Spokane Employees' Retirement System (SERS)

Board Meeting, 12:00 p.m. December 4, 2019

City Hall – Council Briefing Center

AGENDA

1) Jayson Davidson, Hyas Group
   a) Third Quarter 2019 Performance Review
      - Information
   b) Morrison Street VI
      - Motion

2) Minutes of the October 30, 2019 Meeting
      - Motion

3) Director's Report
   a) Retirements
      - Motion
   b) Withdrawals
      - Motion
   c) Vesting
      - Information
   d) Deaths
      - Information
   e) Expenditure Summary Report – October 2019
      - Motion
   f) Schedule of Investments – October 2019
      - Information
   g) Monthly Cash Reconciliation
      - Information
   h) Other Business

4) Multiple Employer Plan Amendments
      - Motion

5) Other Business

6) Next Meeting – **Wednesday January 29, 2020 at 12:00 p.m.**

MORRISON STREET CAPITAL, LLC

HYAS GROUP PRODUCT SUMMARY

Available Products:	Morrison Street Fund VI, LP
Funding Vehicles:	Delaware Limited Partnership
Date of Publication:	November 25, 2019
Analyst:	Brian Loescher, CFA

MANAGER & STRATEGY OVERVIEW

Morrison Street Fund VI, L.P. (the "Fund") is being sponsored by Morrison Street Capital, LLC (the "Manager" or "MSC") to make investments in commercial real estate, primarily in the form of preferred equity and direct and/or joint venture ("JV") equity. The Fund seeks to take advantage of the established lending and brokerage relationships of the Manager to provide small balance equity capital solutions to owners of commercial properties located throughout the United States. The Fund intends to assemble its portfolio using three distinct origination channels: 1) from mortgage brokers/intermediaries seeking a small balance capital solution for commercial real estate owners, 2) from commercial real estate first mortgage lenders seeking small balance capital solutions for borrowers, and 3) directly from commercial real estate owners and developers who are existing or former partners/sponsors/borrowers of MSC and its affiliates.

The Fund seeks to mitigate risk in a cyclically elevated asset pricing environment by initially focusing on more defensive investments in preferred equity, which have the downside protection of subordinate sponsor equity as a cushion to potential losses, and the upside potential that could come from early repayment and/or negotiated economic participation. When market repricing occurs (broadly or in specific geographic areas or product types) the Fund may invest directly in commercial real estate as an owner or joint venture partner.

The Manager was formed in 2002 by Norris, Beggs & Simpson Companies, an 87-year old, privately held commercial real estate services firm, and Rance Gregory, an experienced private equity fund manager with a track record of investing on behalf of several national and international real estate funds. Norris, Beggs & Simpson Companies is comprised of three primary subsidiaries: Morrison Street Capital ("MSC" or "Manager"), NBS Real Estate Consulting, a commercial real estate consulting firm, and Norris, Beggs & Simpson Financial Services (the subsidiary which is engaged in the origination and servicing of mortgage loans) which originated $631.4 million of first mortgage loans in 2018 and services a 513-loan portfolio totaling over $3.05 billion. MSC has acted or currently acts as the investment manager of 10 other private equity funds and accounts.

INVESTMENT OPPORTUNITY

The primary focus of the Fund's strategy is assembling a portfolio of preferred equity investments that are too small for larger fund managers and capital providers, yet too sophisticated for individual investors and smaller syndications to target. The Manager has successfully built a network of relationships with mortgage brokers and other capital markets intermediaries, commercial banks/conduit lenders and commercial real estate owners and operators and has positioned itself as a first call for these investment types as a result of its institutional platform and ability to execute. The Manager believes there is an ongoing opportunity to source and originate small cap preferred and structured equity positions nationwide. While the market cycle for commercial real estate may be at or near a peak, the Manager believes that these defensive investments present an opportunity to earn attractive cash flow yields and strong overall risk adjusted returns. Further, and to the extent market conditions allow, the manager looks forward to any material repricing in order to acquire assets in structured equity or direct equity form at more attractive valuations.

RECOMMENDATION

The Hyas Group has a lengthy history of investing with MSC, with clients having invested in Funds IV, V and MSDO I. In addition, a member of the Hyas team currently represents limited partners on the MSC Funds' Advisory Board.

Our long-term investment history and advisory role with MSC have validated the quality of research and underwriting capabilities at the firm. Not only have they demonstrated quality work upfront to reduce the risk inherent in any real estate investment, they have become increasingly well versed in deal structuring in order to help expedite the process of repossession should primary equity sponsors fail to execute on their strategy. In addition, they have often found that they can generate equity-like returns while taking significantly less risk by providing mezzanine finance. Whether executed under a more traditional debt structure or as preferred equity, they've become extremely adept at generating exceptional risk-adjusted returns by filling a capital void between first lien debt holders and the equity sponsor. In the mezzanine finance role, it is essential that you have the ability to step in and effectively operate the property as a last resort. The MSC team has significant experience and a demonstrated track record of being able to step in and effectively operate properties when needed.

MSC has demonstrated the ability to successfully differentiate the right assets, the right markets, and the right transaction structures across a broad range of market conditions. The Hyas Group acknowledges that we are likely approaching the latter stages of a real estate cycle, characterized by historically low cap rates, optimistic rent growth expectations, and new capacity in the queue. We believe Morrison Street's small balance mezzanine approach has the unique potential to provide attractive total returns in a low growth environment and also provide investors with significant downside protection in the face of an economic recession. In the event of a significant market correction, the fund retains the ability to strategically pursue equity investments with the expectation of higher returns.

Given the likely preferred equity nature of the Fund, we expect a very short J-curve effect. In addition, we expect the predecessor fund (Fund V) to return all capital over the course of 2020. Investors should take this into consideration when sizing their commitment to Fund VI.

PHILOSOPHY

The Manager follows a flexible/opportunistic approach to commercial real estate investing that seeks to identify the best risk-adjusted investment opportunities available at any point in the market cycle. In addition, there is a strong belief that small and mid-cap equity and debt markets represent greater opportunity for attractive risk-adjusted returns than competing in the largest institutional markets.

