

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. May 6, 2020
Conference Call-In Only

AGENDA

1. Bill Dowd and Bill Reid, SageView Consulting – Actuarial Valuation Report
 - Information
2. Contribution Rate
 - Motion
3. Ad-hoc
 - Motion
4. Minutes of the April 1, 2020 Meeting
 - Motion
5. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Deaths
 - Information
 - d. Expenditure Summary Report – March 2020
 - Motion
 - e. Schedule of Investments – March 2020
 - Information
 - f. Cash Reconciliation – April 2020
 - Information
 - g. Other Business
6. Other Business
7. Next Meeting - **Wednesday, June 3, 2020 at 1:00 p.m.**

****Please note:** The May SERS Board meeting will be held via [WebEx Meeting](https://spokanecity.webex.com/spokanecity/j.php?MTID=m65bca25f28759f9d9474e2884618f4a6).
<https://spokanecity.webex.com/spokanecity/j.php?MTID=m65bca25f28759f9d9474e2884618f4a6>

Meeting dial-in number: 1-408-418-9388
Meeting number (access code): 961 976 857
Meeting password: SERS



Spokane Employees' Retirement System December 31, 2019 Valuation Results

Presentation to the Board of
Administration

April, 2020

William Dowd, MAAA, EA, FCA
William J. Reid, EA, FCA

SEE
WHERE
YOU'RE
GOING



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Purpose of the Valuation



- » To determine the Actuarially Determined Contribution (ADC) rate for the fiscal year
- » To prepare financial statement disclosures in accordance with GASB 67/68 standards
- » To report on experience during the year
- » To inform the Board of any other developments that might impact the operation of the plan
 - Potential impact of pandemic and economic stimulus on
 - » Investment performance year to date and into the future
 - » Employment levels and future payroll growth as they relate to the required contribution rate
 - » City revenue and the ability to make required contributions

Changes Since Last Valuation



» Contribution Rates

- Employer and Employee contribution rates were both increased from 9.25% to 9.75%, effective the last pay period in 2019

» Legislative

- There were no negotiated or associated legislative changes since the last valuation

» Assumptions and Methods

- For purposes of financial reporting (GASB 67/68) a blended discount rate is used to determine Total Pension Liability if plan assets are projected to be depleted at some future date
- As a result of the negotiated changes in contribution rates effective in December of 2017, a blended discount rate no longer applies
- This will continue to be the case as long as contribution rates are adjusted up to +/- 1% each year when warranted in order to cover the ADC

Measures of Risk



- » Risk may be broadly defined as the chance an outcome or result will differ from the expected outcome or result. In the context of defined benefit pension plans risk is the potential for the future financial condition of the plan to deviate from that expected due to future actual experience different from assumed or expected experience. Some of the more significant risks are described below. Please let us know if you would like us to quantify or model these risks or any others in more detail.
- **Investment risk** is the risk that actual investment returns differ from the assumed rate of return. Investment returns can be very volatile. Even if the assumed rate of return is realized over the long term, this volatility can lead to significant swings in the plan's funded status and contribution requirement from year to year. Furthermore there is the risk that the assumed rate of return may not be realized.
 - **Interest rate risk** is the risk that future interest rates differ from expected interest rates. The interest rate is used to discount future expected benefit payments in order to determine a plan's liability as of the measurement date. Higher interest rates result in lower liabilities and lower interest rates result in higher liabilities.
 - **Asset/Liability mismatch risk** is the risk that changes in future asset values are not matched by changes in the value of plan liabilities. Both assets and liabilities are sensitive to interest rates however the same change in interest rates may have differing impact on assets versus liabilities both in terms of direction and magnitude. Matching the duration of interest rate sensitive assets in the plan's portfolio with the duration of the plan's liabilities (see Interest Rate Risk above) is a method that can be employed to protect the plan's funded status from interest rate fluctuations.
 - **Longevity risk** is the risk that mortality experience will be different than expected. Since the plan is not large enough to have credible mortality experience, standard tables are used. The standard tables are comprised of "base rates" and a mortality improvement projection scale which anticipates continued improvement in mortality in the future. If plan participants live longer than expected, the cost of providing lifetime benefits increases and vice versa.
 - **Contribution risk** is the risk that required contributions as determined by the actuary are not made.

