

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting, 1:00 p.m. November 8, 2023**  
**Tribal Conference Room — City Hall Lobby**

**AGENDA**

**Executive Session**

- 1) Retirement System Makeup
  - Discussion

**Open Session**

- 2) Retirement System Makeup
  - Motion
- 3) Minutes of the October 4, 2023 Meeting
  - Motion
- 4) Director's Report
  - a) Retirements
    - Motion
  - b) Withdrawals
    - Motion
  - c) Vesting
    - Information
  - d) Deaths
    - Information
  - e) Expenditure Summary Report – September 2023
    - Motion
  - f) Schedule of Investments – September 2023
    - Information
  - g) Cash Reconciliation – October 2023
    - Information
  - h) Other Business
- 5) Other Business
- 6) Next Meeting – **Wednesday, December 6, 2023 at 1:00 p.m.**

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

The meeting was called to order at 1:01 p.m. and immediately went into closed session. Staff and guests were asked to leave the room.

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

**Absent:** Brian Myers

**Staff:** Christine Shisler, Donald Brown, Tim Szambelan

**Guests:** Natalie Hilderbrand, Dave Hanshaw, Jon Barnhart

The meeting moved to open session at 1:27 p.m.

**Minutes of the September 13, 2023 Meeting**

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the minutes of the September 13, 2023 meeting as presented. 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>
Leigh C. Yamada	51	10/01/2023	7.0	Parks & Recreation
Lisa A. Malstrom	63	10/05/2023	32.5	Street
Michele R. Lesesne	60	10/14/2023	30.1	Accounting
Robert A. Christensen	67	11/04/2023	17.2	Solid Waste Management

Joe Cavanaugh 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 2023**

<b>Name</b>	<b>Years of Service</b>	<b>Department</b>
Joshua A. Wright	7.8	Street
Kayelee J. Alexander	4.4	Municipal Court

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>
Catherine D. Olsen	Integrated Capital Management	7.0

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Rufus L. Hall	08/01/1992	93	08/29/2023	No Further Benefits
Kenneth E. Evans	01/13/2022	85	08/30/2023	No Further Benefits
Lewis L. Applegate	02/12/2004	80	09/03/2023	E Option Continues
Robert J. Morgan	02/13/2016	69	09/08/2023	E Option Continues
Wallace H. Phillipson	10/15/2022	99	09/24/2023	No Further Benefits

Vesting and death information provided to the Board for review.

Expenditure Summary Report – August 2023

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

Richard Czernik moved and Jonathan Bingle seconded the motion to approve the August 2023 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – August 2023

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on August 31, 2023 was \$330.7 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.

OPMA Training

The Board will conduct the OPMA training at the January 2024 meeting to allow the new Board members and current Board members to attend the training.

Other Business

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

Mr. Tieken asked the willingness of the Board to move the November 1, 2023 meeting to the following week, November 8, 2023. There were no objections.

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

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**Christine Shisler, Interim Retirement Director**

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## SERS Retirement Transaction Report

### November 2023

#### *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. Lawson	64	10/13/2023	26.0	Street	E
2	Gregory S. McCollough	63	01/13/2024	10.1	Advanced Wastewater	E
	Retirements YTD	30				
	2022 Total Retirements	81				

#### *Withdrawals*

	<b>Name</b>	<b>Years of Service</b>	<b>Department</b>	<b>Termination Date</b>
1	Elias C. Webster	11.8	Solid Waste Disposal	11/05/2021
2	Patrick A. Morris	0.5	Advanced Wastewater	08/14/2023
3	Christine E. Croskey	1.1	Finance	08/18/2023
4	Ryan M. Treffry	10.7	Water	08/18/2023
5	Christopher J. Hedlund	2.4	Solid Waste Management	09/01/2023
6	Douglas T. Leinweber	0.7	Advanced Wastewater	09/09/2023
7	Christopher E. Johnson	1.0	Finance	09/15/2023
8	Jennifer B. Cerecedes	1.7	CD/HS Operations	09/22/2023