PROCESS

The Fund's guiding strategy when equity investing through a given cycle requires the Manager maintain a disciplined and thoughtful investment process while utilizing its experience to customize capital structures which the Manager believes can provide superior risk-adjusted returns. The Manager has an extensive history providing preferred equity and structured equity through various market cycles with a disciplined investment process while also tailoring the investment structures to incorporate adequate risk mitigation. The preferred equity structure typically requires subordination of the common equity, providing a value cushion in the event market re-pricing coincides with the realization event for the investment. In general, a preferred equity investment will represent 30% to 80% of the total equity required for a given transaction. Assuming an equity investment with a with a 70% LTV loan where the preferred equity represents 50% of the total equity, the value of the property must decline by 15% at the time of realization before the preferred equity is impaired. It is the Manager's experience that relatively modest leverage combined with extended investment periods significantly reduces exit risk as the common equity is provided adequate incentive and opportunity to defend its investment in the absence of a forced realization event. The flexibility to take a longer-term view of the potential hold period for an equity investment is invaluable to the Fund's ability to make prudent equity investments given its late cycle investment period.

The Manager has extensive experience customizing equity investment structures which the Manager believes can provide an appropriate level of risk and return while also selectively capitalizing on opportunities presented by the pipeline of deal flow. In order to achieve superior risk-adjusted returns the Manager will generally emphasize investments for the Fund in properties utilizing modest leverage which provide current cash flow adequate to service any financing while also providing the Fund a cash return in the range of 6% to 10%; however, it is expected that the preferred equity investment pipeline will yield select opportunities for equity investments where profit potential and manageable risk coexist. This scenario will often involve a business plan with a risk profile which the Manager believes justifies the assumption of slightly more equity risk in exchange for an appropriate level of profit participation, as compared to a true preferred equity structure with a fixed return and a full subordination of the common equity. The resulting structured equity addresses risk mitigation through alternating capital and profit waterfalls such that the preferred equity investor does not bear potential losses proportionately relative to the common equity.

All potential investments will be presented to the Investment Committee upon the execution of initial letters of intent to provide capital for or invest in a specific property and will be presented again as close as practicable to the completion of all due diligence and documentation for each transaction. Each investment must be approved by the Investment Committee.

PERSONNEL

Norris Beggs & Simpson Companies is the parent company of both Morrison Street Capital (MSC) and Norris Beggs & Simpson (NBS) Financial Services. MSC consists of 12 employees focused exclusively on investment management within the real estate asset class. NBS Financial Services retains 20 employees and focuses primarily on first lien loan origination and loan servicing. The senior investment team at MSC averages 20 years of industry experience and 13 years with MSC. The team has been extremely stable with no significant turnover. The MSC team represents a diverse set of real estate backgrounds spanning acquisitions, finance, property management, leasing, investment sales, and mortgage banking. The Fund's Investment Committee will consist of senior members of MSC and Norris, Beggs & Simpson Companies. The initial Investment Committee will include Rance Gregory, Marcus Parker, David Dewey, and Jan Robertson. Additional and/or emeritus members include senior employees of Norris, Beggs & Simpson Companies.

Rance Gregory, CEO and Portfolio Manager

Rance Gregory is the founder and CEO of Morrison Street Capital. His transaction experience includes the acquisition, development, and asset management of commercial real estate investments throughout the United States and Japan. Prior to founding Morrison Street Capital, Mr. Gregory was a Vice President for Wall Street firms Donaldson, Lufkin & Jenrette and, subsequent to the merger, Credit Suisse First Boston, where he served as a Los Angeles- based principal of DLJ Real Estate Capital Partners. His experience includes numerous complex transactions involving mezzanine debt, preferred equity, commercial mortgage backed securities, and direct investments in operating companies. Since founding Morrison Street Capital in 2002, his firm has targeted inefficiencies in commercial real estate markets by investing in public debt, private equity and private debt on behalf of pension plans, foundations, endowments, corporations and high net worth individuals and families. Mr. Gregory began his career in Washington, DC with LaSalle Partners, working as a real estate investment analyst responsible for underwriting office, parking and retail assets in the Mid-Atlantic region.

Mr. Gregory has a bachelor's degree in Political Science from Stanford University. In addition, he is a member of the Pension Real Estate Association and previously served as President of the Oregon Forum, a group of business professionals involved in public affairs and community issues facing Oregon.

Marcus Parker, CFA, President & CCO

Marcus Parker serves as President and Chief Compliance Officer for Morrison Street Capital. For the past 11 years Mr. Parker has been responsible for company operations, Fund and investment structuring, and regulatory compliance. In addition, Mr. Parker serves on the Investment Committee. Mr. Parker was formerly Vice President of Finance for Harsch Investment Properties, a privately held owner and operator of over 21 million square feet of commercial property in the western United States where he completed over $1.5 billion in more than 90 real estate financing transactions. Mr. Parker has 20 years of diverse commercial real estate experience.

Mr. Parker received his bachelor's degree in finance from the University of Alaska, and his Master's degree in business administration from the University of Oregon. He is a CFA Charterholder, and is a member of NAIOP. Mr. Parker is a past president of the Portland Alternative Investment Association, has served as an adjunct professor at Portland State University.

Justin Dennett, Chief Investment Officer

Justin Dennett serves as the Chief Investment Officer for Morrison Street Capital. For the past 13 years, Mr. Dennett has supervised all aspects of investment strategy, underwriting, structuring, and closing. Mr. Dennett has over 23 years of commercial real estate investment experience and has had direct responsibility for investing all Morrison Street Funds since inception.

Mr. Dennett was previously Manager of Investment Services for Unico Properties, a 50 year-old owner/operator of office buildings with holdings in Seattle, Portland, San Francisco and Boise. He was responsible for sourcing, underwriting and due diligence of new office investments as well as direct management of multiple asset dispositions. Mr. Dennett's background also includes an acquisitions analyst position with the L&B Group, a Dallas, Texas-based pension fund advisor. During his tenure, he represented public pension funds in the acquisition of office, industrial and retail properties throughout the western United States. Mr. Dennett's transactional experience includes several complex pre-sale development investments as well as numerous joint venture arrangements and preferred equity and mezzanine debt financings.

Mr. Dennett holds a B.A. in finance and real estate from Southern Methodist University and a J.D. from Lewis and Clark Law School.

David Tindall, Director of Originations

As Director of Originations for Morrison Street Capital, David Tindall's primary role is to source, underwrite and close investments for the Funds, with specific responsibility for establishing transaction pipeline development by maintaining relationship with lenders, mortgage bankers, joint venture partners, and borrowers.

