

Spokane Employees' Retirement System (SERS)
Board Meeting, 12:00 p.m. March 6, 2024
Council Briefing Center, City Hall

AGENDA

1. Jayson Davidson, Hyas Group
 - a. 2023 4th Quarter Performance Report
 - Information
 - b. Investment Policy Statement Review
 - Motion
2. Minutes of the February 7, 2024 Meeting
 - Motion
3. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Deaths
 - Information
 - e. Expenditure Summary Reports – December 2023, January 2024
 - Motion
 - f. Schedule of Investments – January 2024
 - Information
 - g. Monthly Cash Reconciliation – February 2024
 - Information
 - h. Other Business
4. Upcoming Board Election – Ticken
 - Information
5. Other Business
6. Next Meeting - **Wednesday, April 3, 2024 at 1:00 p.m.**

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
February 7, 2024

The meeting was called to order at 1:05 p.m. in the Council Briefing Center at City Hall and immediately went into closed session.

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

Absent: Brian Brill and Brian Myers

Staff: Christine Shisler, Donald Brown, Lisa Laney, and Tim Szambelan

Guests: Natalie Hilderbrand, Dave Hanshaw, and Jon Barnhart

Jonathan Bingle joined the meeting via telephone.

Closed Session

The meeting was called to order and the Board immediately went into closed session to discuss the Retirement Director position.

Open Session

Joe Cavanaugh moved and Richard Czernik seconded the motion to adjourn the closed session and move to open session. The motion passed unanimously with the Board Chair Jim Tieken voting.

Joe Cavanaugh moved and Jonathan Bingle seconded the motion to confirm SERS Board's choice of Ms. Christine Shisler as the Director of SERS that was voted on in November 2023. The motion passed unanimously with the Board Chair Jim Tieken voting.

Joe Cavanaugh moved and Jonathan Bingle seconded the motion to confirm the SERS Board's choice of Hyas as the Outsourced Chief Investment Officer (OCIO) that was voted on in November 2023. The motion passed unanimously with the Board Chair Jim Tieken voting.

The Board made note that the November 2023 motions for Ms. Shisler choice as Retirement Director and the hiring of Hyas Group as OCIO of the System were passed unanimously.

Minutes of the January 3, 2024 Meeting

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the minutes of the January 3, 2024 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>
Daniel E. Duffey	62	02/02/2024	30.1	E
Steven R. Obenland	60	02/02/2024	35.1	E
Daniel B. Parker	69	02/03/2024	10.4	E
Cornelius F. Warren	67	02/24/2024	19.4	ST
Eric S. Finch	58	03/02/2024	8.9	E
Kris M. Major	64	03/09/2024	14.0	ST
Beth A. Gleason	64	04/02/2024	19.1	C5
Deborah L. Logan	62	04/03/2024	30.4	ST

Richard Czernik moved and Jonathan Bingle seconded the motion to approve the service retirements as presented on the February Retirement Transaction Report. The motion passed unanimously.

Withdrawals for February 2024

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Chandler Faggiano		Beneficiary Payout

Richard Czernik moved and Joe Cavanaugh seconded the motion to approve the requests for withdrawal as presented on the February 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>
Daniel J. Daling	09/06/2016	70	01/05/2024	No Further Benefits
Bill B. Huff	05/02/2005	86	01/10/2024	No Further Benefits
Joy-Lyn Cottam	12/24/2011	80	01/14/2024	No Further Benefits

Death information provided to the Board for review.

Schedule of Investments – December 2023

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on December 31, 2023 was \$344.1 million with an estimated rate of return of 4.3% 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.

Other Business

The OPMA training was rescheduled to the April Board meeting.

The meeting adjourned at 1:39 p.m.