#### *Vesting*

	<b>Name</b>	<b>Department</b>	<b>Years of Service</b>
1	Daniel Ramos III	CD/HS Operations	7.1

#### *Deaths*

	<b>Name</b>	<b>Date Retired</b>	<b>Age</b>	<b>Date of Death</b>	<b>Information</b>
1	Ruby P. Seubert	12/01/1994	98	09/10/2023	No Further Benefits
2	Wallace H. Phillipson	10/15/2022	99	09/24/2023	No Further Benefits
3	Dan P. Evans	12/02/2008	72	09/30/2023	E Option Continues
4	Jessie E. Gartz	07/01/1985	89	10/16/2023	No Further Benefits
5	Michael B. Penkunis	09/11/2018	58	10/23/2023	E Option Continues

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100  
 2023 EXPENDITURE SUMMARY REPORT  
 September 30, 2023

	2022 ACTUAL	2023 BUDGET	SEPTEMBER ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>OPERATING EXPENDITURES</b>						
Departmental Salaries	327,889.58	342,544.48	15,416.00	174,575.11	167,969.37	51.0%
Departmental Benefits	97,465.19	95,262.14	4,864.05	47,560.52	47,701.62	49.9%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(15,225.22)	(10,000.00)	(7,338.71)	(19,021.94)		
Postage/Supplies/Other	2,332.92	7,250.00	32.33	1,145.02	6,104.98	15.8%
State Audit Charges	14,099.28	-	-	-	-	
Contractual Services	153,666.56	175,000.00	-	111,749.03	63,250.97	63.9%
Travel	2,256.29	15,000.00	287.96	7,724.90	7,275.10	51.5%
Registration/Schooling	575.00	16,000.00	-	7,220.00	8,780.00	45.1%
Other Dues/Subscriptions/Membership	1,610.73	2,500.00	-	2,243.00	257.00	89.7%
Other Miscellaneous Charges	3,845.29	5,200.00	1,721.45	2,383.77	2,816.23	45.8%
Amortization	17,649.00	-	-	10,295.25		
<b>TOTAL OPERATING EXPENDITURES</b>	<b>606,164.62</b>	<b>658,756.62</b>	<b>22,321.79</b>	<b>353,213.37</b>	<b>314,155.27</b>	<b>53.6%</b>
<b>INTERFUND EXPENDITURES</b>						
Interfund - Centralized Purchasing	7,027.44	2,001.00	-	2,001.00	-	100.0%
Interfund - Centralized Accounting	2,737.00	4,912.00	-	3,684.00	1,228.00	75.0%
Interfund - My Spokane	965.83	1,291.00	-	958.75	332.25	74.3%
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	818.32	6,896.92	(115.92)	101.7%
Interfund - IT	46,111.71	21,884.00	1,827.97	14,614.94	7,269.06	66.8%
Interfund - IT Replacement	3,305.04	2,961.00	246.75	1,974.00	987.00	66.7%
<b>TOTAL INTERFUND EXPENDITURES</b>	<b>71,890.96</b>	<b>40,485.00</b>	<b>2,893.04</b>	<b>30,784.61</b>	<b>9,700.39</b>	<b>76.0%</b>
<b>TOTAL ADMINISTRATIVE EXPENDITURES</b>	<b>678,055.58</b>	<b>699,241.62</b>	<b>25,214.83</b>	<b>383,997.98</b>	<b>323,855.66</b>	<b>54.9%</b>

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100  
 2023 EXPENDITURE SUMMARY REPORT  
**September 30, 2023**