Mr. Tindall joined Morrison Street Capital in 2006, after serving more than 8 years with Clarion Partners where he was responsible for investing client capital in multiple markets in the western United States. While at Clarion Partners, he participated in investing more than $1.7 billion of equity in office, industrial, retail and multi- family assets primarily for U.S. pension fund clients. Prior to joining the acquisitions team, he spent several years as an Asset Manager of more than 2.3 million square feet of industrial projects in Southern California as well as multiple office buildings in Portland and Sacramento. His prior experience also includes work as a project manager overseeing the development, lease-up and sale of a speculative office project in Phoenix.

Mr. Tindall received his B.S. in business administration from Georgetown University. He previously served as co-chair of the Urban Land Institute's (ULI) Young Leader's Group and a member of the executive committee of ULI's Seattle District Council.

David Dewey, Director of Asset Management

David Dewey is a Principal and the Director of Asset Management at Morrison Street Capital. He serves as a member of the Investment Committee. Mr. Dewey has led Morrison Street Capital's portfolio management/asset management team for the past 14 years. Mr. Dewey has over 19 years of experience in portfolio management, asset management, acquisitions, development, leasing, financing, loan workouts and restructurings, workouts and dispositions in various property types. During his tenure at Morrison Street Capital, Mr. Dewey has overseen all aspects of a diverse portfolio of equity, joint venture equity, preferred equity, and subordinate debt investments totaling in excess of $3.4 billion in gross value. Prior to joining Morrison Street Capital, Mr. Dewey was a Principal at Pension Consulting Alliance (PCA), where he helped PCA clients invest and manage their real estate portfolios by providing real estate consulting services including strategic planning, portfolio reviews, manager searches, investment advisor and partnership selection and due diligence, and topical real estate research as well as institutional client relations. During his tenure at PCA, Mr. Dewey was involved in and led due diligence efforts on more than $4.8 billion of real estate investments on behalf of many of PCA clients such as CalSTRS, CalPERS, OPERF, and other institutional investors.

Mr. Dewey earned his bachelor's degree in Business Management from Brigham Young University and Master's degree in business administration with an emphasis in finance from the University of Oregon.

PORTFOLIO AND RISK MANAGEMENT

The Manager intends that the Fund will be designed to target the under-served market for preferred equity and joint venture equity in small and medium-sized transactions. The Fund will pursue investments typically in the range of $2 million to $9 million, which generally equates to property values of $20 million to $60 million. These investments will generally target 3 to 7-year holding periods. The Manager will implement a plan to source and assemble a portfolio of preferred equity and equity investments diversified by product type and market with an emphasis on current income and defensive structures intended to provide the Fund an attractive overall risk-adjusted return.

Capital contributions to any one investment may not exceed $15 million. The Fund's investment guidelines define primary target markets, investment types, product types and levels of stabilization. No more than 25% of the Fund's aggregate Capital Commitments will be invested in real estate assets outside the primary target categories (see "Investment Guidelines" as set forth in Exhibit A to the Limited Partnership Agreement). The Fund's investment guidelines also provide limitations on leverage and underwriting.

PRICE & TERMS

The manager is targeting to raise $200M for Morrison Street Fund VI with a hard cap of $250M. The stated minimum investment is $250,000. The term of the Fund will be ten years from final close, but may be extended at the discretion of the General Partner for up to two additional years if necessary to facilitate the completion or disposition of any remaining Fund investments. While the legal term is 10-years, the expected target term of the fund is only 7-8 years. Proceeds returned to Partners related to an exit event that occurs within 36 months of the relevant investment that constitute a return of capital may be reinvested at the election of the General Partner, but not beyond the first anniversary of the Investment Period. Current income from Fund investments, other than income received from loan repayment or sale, will be distributed quarterly. Proceeds from loan repayment or sale will be distributed as soon as practical after the Fund receives the proceeds, after retentions to fund expenses and reserves.

The Fund will pay the Manager an Investment Management Fee equal to 1.75% of Commitments beginning on the Initial Closing and ending on the expiration of the Investment Period. After the Investment Period, the Investment Management Fee will be 1.75% per year of Capital Contributions related to unrealized investments and associated expenses. The fee will be borne pro rata by each Investor based on the Investor's Commitment. The Investment Management Fees will be payable quarterly in advance.

In addition to management fees, the General Partner will receive carried interest equal to 20% of profits subject to an 8% preferred return to Limited Partners subject to a catch up clause and clawback clause. The Fund will bear organizational expenses up to $750K. The Manager and its affiliates will be responsible for all ordinary expenses related to its business including compensation of its employees, rent, and other regular overhead and day-to-day expenses. The Fund will bear all other expenses related to its operations and investments.

PERFORMANCE

MSC has acted or currently acts as the investment manager of 10 other private equity funds and Accounts. On behalf of prior funds, through March 31, 2019 the Manager has invested a total of $555.29 million of investor capital into a portfolio of 153 investments totaling over $3.94 billion in transaction value, diversified by geography, product type, investment type and property life cycle. Also, through March 31, 2019, the Prior Funds have achieved 110 realizations resulting in $119.91 million of gross profits on $322.58 million of invested equity. These realizations include 71 preferred equity transactions or direct/JV equity transactions which would be similar to the strategy of this Fund. These 71 investments total approximately $234.58 million in invested equity, and have realized a gross profit multiple of 1.47x and a gross IRR of 14.67%.

OPERATIONS

Investment Manager:
Morrison Street Capital, LLC
121 SW Morrison, Suite 200
Portland, OR 97204
Attention: Julie Buettner
Telephone: 503.952.0745
jbuettner@morrisonstreetcapital.com

Auditor:
Perkins & Company, P.C.
1211 SW 5th Avenue #1000
Portland, OR 97204
Attention: Jared Holum
Telephone: 503.221.7508
jholum@perkinsaccounting.com

STRENGTHS

Experience – The MSC team retains considerable institutional experience with underwriting and deal structuring within the small balance real estate market. The team's deep operating experience is essential and allows them to take over any distressed property and manage through problem scenarios to protect investor capital and directly influence outcomes when needed.

Small/Mid Market Focus – Morrison Street operates in the small/middle markets that tend to be less efficient and less competitive than the large metropolitan markets. We believe these markets provide the opportunity for outsized returns.

Flexible Investment Approach – Management follows a flexible/opportunistic investment approach to commercial real estate investing that seeks to identify the best risk-adjusted investment opportunities available at any point in the market cycle.

Capacity Management – The Firm has shown the discipline to manage fund sizes appropriately taking into consideration their focus on smaller regional markets and the cyclical opportunities available at the time of fundraising.

Ownership – Employees have significant economic ownership of the Firm which has resulted in very low turnover within the Firm.