Christine Shisler, Interim Retirement Director

DRAFT

SERS Retirement Transaction Report

March 2024

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Stephanie L. O'Byrne	65	03/01/2024	35.1	Parks & Recreation	ST
2	Dina M. Schultz	54	03/01/2024	23.2	Police	C15
3	Zane E. Miller	54	03/01/2024	7.1	Solid Waste Combined	E
4	Jeremy J. Atwood	52	03/01/2024	20.8	Communications Center	ST
5	Murray 'Dean' Giles	63	03/22/2024	10.4	Development Services Center	ST
6	Wendy S. Ammann	64	03/30/2024	21.1	Police	E
7	Jeffrey G. Elkins	50	04/01/2024	15.2	Advanced Wastewater Treatment Asset	E
8	John T. Terhaar	65	04/01/2024	7.4	Management Fund Operations	E
9	Christopher R. Lacroix	64	04/02/2024	33.5	Solid Waste	D
10	John R. Lewis	65	04/02/2024	34.4	Parks & Recreation	E
11	Rita D. Evans	63	04/02/2024	25.6	Water	ST
12	John S. Grimes	68	04/02/2024	30.0	Solid Waste	E
13	Samuel H. Song	50	05/01/2024	9.7	Parks & Recreation	E
	Retirements YTD	14				
	2023 Total Retirements	36				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Ann R. Gannon	1.5	WIA Administrative	06/30/2013
2	Alexis M. Rose-Perkins	3.2	Parks & Recreation	11/04/2021
3	Joseph P. Putman	3.3	Street	06/09/2022
4	Jeremy Z. Naccarato-Edwards	0.9	Advanced Wastewater Treatment	08/25/2023
5	Kimberley A. McCollim	1.1	Community & Neighborhood Services	01/02/2024
6	Thomas Siewert	0.4	Library	01/08/2024

Vesting

	Name	Department	Years of Service
1	Jon M. Adams	Combined Communications Center	12.2
2	Lynn M. Morse	Parking Enforcement	14.1
3	Karen J. Stratton	Council	18.4
4	Alan C. Wagner	Library	8.8
5	Michael L. Vander Giessen	Prosecutor's Office	1.9 (portability)

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Marvin W. Murphy	11/04/1994	83	01/08/2024	No Further Benefits
2	Druzena M. Pounds	01/26/2023	90	02/05/2024	No Further Benefits

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

	2022 ACTUAL	2023 BUDGET	DECEMBER ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	327,889.58	342,544.48	102,296.54	307,703.65	34,840.83	89.8%
Departmental Benefits	97,465.19	95,262.14	10,470.39	67,758.43	27,503.71	71.1%
Reserve for Budget Adjustment	-	-	-	-	-	
Administrative Income	(15,225.22)	(10,000.00)	(5,413.82)	(24,435.76)		
Postage/Supplies/Other	2,332.92	7,250.00	463.32	2,197.21	5,052.79	30.3%
State Audit Charges	14,099.28	-	-	-	-	
Contractual Services	153,666.56	175,000.00	1,394.98	124,731.77	50,268.23	71.3%
Travel	2,256.29	15,000.00	-	9,218.13	5,781.87	61.5%
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	150.80	2,393.80	106.20	95.8%
Other Miscellaneous Charges	3,845.29	5,200.00	169.92	3,252.72	1,947.28	62.6%
Amortization	17,649.00	-	1,470.75	17,649.00		
TOTAL OPERATING EXPENDITURES	606,164.62	648,756.62	111,002.88	517,688.95	134,280.91	79.8%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	7,027.44	2,001.00	(256.00)	1,745.00	256.00	87.2%
Interfund - Centralized Accounting	2,737.00	4,912.00	(1,287.34)	3,624.66	1,287.34	73.8%
Interfund - My Spokane	965.83	1,291.00	(0.75)	958.00	333.00	74.2%
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	3,885.84	11,855.52	(5,074.52)	174.8%
Interfund - IT	46,111.71	21,884.00	3,023.18	21,287.52	596.48	97.3%
Interfund - IT Replacement	3,305.04	2,961.00	493.50	2,961.00	-	100.0%
TOTAL INTERFUND EXPENDITURES	71,890.96	40,485.00	5,858.43	43,086.70	(2,601.70)	106.4%
TOTAL ADMINISTRATIVE EXPENDITURES	678,055.58	689,241.62	116,861.31	560,775.65	131,679.21	81.4%

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

	2022 ACTUAL	2023 BUDGET	DECEMBER ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	32,696,265.95	35,110,000.00	2,824,995.60	33,622,179.79	1,487,820.21	95.8%
Pensions-Disability Payments	114,579.60	135,000.00	6,014.70	109,613.46	25,386.54	81.2%
Pensions-Survivor Annuity Benefits Payments	2,246,951.76	2,500,000.00	203,512.69	2,356,445.04	143,554.96	94.3%
TOTAL PENSIONS	<u>35,057,797.31</u>	<u>37,745,000.00</u>	<u>3,034,522.99</u>	<u>36,088,238.29</u>	<u>1,656,761.71</u>	95.6%
Refunds	1,210,280.26	1,400,000.00	58,605.62	1,378,165.86	21,834.14	98.4%
TOTAL EXPENSES	<u><u>36,946,133.15</u></u>	<u><u>39,834,241.62</u></u>	<u><u>3,209,989.92</u></u>	<u><u>38,027,179.80</u></u>	<u><u>1,810,275.06</u></u>	95.5%
INVESTMENT EXPENSE*						
Advisory Technical Service	499,603.98	600,000.00	6,682.33	398,279.05	201,720.95	66.4%

* investment expenses are netted against investment income in the statement of changes of plan net assets to arrive at a net investment income amount.