	2022 ACTUAL	2023 BUDGET	SEPTEMBER ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>PENSIONS</b>						
Pensions-Annuity Benefit Payments	32,696,265.95	35,500,000.00	2,805,476.36	25,155,843.34	10,344,156.66	70.9%
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	2,246,951.76	2,500,000.00	195,734.21	1,744,015.69	755,984.31	69.8%
<b>TOTAL PENSIONS</b>	<u>35,057,797.31</u>	<u>38,135,000.00</u>	<u>3,010,758.87</u>	<u>26,985,793.73</u>	<u>11,149,206.27</u>	70.8%
Refunds	1,210,280.26	1,000,000.00	69,169.62	914,725.46	85,274.54	91.5%
<b>TOTAL EXPENSES</b>	<u><u>36,946,133.15</u></u>	<u><u>39,834,241.62</u></u>	<u><u>3,105,143.32</u></u>	<u><u>28,284,517.17</u></u>	<u><u>11,558,336.47</u></u>	71.0%
<b>INVESTMENT EXPENSE*</b>						
Advisory Technical Service	499,603.98	600,000.00	14,440.38	285,153.16	314,846.84	47.5%

\* 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, 2023

11/2/2023

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 244,279			
US Bank	Short-term Inv	2,271,933			
<b>Total Cash</b>		<b>2,516,212</b>	<b>0.0%</b>	<b>0.8%</b>	<b>0.8%</b>
Sterling Capital	Total Return	33,295,863			
Loomis Sayles Core-Plus	Total Return-Mutual Fund	24,631,134			
Fidelity Core	FI - Mutual Fund	-			
<b>Total Total Return</b>		<b>57,926,997</b>	<b>17.0%</b>	<b>18.4%</b>	<b>1.4%</b>
BlackRock	High Yield - Mutual Fund	6,069,447			
Hotchkis & Wiley	High Yield - Mutual Fund	15,798,184			
<b>Total High Yield</b>		<b>21,867,631</b>	<b>8.0%</b>	<b>7.0%</b>	<b>-1.0%</b>
Post Limited Term High Yield	Ltd Partnership	333,550			est hold back
PIMCO Dynamic	Absolute Return	5,706,374			
Rimrock Low Volatility	Ltd Partnership	530,389			est hold back
Polar	LLC	9,259,370			
<b>Total Absolute Return</b>		<b>15,829,683</b>	<b>5.0%</b>	<b>5.0%</b>	<b>0.0%</b>
<b>Total Capital Preservation</b>		<b>98,140,523</b>	<b>30.0%</b>	<b>31.2%</b>	<b>1.2%</b>
Hotchkis & Wiley	LC Value - Mutual Fund	9,846,468			
Fidelity S&P 500 Index	LC Core - Mutual Fund	31,743,787			
MFS Growth	LC Growth - Mutual Fund	9,739,451			
<b>Total US Large Cap</b>		<b>51,329,706</b>	<b>16.0%</b>	<b>16.3%</b>	<b>0.3%</b>
Sterling	MC Value	4,969,116			
Fidelity MC Index	MC Core - Mutual Fund	2,856,432			
Westfield MC Growth	MC Growth	5,080,365			
Fidelity SC Index	SC Core - Mutual Fund	477,959			
Champlain	SC Core	7,925,216			
Bridge City	SC Growth	7,289,222			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund	-			
<b>Total US Small/Mid Cap</b>		<b>28,598,310</b>	<b>8.0%</b>	<b>9.1%</b>	<b>1.1%</b>
<b>Total US Equities</b>		<b>79,928,016</b>	<b>24.0%</b>	<b>25.4%</b>	<b>1.4%</b>
Artisan	SMID Value - Mutual Fund	19,523,808			
Euro Pacific	LC Blend - Mutual Fund	13,565,610			
Fidelity International	LC Index - Mutual Fund	-			
<b>Total International Large Cap</b>		<b>33,089,418</b>	<b>10.0%</b>	<b>10.5%</b>	<b>0.5%</b>
Trivalent	SC Value - Mutual Fund	15,131,595			
<b>Total International Small/Mid</b>		<b>15,131,595</b>	<b>5.0%</b>	<b>4.8%</b>	<b>-0.2%</b>
Vanguard EM Index	EM - Mutual Fund	6,237,842			
ABS Emerging Markets	Ltd Partnership	9,593,038			
<b>Total Emerging Markets</b>		<b>15,830,880</b>	<b>5.0%</b>	<b>5.0%</b>	<b>0.0%</b>
<b>Total International Equities</b>		<b>64,051,893</b>	<b>20.0%</b>	<b>20.4%</b>	<b>0.4%</b>
Weatherlow Offshore	Ltd Partnership	20,953,363			
Royalty Opportunities I	Ltd Partnership	674,022			
Royalty Opportunities II	Ltd Partnership	245,207			
<b>Total Long Biased</b>		<b>21,872,592</b>	<b>9.0%</b>	<b>7.0%</b>	<b>-2.0%</b>
Metropolitan Real Estate Partners	Ltd Partnership	-			
Morrison Street Fund VI	LP	628,405			
Morrison Street Fund VII	LP	1,603,950			
Morrison Street Income Fund	LP	2,521,589			
Morgan Stanley Prime	LLC	7,820,668			
Principal (REITs)	REITs	6,906,275			
<b>Total Real Estate</b>		<b>19,480,887</b>	<b>7.0%</b>	<b>6.2%</b>	<b>-0.8%</b>
Contrarian Capital Fund I	Ltd Partnership	10,844,658			
Beach Point	Ltd Partnership	14,337,551			
<b>Total Private Credit</b>		<b>25,182,209</b>	<b>8.0%</b>	<b>8.0%</b>	<b>0.0%</b>
Contrarian EM Credit	LLC	5,784,958			
OrbiMed II	Ltd Partnership	-			
<b>Total Master Ltd Partnerships</b>		<b>5,784,958</b>	<b>2.0%</b>	<b>1.8%</b>	<b>-0.2%</b>
<b>Total Cash and Investments</b>		<b>\$ 314,441,078</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>
	Monthly Contributions	2,117,174			
	Monthly Pension	\$ (3,079,928)			
	As of August 31, 2023	<b>\$ 330,748,766</b>			
	Estimated Rate of Return	-4.7%			