CHALLENGES

Economic Recession – We believe the strategy is well positioned for a flat, slow growth economic scenario and provides investors with significant downside protection should the economy soften. However, commercial real estate remains highly dependent on the health of the overall economy.

Macro Risks – The current opportunity set is one driven by a confluence of macro environmental conditions. As such, the specific opportunity may be time sensitive and susceptible to changing market conditions beyond MSC's control.

Liquidity Risk – The investments made in this portfolio represent private investments with no readily available secondary market. Investors should be prepared to hold these investments through maturity. In addition, Morrison Street often focuses on less efficient small/middle markets which often have less liquidity than many of the larger metropolitan markets.

Keyman Risk – Rance Gregory retains significant influence over all investment decisions in the Fund. While we believe Rance has built out a highly experienced team, we continue to place much of our confidence specifically in Rance Gregory's leadership and decision making.

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
October 30, 2019

The regular monthly meeting was called to order at 11:58 p.m. in the Council Briefing Center at City Hall.

Present: Mike Coster, Jim Tieken, Mike Cavanaugh, Candace Mumm, Dean Kiefer, and J. D. Morscheck

Absent: Brian Brill

Staff: Phill Tencick, Christine Shisler, Donald Brown, and Tim Szambelan

Guests: Joe Cavanaugh, Natalie Hilderbrand, Dave Henshaw, Richard Czernik, Jon Barnhart, and John Bjork

Candace Mumm arrived at 12:01 p.m.

Minutes of the August 28, 2019 and October 9, 2019 Meetings
Jim Tieken moved and Mike Cavanaugh seconded the motion to approve the minutes of the August 28, 2019 and October 9, 2019 meetings as presented. The motion passed unanimously.

Director's Report
Service Retirements

Name	*Age*	*Retirement Date*	*Years of Service*	*Option*
Frances I. Perkins	62	10/05/2019	13.3	ST
Roberta G. Moxley	50	11/01/2019	18.7	A
Scott A. Stewart	59	11/06/19	25.8	D
Susanne Miller	66	01/04/2020	12.0	E

Dean Kiefer moved and Jim Tieken seconded the motion to approve the service retirements as presented on the September and October Retirement Transaction Reports. The motion passed unanimously.

Withdrawals

Name	*Years of Service*	*Termination Date*
Scott A. Lowell	6.0	05/25/2017
Todd L. Churchill	9.4	07/03/2017
Molly R. Ostheller	1.4	03/15/2019
Arthur E. Hartman	4.0	07/15/2019
Stephanie C. Radecke	1.1	07/24/2019

Withdrawals (cont'd)

Name	*Years of Service*	*Termination Date*
Christina M. Wolfe	0.6	08/02/2019
Chariti A. Gagne	4.6	08/30/2019

Jim Tieken moved and Mike Cavanaugh seconded the motion to approve the request for withdrawal as presented on the September and October Retirement Transaction Reports. The motion passed unanimously.

Vesting

Name	*Department*	*Years of Service*
Jeremy J. Atwood	Combined Communications Center	20.8
Crystal J. Marchand	Finance	6.7

Deaths

Name	*Date Retired*	*Age*	*Date of Death*	*Information*
Ollie J. Bennett	04/02/1991	82	08/29/2019	No Further Benefits
Richard L. Olsen	12/12/2009	74	09/09/2019	E Option Continues
Roxanne Rodgers	02/03/2001	83	09/09/2019	No Further Benefits
Frank W. Benson	02/10/1996	79	09/19/2019	E Option Continues
Darrel C. Klein	08/05/2008	73	09/19/2019	No Further Benefits
Lorraine Schmeling	03/27/1985	95	10/07/2019	No Further Benefits
Abraham F. Ferris	06/03/2003	73	10/11/2019	Option D Continues
Mary Kay Dayharsh	12/19/2014	85	10/12/2019	No Further Benefits
Gerald M. Danielson	11/02/1999	83	10/19/2019	No Further Benefits

Vesting and Death information provided to the Board for review.

Expenditure Summary Report – August 2019 and September 2019

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

Mike Cavanaugh moved and Candace Mumm seconded the motion to approve the August 2019 and September 2019 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – August 2019 and September 2019

The August investment report was presented to the Board for review. The estimated market value of the SERS portfolio on August 31, 2019 was $301.5 million with an estimated rate of return of (1.6%) for the month.

The September investment report was presented to the Board for review. The estimated market value of the SERS portfolio on September 30, 2019 was $304 million with an estimated rate of return of 0.9% for the month.

Monthly Cash Reconciliation

The monthly cash reconciliation reports for August 2019 and September 2019 were presented to provide the Board with additional insight into the ongoing liquidity, transactions, and cash position of the plan.

Other Business

Mr. Tencick updated the Board on the renegotiation of the most favored nation clause and the fees charged from Bridge City. The new annual base fee will be 0.35% of assets. Bridge City will also disclose the lowest blended fee percentage charged to clients on each bill to verify that it is not less than SERS current fee.

Multiple Employer Plan Amendments

Discussion ensued and changes were suggested regarding the treatment of employees from SREC in layoff status. Candace Mumm moved and Dean Kiefer seconded the motion to defer the topic to the December meeting. The motion passed unanimously.

Proposed Salary Ordinance

Mr. Tencick shared that Councilmember Kinnear indicated she was not prepared to move forward and sponsor an ordinance that the SERS Board did not support. Candace Mumm provided an update that the draft of the proposed salary ordinance that the SERS Board had been reviewing, has been removed from the proposed salary ordinance.

Portfolio Risk Review

Mr. Tencick presented a portfolio-wide review of the holdings and risk factors for the SERS investments. The portfolio's asset allocation, sector, style, geography and risk factor exposures were shown and compared to the policy benchmark and peer groups.

There being no other business, the meeting adjourned at 12:37 p.m.