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2024 EXPENDITURE SUMMARY REPORT
January 31, 2024

	2023 ACTUAL	2024 BUDGET	JANUARY ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	307,703.65	387,148.00	14,757.77	14,757.77	372,390.23	3.8%
Departmental Benefits	67,758.43	132,492.64	6,344.81	6,344.81	126,147.83	4.8%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	
Administrative Income	(24,435.76)	(20,000.00)	-	-		
Postage/Supplies/Other	2,197.21	7,250.00	-	-	7,250.00	0.0%
State Audit Charges			-	-	-	
Contractual Services	136,457.84	175,000.00	-	-	186,726.07	0.0%
Travel	9,218.13	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	7,220.00	16,000.00	-	-	16,000.00	0.0%
Other Dues/Subscriptions/Membership	2,393.80	3,000.00	-	-	3,000.00	0.0%
Other Miscellaneous Charges	3,252.72	5,200.00	-	-	5,200.00	0.0%
Amortization	17,649.00	-	-	-		
TOTAL OPERATING EXPENDITURES	529,415.02	741,090.64	9,376.51	9,376.51	741,714.13	1.3%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	1,745.00	-	-	-	-	
Interfund - Centralized Accounting	3,624.66	-	-	-	-	
Interfund - My Spokane	958.00	-	-	-	-	
Interfund - Risk Management	537.00	-	-	-	-	
Interfund - Worker's Compensation	118.00	-	-	-	-	
Interfund - Reprographics	11,855.52	-	-	-	-	
Interfund - IT	21,287.52	-	-	-	-	
Interfund - IT Replacement	2,961.00	-	-	-	-	
TOTAL INTERFUND EXPENDITURES	43,086.70	-	-	-	-	
TOTAL ADMINISTRATIVE EXPENDITURES	572,501.72	741,090.64	9,376.51	9,376.51	741,714.13	1.3%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2024 EXPENDITURE SUMMARY REPORT
 January 31, 2024

	2023 ACTUAL	2024 BUDGET	JANUARY ACTUAL EXPENDITURES	2024 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	33,622,179.79	36,000,000.00	2,829,412.94	2,829,412.94	33,170,587.06	7.9%
Pensions-Disability Payments	109,613.46	135,000.00	8,115.76	8,115.76	126,884.24	6.0%
Pensions-Survivor Annuity Benefits Payments	2,356,445.04	2,500,000.00	203,499.84	203,499.84	2,296,500.16	8.1%
TOTAL PENSIONS	<u>36,088,238.29</u>	<u>38,635,000.00</u>	<u>3,041,028.54</u>	<u>3,041,028.54</u>	<u>35,593,971.46</u>	7.9%
Refunds	1,378,165.86	1,250,000.00	67,732.53	67,732.53	1,182,267.47	5.4%
TOTAL EXPENSES	<u><u>38,038,905.87</u></u>	<u><u>40,626,090.64</u></u>	<u><u>3,118,137.58</u></u>	<u><u>3,118,137.58</u></u>	<u><u>37,517,953.06</u></u>	7.7%

INVESTMENT EXPENSE*						
Advisory Technical Service	465,177.91	600,000.00	7,350.69	7,350.69	592,649.31	1.2%

