Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
June 3, 2026

The meeting was called to order at 12:01 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, Betsy Wilkerson

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

Guests: Ashlee Lent & Kendall Siva (Baker Tilly), Jayson Davidson & Ryan Miller (Fiduciary Consulting Group), Andy Ruud (SAO), Kiera Randal, Giacobbe Byrd, Natalie Hilderbrand, Dave Hanshaw, Joe Ebisa (WithIntelligence), Daniel Zapotocky

Jon Barnhart arrived at 1:16 p.m.

Baker Tilly, December 31, 2025 Audit Report

Baker Tilly presented the 2025 SERS independent audit report. The auditors explained how they test critical areas such as investment assets, investment income, contributions, benefit payments, and participant data. Baker Tilly 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.

Joe Cavanaugh moved and Ruchard Czernik seconded the motion to accept the Auditor's report. The motion passed unanimously.

Fiduciary Consulting Group, 2026 1st Quarter Investment Performance Report

2026 1st Quarter Performance Report.

Mr. Davidson presented the First Quarter 2026 Performance Report.
The U.S. economy expanded at an annualized rate of 0.5% in the fourth quarter of 2025, with consumer spending and investment contributing positively, while a sharp decline in government spending related to the extended federal government shutdown weighed on growth. Labor market conditions were relatively stable during the quarter with the March unemployment rate at 4.3%. The Federal Reserve maintained the federal funds rate at 3.50%-3.75% at its March meeting, as inflation concerns tempered expectations for near-term rate cuts. Inflation increased late in the quarter as energy prices surged, pushing March CPI to 3.3%. Global markets continue to be pressured by the Middle East conflict, which has driven heightened volatility, and negatively impacted both equity and fixed income markets.

For the quarter ending March 31, 2026, the SERS portfolio posted a return of -0.44%, lagging the policy benchmark return of -0.24%. Performance across major asset categories was mixed, with the largest detractors to relative performance be Small/Mid Cap Equity and Hedge Funds. Small/Mid Cap Equity returned 0.56% versus 2.03% for the Russell 2500 benchmark, and Hedge Funds returned -1.58% versus -0.57% for the HFRX Global Hedge Fund Index. Offsetting these detractors, several areas added to performance. Emerging Markets was a notable contributor on a relative basis, returning 1.96% versus -0.17% for the MSCI Emerging Markets (Net) benchmark. Within Alternatives, Master Limited Partnerships and REITs were also bright spots, with MLPs returning 21.65% (vs. 16.85% for the Alerian MLP Index) and REITs returning 4.17% during the quarter.

Ryan Miller, the new representative from the OCIO team, provided an update on recent portfolio transactions taken by the team. Mr. Miller noted that OCIO has eliminated the position in Hotchkis & Wiley High Yield and migrated all assets in that strategy to the already funded Black Rock High Yield strategy. Additionally, the GQC Parters Emerging Market strategy has been removed from the portfolio with all assets moving to the existing SSGA MSCI Emerging Market Index CIT. Lastly, Mr. Miller informed that SERS has taken a position in Southern Ridges Summit Macro Fund, an emerging market macro strategy was added to the portfolio. This product will be positioned in the Equity Hedge category for reporting purposes.

Mr. Miller presented Morgan Stanley's March 2026 Capital Market Assumptions (CMAs). Key takeaways include the view that higher equity–fixed income correlations increase the importance of diversification and alternatives in pursuing risk-adjusted returns. Within equities, the CMAs cite nominal earnings growth tailwinds but elevated U.S. valuations as a headwind, with a continued (though narrower vs. 2025) preference for emerging markets and international equities over U.S. equities, and within U.S. equities a tilt toward Large-Cap Value over Large-Cap Growth, and Mid-Cap over Small-Cap. For Fixed Income, despite attractive starting yields, the CMAs note a return drag from expectations for structurally higher nominal yields and tight credit spreads.

Minutes of the May 6, 2026 Meeting

Richard Czernik moved and Beau Madsen seconded the motion to approve the minutes of the May 6, 2026, meeting as presented. The motion passed unanimously.

Director's Report

Service Retirements

Randall S. Lee, age 64 with 26.95 years of service, Option 'E' effective May 23, 2026.
Deena M. Hess, age 50 with 7.12 years of service, Option 'ST' effective June 1, 2026.
Darin E. Evans, age 64 with 30.05 years of service, Option 'D' effective June 6, 2026.
Justin M. Anderson, age 53 with 25.64 years of service, Option 'E' effective June 6, 2026.
Edward L. Anderson, age 66 with 15.26 years of service, Option 'E' effective July 1, 2026.

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

Withdrawals
Jacob L. Friend, in the Advanced Wastewater Treatment Department with 2.30 years of service.
Michael A. Diamond, in the Community Justice Services Department with 7.31 years of service.
Tyler W. Mix, in the Street Department with 0.35 years of service.
Trevor J. Nitta, in the Solid Waste Department with 3.83 years of service.
Jason C. Johnson, in the Fleet Department with 2.82 years of service.
Tony R. Hubbard, in the Fire Department with 6.56 years of service.

Richard Czernik moved and Betsy Wilkerson seconded the motion to approve the requests for withdrawal as presented on the June Retirement Transaction Report. The motion passed unanimously.

Deaths
Geraldine J. Kachel, retired effective July 5, 2009, died March 15, 2026, at age 85. No Further Benefits.
Joy R. Schmidt, retired effective May 2, 1989, died April 21, 2026, at age 102. No Further Benefits.
Roberta A. Sams, retired effective December 15, 1996, died April 25, 2026, at age 87. No Further Benefits.
John H. Happy, Jr., retired effective August 3, 1993, died May 2, 2026, at age 95. No Further Benefits.
Alan D. Goddard, retired effective June 7, 2004, died May 5, 2026, at age 72. No Further Benefits.
Gail J. Fields, retired effective November 2, 1988, died May 14, 2026, at age 92. No Further Benefits.
Thelma J. Strenge, retired effective February 4, 1993, died May 16, 2026, at age 102. No Further Benefits.

Death information provided to the Board for review.

Expenditure Summary Report – April 2026
The Expenditure Summary Report was presented to the Board and discussed.

Richard Czernik moved and Joe Cavanaugh seconded the motion to approve the April 2026 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – April 2026
The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on April 30, 2026, was $423 million with an estimated rate of return of 5.1% for the month.

<u>Monthly Cash Reconciliation – May 2026</u>
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.

<u>Other Business</u>
Ms. Shisler provided the findings of the Internal Auditor's Office (IAO) regarding their review of the Spokane Employee's Retirement System overpayment. Their findings show the processes and procedures that are being performed by the Retirement Department for pension payment verification are working as intended.

<u>Board Member Election - Myers</u>
Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the reappointment of Brian Myers. The motion passed unanimously

<u>SMC Changes</u>
Mr. Szambelan shared the updated draft of changes to Spokane Municipal Codes 03.050.070, 03.05.0260, and 04.14.040 that he has been working on with City Council's policy advisor Chris Wright. Discussion ensued regarding the changes and proposed code language. Mr. Szambelan will provide the final draft revisions at the August meeting.

<u>VRIP Update</u>
Jim Tieken shared he does not currently have any updates since the last Board Meeting. Matt Boston shared that he would once again follow up with the Administration regarding their response to the Board.

<u>Other Business</u>
Jim Tieken opened the floor for public comment. Mr. Szambelan introduced one of the guests, Kiera Randal, as the intern for the Legal Department.

There being no other business, the meeting adjourned at 1:25 p.m.

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Christine Shisler, Retirement Director