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Phillip Tencick, Retirement Director

SERS Retirement Transaction Report
November 2019

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Kristen L. Rossey	51	12/01/2019	13.0	Library	C-10
2	Ron F. Kendall	59	12/14/2019	29.0	Advanced Wastewater Treatment	E
3	Debra D. Robole	65	01/01/2020	8.1	Council	E
4	David M. Allison	54	01/08/2020	30.8	Street	E

	Retirements YTD	66
	2018 Total Retirements	71

Withdrawals

	Name	Years of Service	Department	Termination Date
1	David M. Charbonneau	6.7	Engineering Services	04/15/2019
2	Caitlyn C. Salerno	0.6	Municipal Court	09/19/2019
3	Miranda L. Andrews	0.2	My Spokane	10/01/2019
4	Karen K. Foster	0.4	Development Services Center	10/15/2019

Vesting

	Name	Department	Years of Service
1	Heather L. Trautman	Neighborhood Services	23.2

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Mike G. Sherick	01/14/1998	80	10/01/2019	No Further Benefits
2	C. Dean Haugen	10/04/1994	79	10/23/2019	No Further Benefits
3	Ronald E. Triplett	10/02/2015	67	10/26/2019	No Further Benefits
4	Beverly J. Lyson	02/03/1995	83	11/02/2019	No Further Benefits
5	Harold "Herb" Herbig	06/05/1999	88	11/19/2019	E Option Continues
6	Pamela K. Braun	03/17/1993	68	11/21/2019	No Further Benefits

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2019 EXPENDITURE SUMMARY REPORT
OCTOBER 31, 2019

	2018 ACTUAL	2019 BUDGET	OCTOBER ACTUAL EXPENDITURES	2019 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	299,596.89	320,122.00	23,532.24	245,431.74	74,690.26	76.7%
Departmental Benefits	62,942.31	65,681.00	4,956.27	50,577.72	15,103.28	77.0%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(19,374.47)	(10,000.00)	-	(16,585.47)		
Postage/Supplies/Other	1,970.14	5,950.00	54.44	1,042.53	4,907.47	17.5%
State Audit Charges	12,444.28	15,000.00	610.85	7,752.93	7,247.07	51.7%
Contractual Services	132,743.15	175,000.00	10,454.71	119,287.38	55,712.62	68.2%
Travel	7,873.31	15,000.00	-	2,714.51	12,285.49	18.1%
Registration/Schooling	8,575.00	16,000.00	-	810.00	15,190.00	5.1%
Other Dues/Subscriptions/Membership	1,709.60	2,500.00	1,065.00	1,972.40	527.60	78.9%
Other Miscellaneous Charges	1,383.13	3,800.00	55.00	2,109.76	1,690.24	55.5%
Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	527,512.34	619,053.00	40,728.51	415,113.50	197,354.03	67.1%
INTERFUND EXPENDITURES						
Interfund - Office Performance Mgmt Services	-	800.00	-	-	800.00	0.0%
Interfund - Centralized Purchasing	506.33	1,241.00	310.25	1,241.00	-	100.0%
Interfund - Centralized Accounting	1,958.16	2,080.00	520.00	2,080.00	-	100.0%
Interfund - Risk Management	790.00	584.00	-	438.00	146.00	75.0%
Interfund - Worker's Compensation	109.00	122.00	-	91.50	30.50	75.0%
Interfund - Reprographics	6,719.51	5,000.00	-	3,685.26	1,314.74	73.7%
Interfund - IT	15,824.72	13,108.00	1,095.72	9,865.50	3,242.50	75.3%
Interfund - IT Replacement	2,066.04	1,965.00	163.75	1,473.75	491.25	75.0%
Interfund - My Spokane	476.90	643.00	154.58	618.32	24.68	96.2%
TOTAL INTERFUND EXPENDITURES	28,450.66	25,543.00	2,244.30	19,493.33	6,049.67	76.3%
TOTAL ADMINISTRATIVE EXPENDITURES	555,963.00	644,596.00	42,972.81	434,606.83	203,403.70	67.4%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
2019 EXPENDITURE SUMMARY REPORT
OCTOBER 31, 2019

	2018 ACTUAL	2019 BUDGET	OCTOBER ACTUAL EXPENDITURES	2019 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	26,202,801.23	28,000,000.00	2,364,335.52	23,072,137.51	4,927,862.49	82.4%
Pensions-Disability Payments	125,328.48	140,000.00	10,444.04	104,440.40	35,559.60	74.6%
Pensions-Survivor Annuity Benefits Payments	1,981,214.54	2,100,000.00	169,616.16	1,776,013.05	323,986.95	84.6%
TOTAL PENSIONS	28,309,344.25	30,240,000.00	2,544,395.72	24,952,590.96	5,287,409.04	82.5%
Refunds	554,422.11	1,000,000.00	51,947.22	479,127.68	520,872.32	47.9%
TOTAL EXPENSES	29,419,729.36	31,884,596.00	2,639,315.75	25,866,325.47	6,011,685.06	81.1%
INVESTMENT EXPENSE*						
Advisory Technical Service	436,405.71	500,000.00	47,090.83	311,414.61	188,585.39	62.3%