Other Maturity Measures

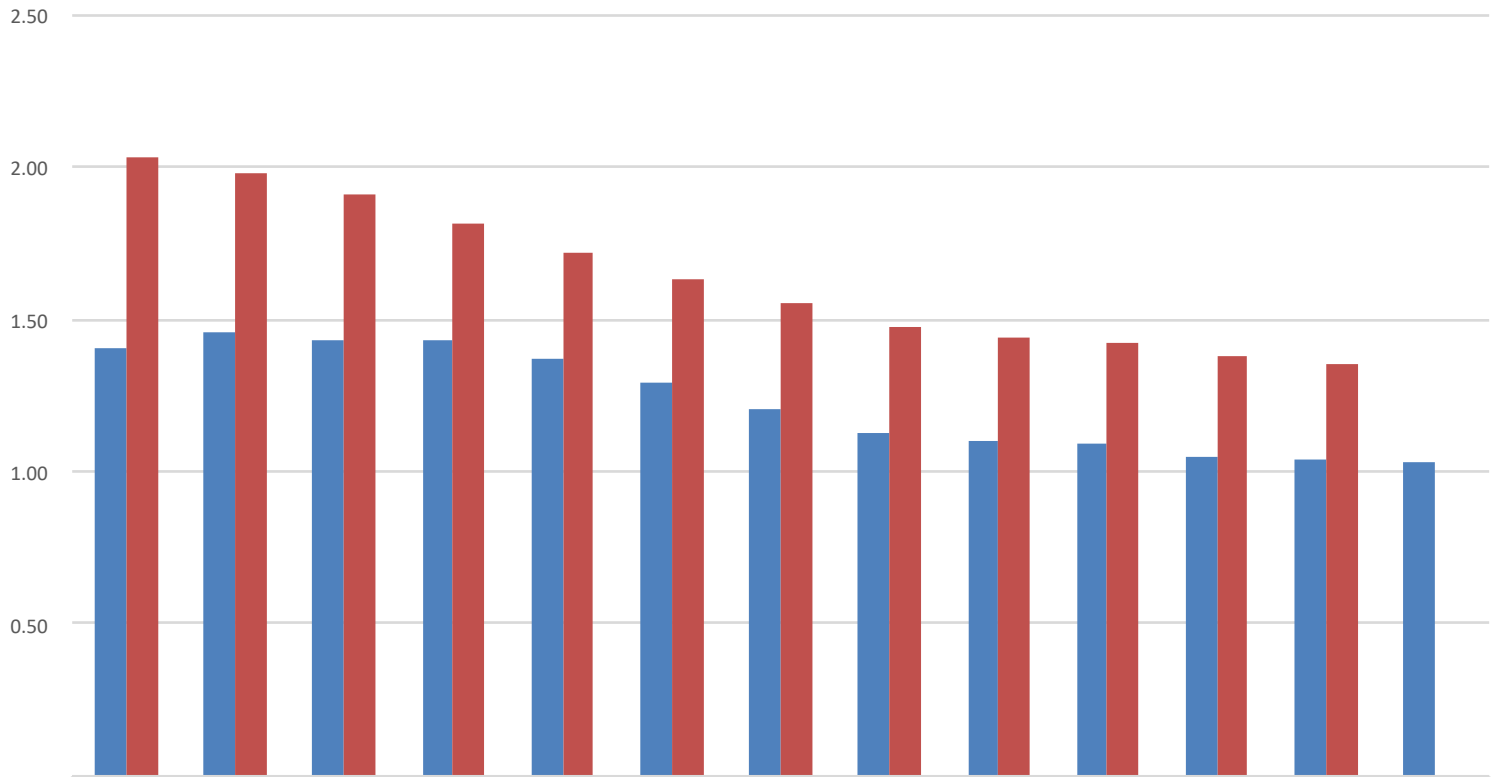


- » Plan maturity measures are ratios intended to measure the maturity level of a plan. As a plan becomes more mature contribution requirements become more sensitive to investment volatility and more conservative investment strategies may be considered if volatility is a concern.
 - Ratio of retired life liability to total liability: .59
 - » A high ratio of retired life liability to total liability indicates a larger proportion of the liability is due to "fixed" benefit amounts. As a result, attempts to mitigate fluctuating contribution requirements through plan amendments affecting future benefit accruals will have less of an impact.
 - Ratio of net cash flow to market value of assets: (.04)
 - » Net cash flow represents contributions received for the year less benefit payments and expenses. Investment income is excluded. A large negative ratio indicates a significant percentage of the assumed rate of return must be realized to cover the annual cash outflow.
 - Ratio of benefit payments to contributions: 1.56
 - » A high ratio of benefit payments to contributions indicates the extent to which investment return is relied upon to improve the funded status and reduce future costs. A fully funded plan would expect benefit payments to equal or exceed contributions.