* 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
January 31, 2024

2/29/2024

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 152,466			
US Bank	Short-term Inv	1,178,785			
Total Cash		1,331,251	0.0%	0.4%	0.4%
Sterling Capital	Total Return	35,546,037			
Loomis Sayles Core-Plus	Total Return-Mutual Fund	26,425,720			
Fidelity Core	FI - Mutual Fund	-			
Total Total Return		61,971,757	17.0%	18.1%	1.1%
BlackRock	High Yield - Mutual Fund	6,504,545			
Hotchkis & Wiley	High Yield - Mutual Fund	16,820,321			
Total High Yield		23,324,866	8.0%	6.8%	-1.2%
Post Limited Term High Yield	Ltd Partnership	-			
PIMCO Dynamic	Absolute Return	5,993,841			
Rimrock Low Volatility	Ltd Partnership	530,389	est hold back		
Polar	LLC	9,577,983			
Total Absolute Return		16,102,213	5.0%	4.7%	-0.3%
Total Capital Preservation		102,730,087	30.0%	29.9%	-0.1%
Hotchkis & Wiley	LC Value - Mutual Fund	10,907,632			
Fidelity S&P 500 Index	LC Core - Mutual Fund	36,050,391			
MFS Growth	LC Growth - Mutual Fund	11,477,430			
Total US Large Cap		58,435,453	16.0%	17.0%	1.0%
Sterling	MC Value	5,429,488			
Fidelity MC Index	MC Core - Mutual Fund	3,176,532			
Westfield MC Growth	MC Growth	6,131,619			
Fidelity SC Index	SC Core - Mutual Fund	524,012			
Champlain	SC Core	8,617,727			
Bridge City	SC Growth	7,671,488			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund	-			
Total US Small/Mid Cap		31,550,866	8.0%	9.2%	1.2%
Total US Equities		89,986,319	24.0%	26.2%	2.2%
Artisan	SMID Value - Mutual Fund	19,933,524			
Euro Pacific	LC Blend - Mutual Fund	14,959,188			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		34,892,712	10.0%	10.2%	0.2%
Trivalent	SC Value - Mutual Fund	16,339,801			
Total International Small/Mid		16,339,801	5.0%	4.8%	-0.2%
Vanguard EM Index	EM - Mutual Fund	6,411,766			
ABS Emerging Markets	Ltd Partnership	9,871,749			
Total Emerging Markets		16,283,515	5.0%	4.7%	-0.3%
Total International Equities		67,516,028	20.0%	19.7%	-0.3%
Weatherlow Offshore	Ltd Partnership	21,817,592			
Royalty Opportunities I	Ltd Partnership	710,279			
Royalty Opportunities II	Ltd Partnership	234,276			
Total Long Biased		22,762,147	9.0%	6.6%	-2.4%
Metropolitan Real Estate Partners	Ltd Partnership	-			
Morrison Street Fund VI	LP	6,678,720			
Morrison Street Fund VII	LP	2,395,530			
Morrison Street Income Fund	LP	2,508,912			
Morgan Stanley Prime	LLC	7,462,311			
Principal (REITs)	REITs	7,589,959			
Total Real Estate		26,635,432	7.0%	7.8%	0.8%
Contrarian Capital Fund I	Ltd Partnership	11,759,809			
Beach Point	Ltd Partnership	15,004,081			
Total Private Credit		26,763,890	8.0%	7.8%	-0.2%
Contrarian EM Credit	LLC	6,665,976			
OrbiMed II	Ltd Partnership	-			
Total Master Ltd Partnerships		6,665,976	2.0%	1.9%	-0.1%
Total Cash and Investments		\$ 343,059,879	100.0%	100.0%	0.0%
	Monthly Contributions	3,406,783			
	Monthly Pension	\$ (3,108,761)			
	As of December 31, 2023	\$ 344,103,412			
	Estimated Rate of Return	-0.4%			

SERS Cash Reconciliation-February 2024

Date	Transactions	Sources	Uses	Balance
1/31/2024	Beginning Balance			\$1,169,553.44
2/1/2024	Interest	9,231.71		1,178,785.15
2/7/2024	Misc Cash Deposit	16,481.67		1,195,266.82
2/9/2024	Redeposit Pension Checks		(652.30)	1,194,614.52
2/9/2024	Reissue Pension Checks	652.30		1,195,266.82
2/12/2024	Payroll Contributions	1,151,804.90		2,347,071.72
2/22/2024	Redeposit Withdrawal Check	67,591.72		2,414,663.44
2/22/2024	Reissue Withdrawal Check		(67,591.72)	2,347,071.72
2/26/2024	Payroll Contributions	1,152,844.30		3,499,916.02
2/29/2024	February Pension Payments		(3,131,357.53)	368,558.49
2/29/2024	Retiree Medical Premiums	31,230.50		399,788.99
2/29/2024	Retiree Medical Premiums Wired to City		(31,230.50)	368,558.49
2/29/2024	Ending Balance			368,558.49