** 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
October 31, 2019

11/26/2019

	Type		Allocation Target	Current	Diff.
Cash Held by Treasurer	Cash	$ 63,499			
US Bank	Short-term Inv	4,300			
Total Cash		**67,799**	**0.0%**	**0.0%**	**0.0%**
Sterling Capital	Total Return	25,401,333			
Total Total Return		**25,401,333**	**10.0%**	**8.3%**	**-1.7%**
Hotchkis & Wiley	High Yield - Mutual Fund	13,362,758			
Total High Yield		**13,362,758**	**5.0%**	**4.4%**	**-0.6%**
Polar	LLC	7,124,634			
Castine Capital II	Ltd Partnership	7,881,160			
Post Limited Term High Yield	Ltd Partnership	6,449,383			
Rimrock Low Volatility	Ltd Partnership	10,045,776			
Total Absolute Return		**31,500,953**	**8.0%**	**10.3%**	**2.3%**
Total Capital Preservation		**70,332,843**	**23.0%**	**22.9%**	**-0.1%**
Hotchkis & Wiley	LC Value - Mutual Fund	16,508,476			
Jackson Square	LC Growth - Mutual Fund	-			
MFS Growth	LC Growth - Mutual Fund	16,495,146			
MFS Heritage	LC Core	-			
Fidelity S&P 500 Index	LC Core - Mutual Fund	29,333,815			
Total US Large Cap		**62,337,437**	**21.0%**	**20.3%**	**-0.7%**
Sterling	MC Value	4,672,510			
Vanguard MC Growth	MC Growth - Mutual Fund	4,353,078			
Fidelity MC Index	MC Core - Mutual Fund	4,355,975			
Champlain	SC Core	6,586,424			
Phocas	SC Value - Mutual Fund	3,913,889			
Bridge City	SC Growth	5,851,214			
Fidelity SC Index	SC Core - Mutual Fund	900,850			
Total US Small/Mid Cap		**30,633,940**	**11.0%**	**10.0%**	**-1.0%**
Total US Equities		**92,971,377**	**32.0%**	**30.3%**	**-1.7%**
Artisan	SMID Value - Mutual Fund	22,101,557			
Euro Pacific	LC Blend - Mutual Fund	22,230,250			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		**44,331,807**	**15.0%**	**14.4%**	**-0.6%**
Trivalent	SC Value - Mutual Fund	12,194,113			
Total International Small/Mid		**12,194,113**	**4.0%**	**4.0%**	**0.0%**
Vanguard EM Index	EM - Mutual Fund	1,196,073			
ABS Emerging Markets	Ltd Partnership	8,483,915			
Berens	Ltd Partnership	-			
Total Emerging Markets		**9,679,988**	**3.0%**	**3.2%**	**0.2%**
Total International Equities		**66,205,908**	**22.0%**	**21.6%**	**-0.4%**
Weatherlow Offshore	Ltd Partnership	16,333,214			
Royalty Opportunities I	Ltd Partnership	2,313,986			
Royalty Opportunities II	Ltd Partnership	2,601,037			
Total Long Biased		**21,248,237**	**7.0%**	**6.9%**	**-0.1%**
Metropolitan Real Estate Partners	Ltd Partnership	163,374			
Morrison Street Fund V	LLC	2,268,661			
Morrison Street Debt Opportunties	LP	4,085,347			
Morgan Stanley Prime	LLC	7,436,096			
Principal (REITs)	REITs	12,888,608			
Total Real Estate		**26,842,086**	**9.0%**	**8.7%**	**-0.3%**
Contrarian Capital Fund I	Ltd Partnership	8,979,088			
Beach Point	Ltd Partnership	11,128,004			
Total Opportunistic Credit		**20,107,092**	**7.0%**	**6.5%**	**-0.5%**
Contrarian EM Credit	LLC	5,461,821			
OrbiMed II	Ltd Partnership	3,995,699			
Total Special Opportunities		**9,457,520**	**0.0%**	**3.1%**	**3.1%**
Total Cash and Investments		**$ 307,165,063**	**100.0%**	**100.0%**	**0.0%**
	Monthly Contributions	1,500,830			
	Monthly Pension	$ (2,596,343)			
	As of September 30, 2019	**$ 303,887,589**			
	Estimated Rate of Return	1.4%			
Abs. Return and Total Return FI	Thesis 2017.1	**56,902,286**	**18.0%**	**18.5%**	**0.5%**
Equity and Special Situations	Thesis 2017.3	**168,634,805**	**54.0%**	**54.9%**	**0.9%**

Cash Recon - Nov

Date	Transactions	Sources	Uses	Balance
10/24/2019	**Beginning Balance**			**973,071.09**
10/28/2019	Payroll Contributions	754,696.54		**1,727,767.63**
10/28/2019	Trust Fees		(23,292.26)	**1,704,475.37**
10/29/2019	Distribution - Morrison Street V	45,246.06		**1,749,721.43**
10/31/2019	Sale - MFS Large Cap Growth	850,000.00		**2,599,721.43**
10/31/2019	October Pension Payments		(2,596,342.94)	**3,378.49**
11/1/2019	Interest	921.53		**4,300.02**
11/12/2019	Payroll Contributions	745,112.50		**749,412.52**
11/13/2019	Return/Reissue Pension Check	994.29	(32.07)	**750,374.74**
11/19/2019	Wire - City Operating Account		(150,000.00)	**600,374.74**
11/25/2019	Payroll Contributions	754,357.28		**1,354,732.02**
11/26/2019	**Ending Balance**	**3,151,328.20**	**(2,769,667.27)**	**1,354,732.02**
	Upcoming			
11/27/2019	Sale - Hotchkis & Wiley Large Cap Value	450,000.00		
11/27/2019	Sale - Fidelity S&P 500 Index	400,000.00		
11/27/2019	Sale - MFS Large Cap Growth	400,000.00		
11/27/2019	November Pension Payments		(2,578,820.37)	

[Changes to SMC provisions to permit participation by SREC Members ***and SPFD Members –*** changes shown in red.]

3.05.020 Definitions

A. "Accumulated contributions" means the sum of all normal contributions deducted from the compensation of a member, and in-lieu payments of employees' contributions by the City, standing to the credit of the member's individual account, together with contribution interest as established pursuant to SMC 4.14.070(D) (1) compounded monthly.

B. "Annuity" means payments derived from contributions made by a member as provided in SMC 3.05.190.

C. "Beneficiary" means any person in receipt of a pension, annuity, retirement allowance, disability allowance, or any other benefit provided in this chapter and chapter 4.14 SMC.

D. "Board" means "board of administration" as provided in chapter 4.14 SMC.

E. "City" means the City of Spokane.

F. "City service" means service by an employee rendered to the City for compensation and, for the purpose of this chapter and chapter 4.14 SMC, a member shall be considered as being in City service only while the member is receiving compensation for such service. City service also includes: (i) service by an employee of SREC for the limited period of time during which the employee also qualifies as a SREC Member; and (ii) service by an employee of SPFD for the limited period of time during which the employee also qualifies as a SPFD Member.

G. "Compensation" means the compensation including base pay, shift differential, overtime, holiday pay, hazardous duty pay and out-of-classification pay, payable in cash, plus the monetary value, as determined by the board, of any allowance in lieu thereof. It shall not be reduced by salary reduction contributions to the City's cafeteria plan or Section 457 plan, or effective January 1, 2001, any qualified transportation fringe benefit plan under Internal Revenue Code section 132(f)(4). Compensation in excess of the limitations set forth in Internal Revenue Code section 401(a)(17) shall not be included in determining benefits, but this restriction does not apply to any individual who was a member prior to January 1, 1996.

H. "Contribution interest," unless changed by the board as provided in SMC 4.14.070, means the interest rate on member contributions, which shall be set equal to the average daily interest rate for the 5-year US Treasury Note from July 1 of the previous year to June 30 of the current year, rounded to the nearest 0.25%. The new interest rate will be effective as of July 1 of the current year, beginning in 2016.

I. "Creditable service" means such City service as is evidenced by the record of normal contributions received from the employee plus prior City service if credit for same is still intact or not lost through withdrawal of accumulated contributions as provided in SMC 3.05.120. The maximum creditable service will be based on the benefit formula eligibility in SMC 3.05.025.

Creditable service includes service rendered by: (i) a SREC employee during the period of time that the SREC employee also is a SREC Member; and (ii) a SPFD employee during the period of time that the SPFD employee also is a SPFD Member.