Maturity Ratio



Active Members per Retiree

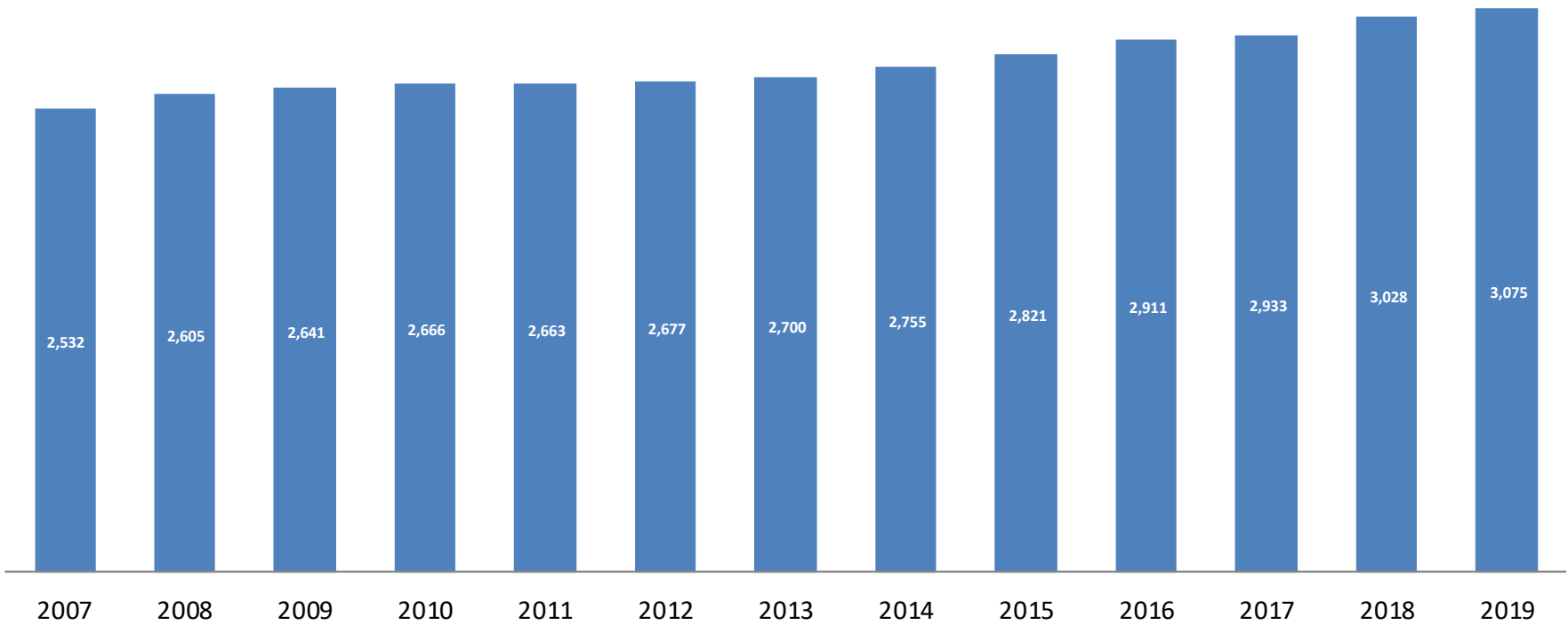


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
■ SERS	1.41	1.46	1.43	1.43	1.37	1.29	1.21	1.13	1.10	1.09	1.05	1.04	1.03
■ NASRA Survey	2.03	1.98	1.91	1.82	1.72	1.63	1.55	1.48	1.44	1.42	1.38	1.35	

