Contributions	3,136,122			
	Monthly Pension	\$ (3,097,175)			
	As of June 30, 2023	\$ 328,439,022			
	Estimated Rate of Return	2.4%			

SERS Cash Reconciliation-August 2023

Date	Transactions	Sources	Uses	Balance
7/26/2023	Ending Balance			\$ 18,265,529.74
7/27/2023	US Bank 2Q Fees		(24,976.73)	18,240,553.01
7/28/2023	Moved to Bridge City SC Growth Fund		(6,000,000.00)	12,240,553.01
7/28/2023	Moved to Loomis-Sayles Fixed Income Fund		(6,000,000.00)	6,240,553.01
7/28/2023	Redeposit of Pension Checks	1,900.22		6,242,453.23
7/28/2023	Reissue of Pension Check		(1,900.22)	6,240,553.01
7/31/2023	Payroll Contributions	1,055,575.52		7,296,128.53
7/31/2023	Retiree Medical Premiums	30,466.95		7,326,595.48
7/31/2023	Retiree Medical Premiums Wired to City		(30,466.95)	7,296,128.53
7/31/2023	July Pension Payments		(3,097,483.59)	4,198,644.94
7/31/2023	Distribution from Morrison Street VII	43,321.54		4,241,966.48
8/1/2023	Interest	42,803.19		4,284,769.67
8/14/2023	Payroll Contributions	1,050,651.42		5,335,421.09
8/23/2023	Sweep from Fidelity Core FI	26,090.89		5,361,511.98
8/28/2023	Payroll Contributions	1,050,262.66		6,411,774.64
8/30/2023	Wire to City for Admin Expenses		(200,000.00)	6,211,774.64
8/31/2023	August Pension Payments		(3,082,210.59)	3,129,564.05
8/31/2023	Ending Balance			3,129,564.05

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2024 PRELIMINARY BUDGET

	2022 ACTUAL	7/2023 YTD ACTUALS	2023 BUDGET	2024 BUDGET	2024 BUDGET CHANGE
REVENUES					
IF Personnel Services	15,225.92	11,683.23	20,000.00	30,000.00	\$ 10,000.00
Investment Interest/Dividends	4,326,389.55	2,838,729.63	5,000,000.00	5,000,000.00	-
Realized Gains/Losses	4,230,759.63	21,638,739.74	-	-	-
Unrealized Gains/Losses	(58,298,879.35)	4,490,790.84	-	-	-
City Contributions	11,738,046.68	8,045,636.08	11,500,000.00	12,000,000.00	500,000.00
Mandatory Contributions Employees	11,738,046.68	8,045,636.08	11,500,000.00	12,000,000.00	500,000.00
Voluntary Contributions Employees	66,474.00	12,773.58	-	-	-
PFD Employer Contributions	7,447.12	-	11,000.00	-	(11,000.00)
PFD Employee Contributions	7,447.12	-	11,000.00	-	(11,000.00)
SREC Employer Contributions	118,683.29	70,357.69	130,000.00	150,000.00	20,000.00
SREC Employee Contributions	118,683.29	70,357.69	130,000.00	150,000.00	20,000.00
TOTAL REVENUES	(25,931,676.07)	45,224,704.56	28,302,000.00	29,330,000.00	1,028,000.00
OPERATING EXPENDITURES					
Departmental Salaries	327,889.58	143,743.11	342,544.48	323,056.00	(19,488.48)
Departmental Benefits	97,465.19	37,832.74	95,262.14	100,312.00	5,049.86
Postage/Supplies/Other	2,332.92	1,065.24	7,250.00	7,250.00	-
State Audit Charges	14,099.28	-	-	-	-
Contractual Services	153,666.56	111,749.03	175,000.00	175,000.00	-
Travel	2,256.29	7,436.94	15,000.00	15,000.00	-
Registration/Schooling	575.00	6,295.00	16,000.00	16,000.00	-
Other Dues/Subscriptions/Membership	1,610.73	2,243.00	2,500.00	3,000.00	500.00
Printing/Binding OS Vendor	1,734.34	320.94	3,000.00	3,000.00	-
Other Miscellaneous Charges	2,110.95	11.38	2,200.00	2,200.00	-
Depreciation/Amortization	17,649.00	5,883.00	-	-	-
TOTAL OPERATING EXPENDITURES	621,389.84	316,580.38	658,756.62	644,818.00	(13,938.62)

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2024 PRELIMINARY BUDGET

	2022 ACTUAL	7/2023 YTD ACTUALS	2023 BUDGET	2024 BUDGET	2024 BUDGET CHANGE
INTERFUND EXPENDITURES					
Interfund - Centralized Purchasing	7,027.44	2,001.00	2,001.00	2,101.00	100.00
Interfund - Centralized Accounting	2,737.00	3,684.00	4,912.00	5,158.00	246.00
Interfund - My Spokane	965.83	640.75	1,291.00	1,356.00	65.00
Interfund - Risk Management	571.00	537.00	537.00	564.00	27.00
Interfund - Worker's Compensation	123.00	118.00	118.00	124.00	6.00
Interfund - Reprographics	11,049.94	5,437.44	6,781.00	7,120.00	339.00
Interfund - IT	46,111.71	10,961.61	21,884.00	22,978.00	1,094.00
Interfund - IT Replacement	3,305.04	1,480.50	2,961.00	3,109.00	148.00
TOTAL INTERFUND EXPENDITURES	71,890.96	24,860.30	40,485.00	42,510.00	2,025.00
TOTAL ADMINISTRATIVE EXPENDITURES	693,280.80	341,440.68	699,241.62	687,328.00	(11,913.62)
PENSIONS					
Pensions-Annuity Benefit Payments	32,696,265.95	19,548,725.67	35,500,000.00	36,000,000.00	500,000.00
Pensions-Disability Payments	114,579.60	66,838.10	135,000.00	135,000.00	-
Pensions-Survivor Annuity Benefits Payments	2,246,951.76	1,353,391.46	2,500,000.00	2,500,000.00	-
TOTAL PENSIONS	35,057,797.31	20,968,955.23	38,135,000.00	38,635,000.00	500,000.00
Refunds	1,210,280.26	739,691.44	1,000,000.00	1,250,000.00	250,000.00
Reserve for Budget Adjustment	-	-	10,000.00	10,000.00	-
INVESTMENT EXPENDITURES					
Advisory Technical Service	499,603.98	214,483.53	600,000.00	600,000.00	-
Total Department Expenditures	\$ 37,460,962.35	\$ 22,264,570.88	\$ 40,444,241.62	\$ 41,182,328.00	\$ 738,086.38