J. “Employee” means any regularly appointed employee or elected official of the City or of the Spokane public library. Employee also includes: (i) regularly appointed employees of SREC for the limited period of time during which such employees also qualify as SREC Members; and (ii) regularly appointed employees of SPFD for the limited period of time during which such employees also qualify as SPFD Members.

K. “Final compensation” has different meanings that depend on whether the member’s benefit is calculated using Tier 1, Tier 2, Tier 3 or Tier 4. For benefits calculated under Tier 1 and Tier 2, “final compensation” means the annual average of the member’s compensation during the highest consecutive two-year period of service for which service credit is allowed for purposes of determining retirement benefits for members described in SMC 3.05.025(A) or (B).)For benefits calculated under Tier 3, “final compensation” means the annual average of the member’s compensation during the highest consecutive three-year period of service for which service credit is allowed. For benefits calculated under Tier 4, “final compensation” means the annual average of the member’s compensation during the highest consecutive three-year period of service for which service credit is allowed; for this purpose, the portion of a member’s compensation for any year shall not include overtime in excess of twenty percent (20%) of the member’s base salary for that year. Final compensation shall not be reduced to reflect salary reduction contributions to the City’s cafeteria plan or Section 457 plan, or effective January 1, 2001, any qualified transportation fringe benefit plan under Internal Revenue Code section 132(f)(4). Compensation in excess of the limitations set forth in Internal Revenue Code section 401(a)(17) shall not be included as final compensation when determining benefits, but this restriction does not apply to any individual who was a member prior to January 1, 1996.

L. “Fiscal year” means any year commencing with January 1st and ending with December 31st next following.

M. “Member” means any person included in the membership of the retirement system as provided in SMC 3.05.030.

N. “Normal contributions” means the contributions at the rate provided for in SMC 3.05.040(A) and (B).

O. “Participation date” means the date on which an employee initially joined the retirement system from which the employee had uninterrupted deposit of contributions. If an employee who joins the system terminates and their accumulated contributions are withdrawn is subsequently rehired as a City employee, then that employee’s participation date shall be their rehire date and not the date on which the employee was originally hired, whether or not that employee redeposits their contributions as permitted under SMC 3.05.120(C). If an employee becomes subject to SMC 3.05.260 and is rehired following retirement, then any additional retirement allowance earned by that employee shall be determined as if the member’s participation date is based on the rehire date.

P. “Pension” means payments derived from contributions made by the City (and by SREC and SPFD, as applicable) as provided for in SMC 3.05.190.

Q. “Regular interest,” unless changed by the board as provided in SMC 4.14.070, means the actuarial assumption rate of interest which compounded annually shall place the retirement fund on a sound actuarial basis.

R. “Retirement allowance” means any payments made to a member or successor upon retirement for service or disability.

S. “Retirement fund” means “employees’ retirement fund” as created and established in SMC 3.05.070 and SMC 7.08.601. “Retirement system” means “Spokane Employees’ Retirement System” (SERS), provided for in this chapter.

T. “SPFD” means Spokane Public Facilities District.

U. “SPFD Member” means any actively employed City employee whose employment was directly transferred to SPFD and who, at the time of such transfer, was an active member of SERS.

V. “SREC” means Spokane Regional Emergency Communications.

W. “SREC Member” means any actively employed City employee whose employment was directly transferred to SREC and who, at the time of such transfer, was an active member of SERS.

X. “Tier 1” means the benefit formula in SMC 3.05.160.

Y. “Tier 2” means the benefit formula in SMC 3.05.165.

Z. “Tier 3” means the benefit formula in SMC 3.05.166.

AA. “Tier 4” means the benefit formula in SMC 3.05.167.

3.05.030 Membership

A. Any new employee of the City must become a member of the retirement system and make contributions required by SMC 3.05.040 on the date of hire, except:

1. temporary, seasonal, or new hire provisionals, as defined by the City Charter and the City civil service commission;

2. members of the police and fire departments who are entitled to benefits under state-enacted retirement programs;

3. participating employees hired under the Comprehensive Employment and Training Act (CETA) and United States Department of Labor (DOL). This proscription does not apply to permanent nonparticipant staff members of the City and Spokane City-County employment and training consortium or its successor; or

4. other non-City-funded employees in temporary employment programs as determined by the board.

B. Any other employee who is an elected official may, at any time prior to the completion of five (5) years of continuous service, elect to deposit with the retirement system an amount equal to what would be or would have been the elected official's normal contributions if a member of the retirement system during this period of service, with regular interest as determined by the board. The City matches said funds and deposits the same in the retirement fund in a manner similar to that provided for the matching of the normal contributions under the provisions of this chapter, provided that no such elected official shall obtain any benefits of the provisions of the retirement system except contribution interest accruing at the rate provided for interest on employees' normal contributions. The return of any such funds so deposited shall be governed by the provisions as to the return of normal contributions. If and when any such elected official becomes a member the sums so deposited by this member shall be transferred to the credit of such member. Any elected official entering the retirement system under this provision shall have a participation date as of the date of such election to join the system and shall not be considered a member until the date of such election.

C. An employee of SREC who is a SREC Member will continue to be treated as a SREC Member for so long as that individual remains continuously employed with SREC. A SREC Member will cease to be treated as continuously employed with SREC on the date on which he or she terminates active employment with SREC, unless the member is immediately placed in layoff status at the time of termination and continuously maintains layoff status while separated from SREC. Once an individual who qualifies as a SREC Member terminates employment as a SREC employee, that individual will not again be treated as a SREC Member if he or she is subsequently rehired by SREC (or SPFD) and can again become a benefit accruing member under SERS if and only if 1) he or she is subsequently rehired as an employee of the City, or 2) he or she is rehired directly from layoff status within three years of initial termination. With respect to an individual employed by SREC as a SREC Member, the term "City" as used in this chapter of the SMC shall be construed to include SREC, were appropriate and applicable.

D. An employee of SPFD who is a SPFD Member will continue to be treated as a SPFD Member for so long as that individual remains continuously employed with SPFD. A SPFD Member will cease to be treated as continuously employed with SPFD on the date on which he or she terminates active employment with SPFD, unless the member is immediately placed in layoff status at the time of termination and continuously maintains layoff status while separated from SPFD. Once an individual who qualifies as a SPFD Member terminates employment as a SPFD employee, that individual will not again be treated as a SPFD Member if he or she is subsequently rehired by SPFD (or SREC) and can again become a benefit accruing member under SERS if and only if 1) he or she is subsequently rehired as an employee of the City, or 2) he or she is rehired directly from layoff status within three years of initial termination. With respect to an individual employed by SPFD as a SPFD Member, the term "City" as used in this chapter of the SMC shall be construed to include SPFD, where appropriate and applicable.