## SERS Cash Reconciliation-October 2023

Date	Transactions	Sources	Uses	Balance
<b>9/27/2023</b>	<b>Ending Balance</b>			<b>\$ 5,251,626.87</b>
9/28/2023	Redeposit of Pension Check	100.00		5,251,726.87
9/29/2023	Reissue of Pension Check		(100.00)	5,251,626.87
9/29/2023	September Pension Payment		(3,080,018.75)	2,171,608.12
9/29/2023	Retiree Medical Premiums	29,733.44		2,201,341.56
9/29/2023	Retiree Medical Premiums Wired to City		(29,733.44)	2,171,608.12
9/29/2023	transferred from Morgan Stanley Real Estate	79,576.75		2,251,184.87
10/2/2023	transferred from Morgan Stanley Real Estate	140,623.54		2,391,808.41
10/2/2023	Interest	20,747.77		2,412,556.18
10/4/2023	Reissue of Pension Checks		(2,338.16)	2,410,218.02
10/5/2023	Redeposit of Pension Checks	2,338.16		2,412,556.18
10/10/2023	Payroll Contributions	1,046,980.80		3,459,536.98
10/13/2023	Redeposit of Pension Check	2,062.63		3,461,599.61
10/20/2023	transferred from Morrison Street Income Fund	54,300.98		3,515,900.59
10/23/2023	Payroll Contributions	1,042,124.40		4,558,024.99
10/23/2023	transferred from Morrison Street VI	74,683.44		4,632,708.43
10/23/2023	Reissue of Pension Check		(2,062.63)	4,630,645.80
10/24/2023	Redeposit of Pension Check	1,148.66		4,631,794.46
10/25/2023	Reissue of Pension Check		(1,148.66)	4,630,645.80
10/26/2023	US Bank 3Qtr Fees		(25,639.19)	4,605,006.61
10/31/2023	September Pension Payment		(3,266,168.12)	1,338,838.49
10/31/2023	Retiree Medical Premiums	29,733.44		1,368,571.93
10/31/2023	Retiree Medical Premiums Wired to City		(29,733.44)	1,338,838.49
<b>10/31/2023</b>	<b>Ending Balance</b>			<b>\$ 1,338,838.49</b>