

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
June 4, 2025

The meeting was called to order at 12:00 p.m. in the Council Briefing Center at City Hall.

Present: Jim Tieken, Joe Cavanaugh, Richard Czernik, Jon Barnhart, Matt Boston, Brian Brill, Brian Myers, Beau Madsen, Jonathan Bingle

Staff: Christine Shisler, Donald Brown, Lisa Dyson, Jon Abt, Tim Szambelan

Guests: Laurie Tish & Ashlee Lent (Moss Adams), Jayson Davidson & Tom Breden (Hyas Group), Natalie Hilderbrand, Matthew Thompson & Andy Ruud (SAO), Joe Ebisa (WithIntelligence)

Jonathan Bingle arrived at 12:20 p.m.

Moss Adams, December 31, 2024 Audit Report

Moss Adams presented the 2024 SERS independent audit report. The auditors explained how they test critical areas such as the investment assets, investment income, contributions, benefit payments and participant data. Moss Adams issued an unqualified (clean) opinion. They had no negative comments or areas of concern in the management letter, which reflects the continuing diligence of staff. Additionally, Moss Adams announced their merger and upcoming name change to Baker Tilly.

Hyas Group, 2025 1st Quarter Investment Performance Report

Mr. Davidson presented the First Quarter 2025 Performance Report. Most of the past several quarter's key points remained the same for this quarter. The job market continued its strength, posting a well above expectations 228,000 jobs added for the month of March and another 177,000 for April. The unemployment rate has held at 4.2%, still low by historical standards. Inflation, which has been much discussed, remained above the Federal Reserve's assumed targets, but in check. The huge wrinkle inserted into this backdrop has been the Trump administration's tariff policy and, on again, off again actions. Whether the tariff plans work to strengthen US manufacturing and the economy at large, remains an open question. It is the uncertainty of the outcome of the policies that has whipsawed US equity and bond markets, and dramatically increased market volatility. Negotiations with trading partners, economic growth, inflation, and US government debt levels will continue to be the focus over the coming months; and will likely determine the near-term direction of financial markets. During the first quarter, the S&P 500 Index returned -4.3% as previously lofty earnings expectations softened. Investment-grade bonds in turn performed well, with the Bloomberg US Aggregate Bond Index returning 2.8% as the ten-year US Treasury's yield dropped from 4.6% to 4.2% over the quarter. Foreign currencies generally appreciated against the US Dollar, providing a tailwind for International Equities, as illustrated by the MSCI All-Country World ex-USA Index's return of 5.2%. The Portfolio was able to produce a slight gain of .06% in this backdrop. This performance lagged the policy benchmark by .77%. U.S. Taxable

Fixed income and U.S. Small/Mid Cap Equity were additive to relative performance and International Developed, Master Limited Partnerships and Hedge Funds being the biggest detractors.

Hyas Group continues to work towards finalizing the newly approved portfolio allocation, with the focus now on transforming the alternative investments portion of the portfolio. Hyas Group expects final redemptions from the Hedge Fund of Fund exposures to be reallocated to additional high-conviction strategies as we build the new multi-strategy portfolio with better liquidity terms and lower fees. Hyas Group will also continue to build 3% allocations to both Private Credit and Private Equity investments. During the quarter, they received cash from the Contrarian Emerging Markets and Beach Point redemptions and also sold \$5 million of the Hotchkis & Wiley High Yield Bond exposure. Most of this liquidity was put to work in the Coatue Flagship Long/Short Fund.

Mr. Davidson informed the Board that Morgan Stanley is working to consolidate its RIA business into a single operating and branded union within the broader Morgan Stanley complex. To that end, the Hyas Group and the additional acquired firm, Cook Street Consulting, will be merging resources and functions over the next several quarters. The new, single entity will be rebranded as the Fiduciary Consulting Group, but these changes should not alter the consulting relationship or contract with SERS.

Minutes of the May 7, 2025, Meeting

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the minutes of the May 7, 2025, 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>
Loren J. Searl	54	06/01/2025	27.67	ST
Frank M. Ham Jr.	63	06/07/2025	23.01	C-5
Robby L. Riddle	63	06/07/2025	21.98	D
Timothy D. Clinton	63	06/07/2025	11.46	E
David W. Paine	63	06/07/2025	8.47	E
Melodi J. Bradshaw	63	06/14/2025	32.67	ST
Lynda S. Earls	63	07/04/2025	16.79	E
Tracey L. Thompson	63	07/19/2025	12.29	C-5
Cheryl L. Riddle	63	08/02/2025	11.53	D

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

Withdrawals

<i>Name</i>	<i>Years of Service</i>	<i>Department</i>
Joshua A. Christiansen	0.82	Municipal Court
Weston E. Rantamaki	0.51	Code Enforcement

Jonathan Bingle moved and Richard Czernik seconded the motion to approve the requests for withdrawal as presented on the June 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>
Margaret E. Spring	10/11/2003	76	11/27/2024	No Further Benefits
Virginia E. Hottell	11/20/2015	83	04/29/2025	No Further Benefits
Glenn L. Miller	03/02/2001	81	05/03/2025	No Further Benefits
Doreen L. Wahl	01/11/2003	86	04/29/2005	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report – April 2025

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

Richard Czernik moved and Jonathan Bingle seconded the motion to approve the April 2025 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – April 2025

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on April 30, 2025, was \$359.8 million with an estimated rate of return of -1.0% for the month.

Monthly Cash Reconciliation

The May 2025 cash reconciliation report was presented to provide the Board with additional insight into the ongoing liquidity, transactions, and cash position of the plan.

Amending the Agenda

Joe Cavanaugh moved and Jonathan Bingle seconded the motion to approve amending the agenda to add the Voluntary Retirement Incentive Program (VRIP) discussion under Other Business. The motion passed unanimously.

Board Member Election - Myers

Richard Czernik moved and Joe Cavanaugh seconded the motion to approve the reappointment of Brian Myers. The motion passed unanimously.

Other Business

Jim Tieken provided a recap to the Board concerning the steps taken so far following the letter that was sent to the Administration and City Council. Jim Tieken has started reaching out to individual Council Members directly and has already met with Council Members Bingle and Cathcart. Meetings are scheduled with the remaining Council Members, with the goal of getting the conversation of the VRIP and the unfunded liability caused by the VRIP to SERS in front of a committee and eventually in front of City Council.

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve Board Chair Jim Tieken continuing his efforts on behalf of the Board to arrange meetings with City Council Members regarding payment to SERS for the unfunded liability caused by the Voluntary Retirement Incentive Program (VRIP) of \$1,471,700. The motion passed with Jonathan Bingle abstaining from voting.

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

There being no other business, the meeting adjourned at 1:35 p.m.

/s/

Christine Shisler, Retirement Director