Membership History



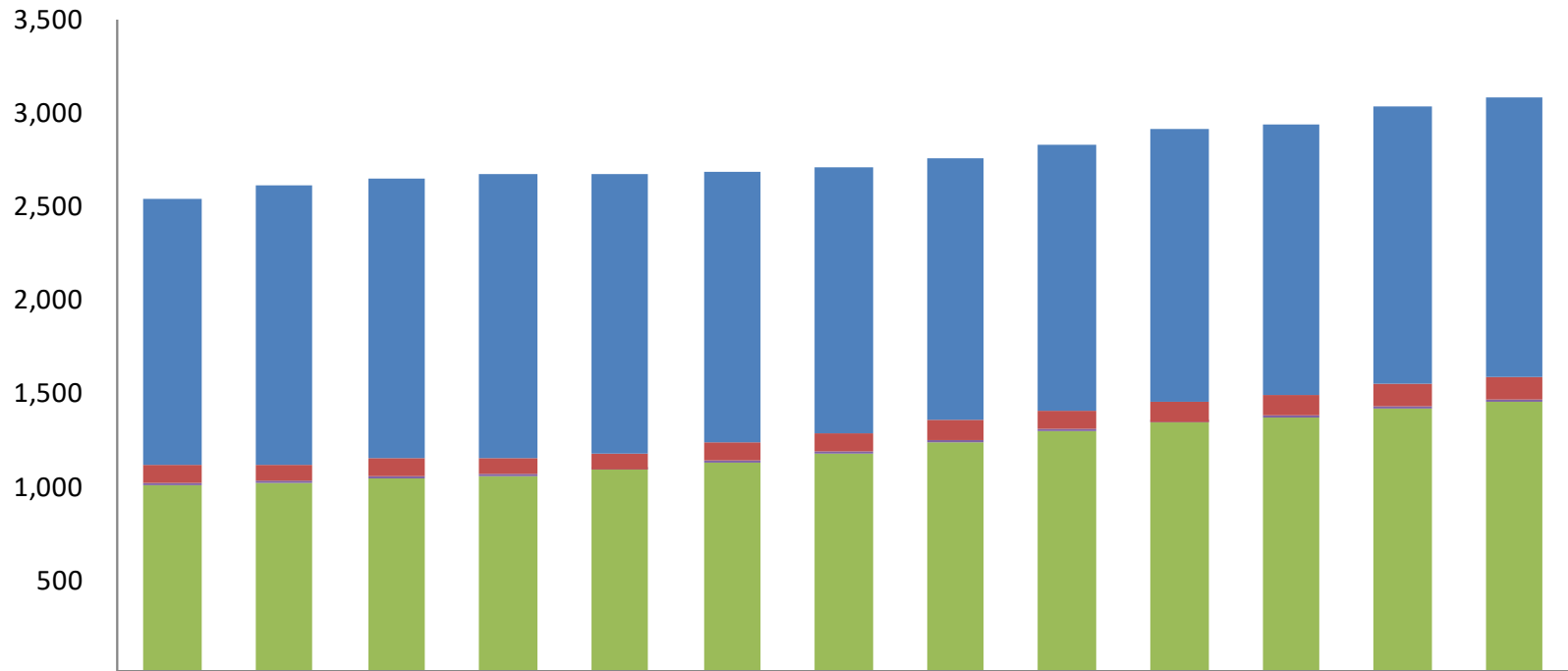
Total Membership



Membership History



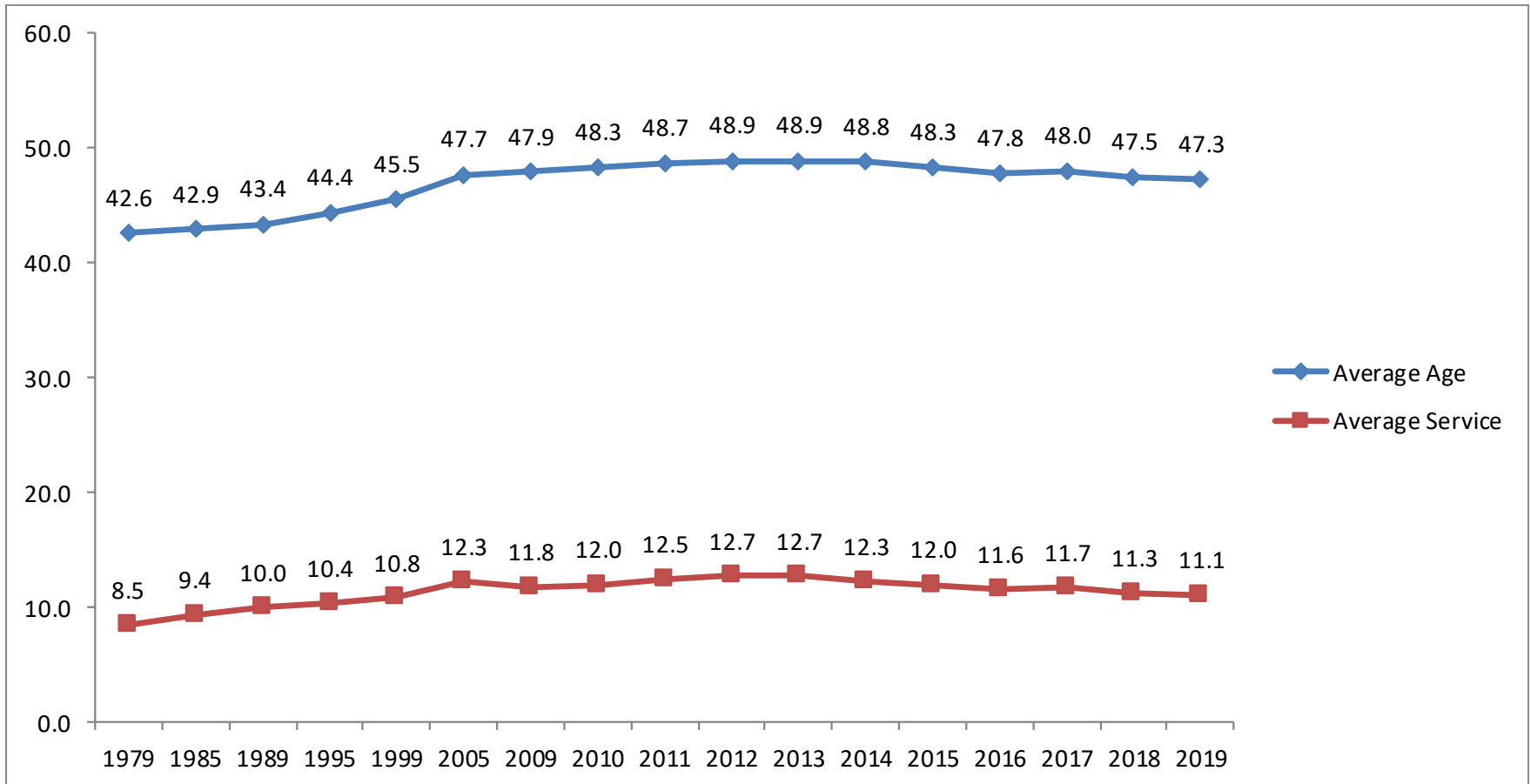
Membership Breakdown



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Active	1,425	1,492	1,501	1,516	1,491	1,453	1,422	1,407	1,424	1,460	1,444	1,481	1,499
Term Vested	99	94	89	90	84	96	98	105	97	109	113	123	119
Disabled	13	11	10	10	9	9	9	9	9	9	9	9	8
Retirees	995	1,008	1,041	1,050	1,079	1,119	1,171	1,234	1,291	1,333	1,367	1,415	1,449