Section 03.05.040 Contributions

A. The normal rates of contributions of members are those adopted by the board, subject to the approval of the City Council. The rates so adopted remain in full force and effect until revised or changed by the board in the manner provided in chapter 4.14 SMC.

1. Contributions by Members.
Prior to January 1, 2009, each member shall contribute six and seventy-two one-hundredths percent (6.72%) of the member's compensation. Effective January 1, 2009, the rate of contribution was prospectively increased to seven and seventy-five hundredths percent (7.75%). Effective September 1, 2014, the rate of contribution is prospectively increased to eight and twenty-five hundredths percent (8.25%). Effective December 17, 2017, the rate of contribution is prospectively increased to nine percent (9.00%). Although designated as employee contributions that reduce the member's salary, the City government (and, where applicable, SREC and SPFD), as the employer, shall pay such contributions to the retirement fund pursuant to Internal Revenue Code section 414(h). The member will not have an option of choosing to receive the contributed amounts directly instead of having them paid by the City government (and, where applicable, by SREC and SPFD) to the retirement fund. The picked-up contributions will be included as Social Security wages up to the Social Security wage base, and will also be included in calculating the member's final compensation. It is contemplated that the aggregate normal contributions made by the City (and SREC and SPFD) into the retirement fund will be enough to properly fund the retirement benefits payable hereunder.

2. Contribution by the City Government.
The City government will make contributions in an amount that matches the members' (other than SREC Members' and SPFD Members') in-lieu contributions. SREC will make contributions in an amount that matches the SREC Members' in-lieu contributions. SPFD will make contributions in an amount that matches the SPFD Members' in-lieu contributions.

3. Contribution Rate Review
In the event that an official actuarial report for a given fiscal year, prepared at the direction of the board, indicates that the Actuarially Determined Employer Contribution Rate (within the meaning of GASB) is greater than the City's (and SREC's and SPFD's) contributions, the City shall, subject to approval by the board and City Council, prospectively increase both the employee contribution rate and the City's (and SREC's and SPFD's) matched contribution rate by up to 1.00% of the member's compensation without further bargaining unit negotiation. Increases are limited to once per fiscal year. In the event that an official actuarial report for a given fiscal year, prepared at the direction of the Board, indicates that the retirement system is fully funded (within the meaning of GASB), the City may, subject to approval by the board and City Council, prospectively decrease both the employee contribution rate and the City's (and SREC's and SPFD's) matched contribution rate by up 1.00% of the member's compensation without further bargaining unit negotiation. Decreases are limited to once per fiscal year.

B. Subject to the provisions of this chapter and chapter 4.14 SMC, the board certifies to the head of each office or department the normal rate of contribution for each member provided for in subsection (A) of this section. The head of the department applies such rate of contribution to the compensation of each and every payroll; and each of said in-lieu amounts are paid by the director of accounting into the retirement fund, hereinafter provided for, and are credited by the board, together with contribution interest, to an individual account of the member for whom the contribution was made. Contribution interest is credited to each individual account at such periods as the board may determine. Any in-lieu payments contributed by the City (and SREC) are fully and immediately vested for the benefit of the employee immediately upon payment into the retirement fund.

C. The director of accounting transfers to the retirement fund an amount equal to the aggregate normal contributions as soon as administratively practicable following each payroll period.

Section 03.05.070 Employees' Retirement Fund

A. The City treasurer shall be the custodian of the retirement fund as provided in SMC 7.08.601. The retirement fund created hereby shall be a trust fund held for the exclusive benefit of the members of the retirement system and their beneficiaries. Except as provided under 3.05.240(B), no part of the corpus or income of the retirement fund shall be used for, or diverted to, purposes other than for the exclusive benefit of the members or their beneficiaries and the payment of fees and expenses of maintaining and administering the retirement system. All benefit formulas under SMC 3.05.160, SMC 3.05.165 SMC 3.05.166 and SMC 03.05.167 are encompassed within the retirement fund without separate accounting.

B. This section shall be interpreted to allow the following:

1. A return of the contribution to the City (or to SREC and SPFD, as applicable) or its application as a credit on future contributions after the board determines that the City (or SREC and SPFD, as applicable) has paid or overpaid the contribution under a mistake of fact.

2. The making of refunds required by law; and

3. Termination of the retirement system and distribution of its assets to the City (or to SREC and SPFD, as applicable) after all liabilities with respect to the members and their beneficiaries have been satisfied.

Section 03.05.080 City's Contribution

There shall be paid into the retirement fund by contributions of the City the amounts necessary to pay all pensions and other benefits allowable under this chapter to members on account of prior service and minimum allowances provided for in SMC 3.05.160, SMC 3.05.165 SMC 3.05.166, and SMC 3.05.167. SREC shall contribute to the retirement fund the amounts necessary to pay its share of the pensions and other benefits allowable under this chapter with respect to benefits accrued by SREC employees while SREC Members. SPFD shall contribute to the retirement fund the amounts necessary to pay its share of the pensions and other benefits allowable under this chapter with respect to benefits accrued by SPFD employees while SPFD Members. There shall also be paid into the retirement fund by contributions of the City (and SREC and SPFD, as applicable) the amounts necessary to pay its share of disability pensions allowable under this chapter. Until the amount accumulated in the retirement fund becomes at least as large as the present value of all amounts thereafter payable from said fund, the amount annually due to the said fund under this section shall be the amount payable from said fund in the ensuing fiscal year on account of prior service, disability, and minimum allowances above referred to.

Section 03.05.090 Released Matching Funds

Contributions by the City shall match contributions made by the employee or in-lieu payments. Similarly, contributions (i) by SREC shall match contributions made by SREC employees or in lieu payments by those during periods of time those employees are SREC Members and (ii) by SPFD shall match contributions made by SPFD employees or in lieu payments by those during periods of time those employees are SPFD Members. The City (and SREC and SPFD, as applicable) is not entitled to a repayment of the matching contributions made when an employee ceases to be employed by the City (or by SREC and SPFD, as applicable). All such contributions are identified as released matching funds to provide for future retirements. The City's (and SREC's and SPFD's) liability for prior service credits, disability pensions, minimum pensions, and military service is offset by the released matching funds.