Age and Service History

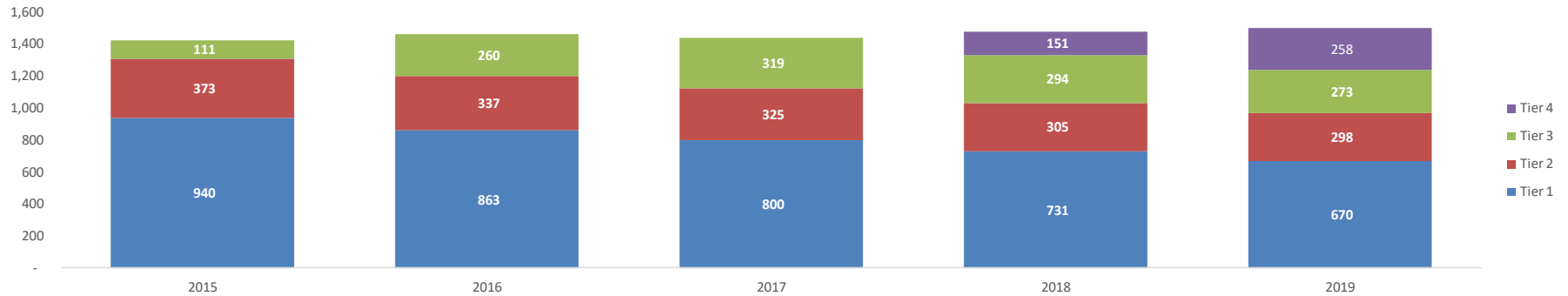
Active Members



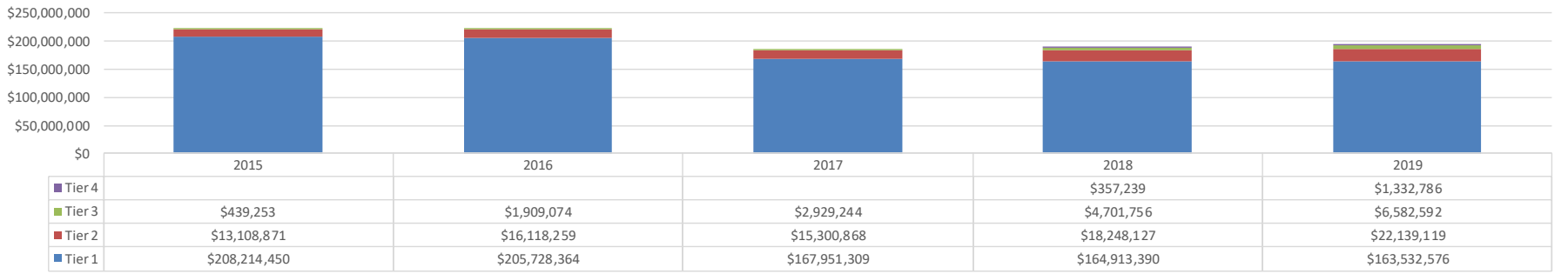
Benefit Tiers



Active Membership



GASB 67/68 Liability
Active Members



Demographics



	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>
Number of Members:			
Retirees	1,284	1,253	31
Beneficiaries	165	162	3
Disabled	8	9	(1)
Terminated Vested	64	71	(7)
Portables	55	52	3
Active	1,499	1,481	18
Total Members	3,075	3,028	47
Projected Compensation for Coming Year	111,746,539	107,017,146	4,729,393
Average Compensation for Coming Year	74,547	72,260	2,287
Average Age (Active Members)	47.26	47.49	(0.23)
Average Service (Active Members)	11.11	11.25	(0.14)
Annual Retirement Allowance	30,465,677	28,940,185	1,525,492
Average Annual Retirement Allowance	20,910	20,323	587
Average Monthly Retirement Allowance	1,743	1,694	49

Fiduciary Net Position

GASB 67/68 Terminology for Market Value of Assets



ASSETS

1. Cash		138,989
2. Short-term investments		802,670
3. Receivables		
a. Interest and Dividends	200,409	
b. Redemption Receivable	0	
c. Other receivables	13,364	
d. Total Receivables		<u>213,773</u>
4. Investments, at fair value		
a. U. S. Fixed Income	34,497,331	
b. International Fixed Income	4,335,694	
c. U.S. Equities	108,337,917	
d. International Equities	58,286,239	
e. Real Estate	26,471,829	
f. Alternatives	84,399,383	
g. Total Investments		<u>316,328,393</u>
5. Capitalized software, net of accumulated amortization		211,788
6. Total Assets		<u>317,695,613</u>

LIABILITIES

1. Accounts Payable	96,261	
2. Current portion employee salary & benefits	15,191	
3. Employee leave benefits	28,684	
4. Other current liabilities	13,111	
5. Total Liabilities		<u>153,247</u>

NET POSITION

317,542,366

Change in Fiduciary Net Position



ADDITIONS

1. Contributions		
a. Employer	9,824,717	
b. Plan Members	9,827,760	
c. Miscellaneous Revenue	-	
d. Total Contributions		19,652,477
2. Investment Earnings:		
a. Net increase (decrease) in fair value of investments	44,429,487	
b. Interest, dividends and other investment income	6,183,982	
c. Total Investment Earnings (loss)		<u>50,613,469</u>
d. Less: investment expense		<u>446,741</u>
e. Net investment earnings (loss)		<u>50,166,728</u>
Total additions		<u>69,819,205</u>

DEDUCTIONS

1. Pension benefits	30,055,864	
2. Refund of contributions	544,438	
3. Administrative expenses	555,763	
Total deductions		<u>31,156,065</u>
Change in net assets:		38,663,140
Prior period adjustment		0
Plan Fiduciary Net Position, 12/31/2018		<u>278,879,226</u>
Plan Fiduciary Net Position, 12/31/2019		<u>317,542,366</u>

Actuarial Asset Value Used to determine the ADC

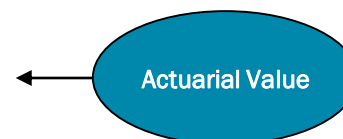


1. Total Market Value of Net Assets, 12/31/2018	278,879,226
2. Expected Return for Plan Year	20,492,356
3. Actual Return for Plan Year	50,166,728
4. Total Market Value of Net Assets, 12/31/2019	317,542,366
5. Determination of Deferred Gain (Loss)	

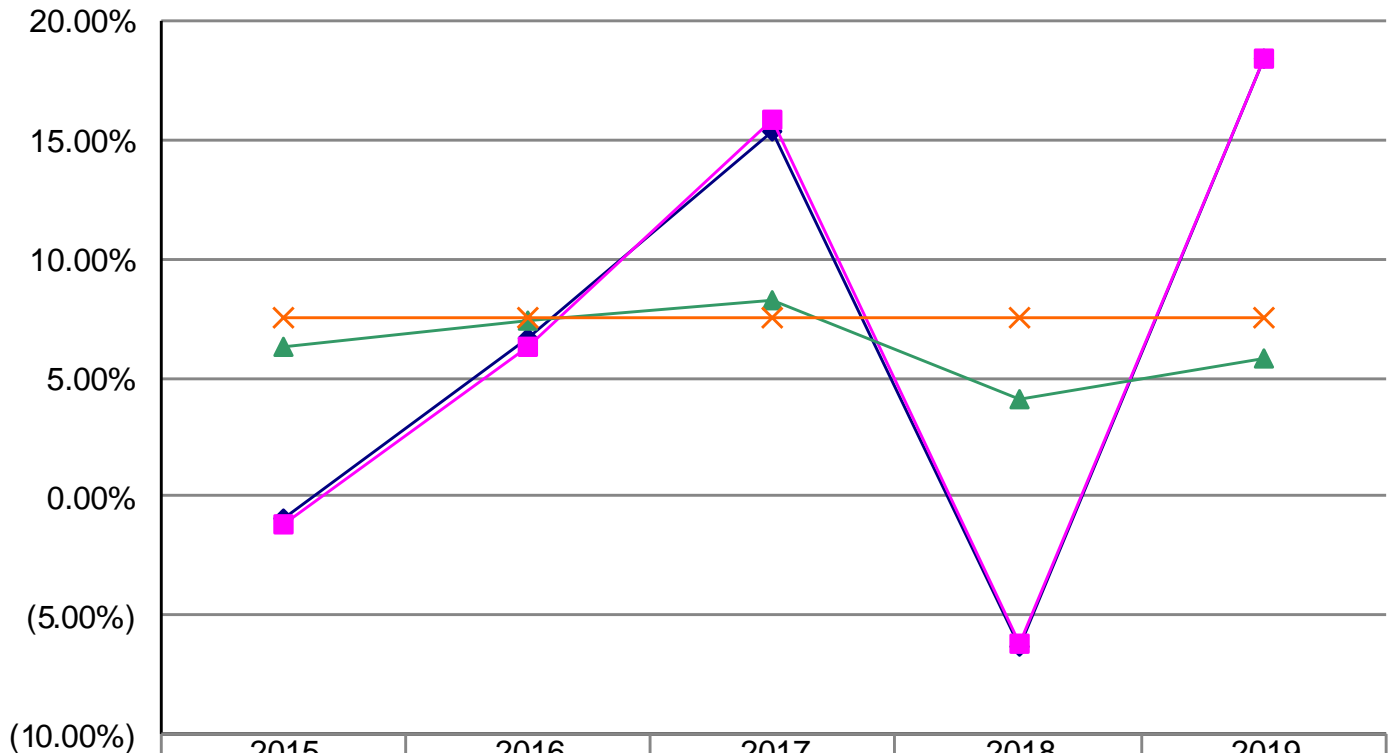


<u>Fiscal Year</u>	<u>Actual vs. Expected Return</u>	<u>Amount Recognized This Year</u>	<u>Portion Deferred</u>	<u>Deferred Amount</u>
2019	29,674,372	5,934,874	4/5	23,739,498
2018	(41,457,145)	(8,291,429)	3/5	(24,874,287)
2017	22,719,457	4,543,891	2/5	9,087,783
2016	(3,186,861)	(637,372)	1/5	(637,372)
2015	(24,284,229)	(4,856,846)	0/5	0
Total	(16,534,406)	(3,306,882)		7,315,622

6. Preliminary Smoothed Fair Value of Net Assets (4. - 5.)	310,226,744
7. Ratio of Preliminary Smoothed Fair Value to Market Value	97.70%
8. Smoothed Fair Value of Net Assets (6., but not less than 90% nor more than 110% of 4.)	310,226,744
9. Ratio of Smoothed Fair Value to Market Value	97.70%
10. Approximate Rate of Return on Smoothed Fair Value of Net Assets	5.75%



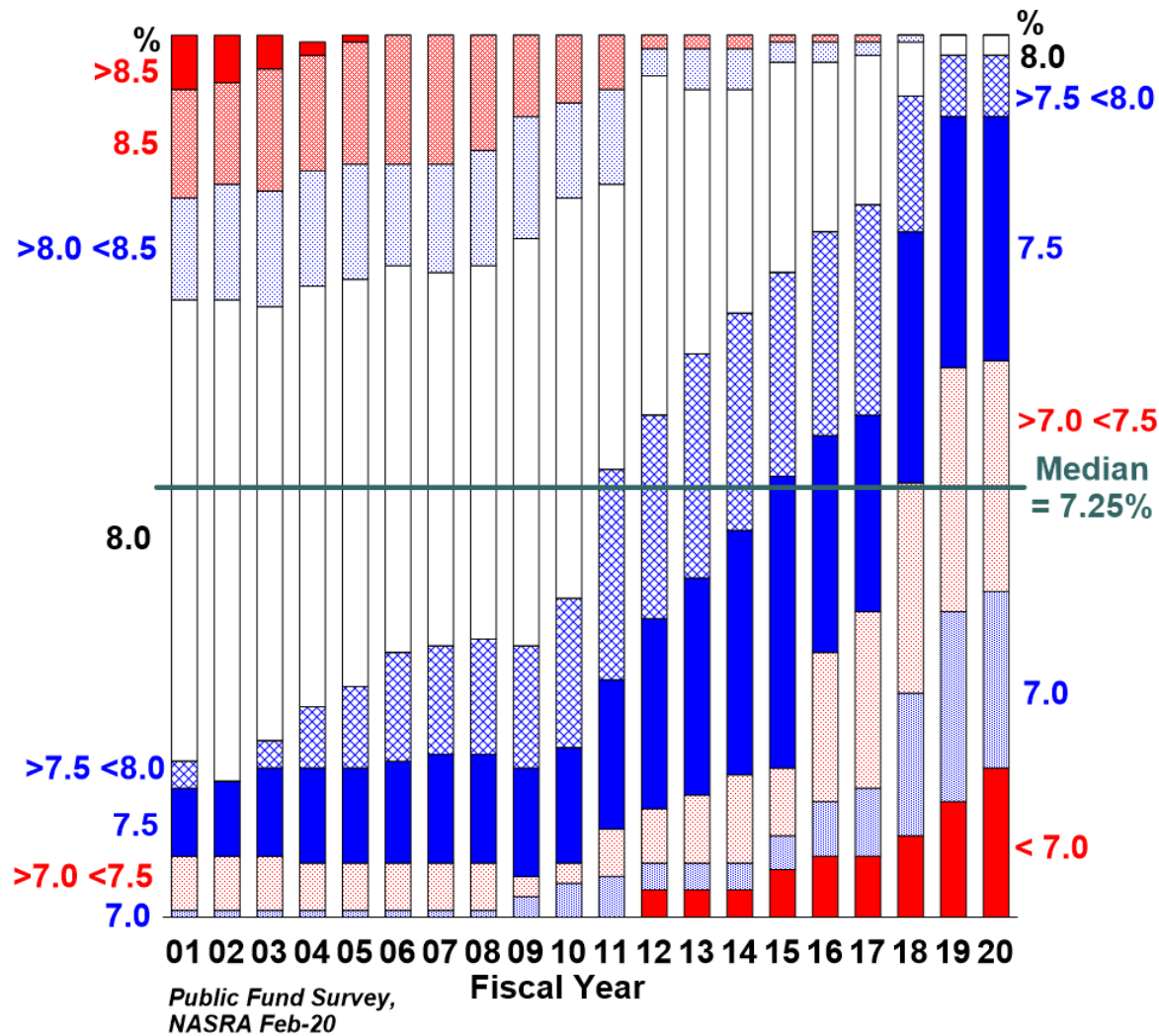
Rates of Return



	2015	2016	2017	2018	2019
◆ Invested Value Return	(0.94%)	6.70%	15.40%	(6.30%)	18.40%
■ Total Value Return	(1.15%)	6.31%	15.87%	(6.17%)	18.37%
▲ Actuarial Value Return	6.35%	7.35%	8.25%	4.12%	5.75%
✕ Assumed Return	7.50%	7.50%	7.50%	7.50%	7.50%

Assumed Investment Return

Source: NASRA 2020 Public Fund Survey

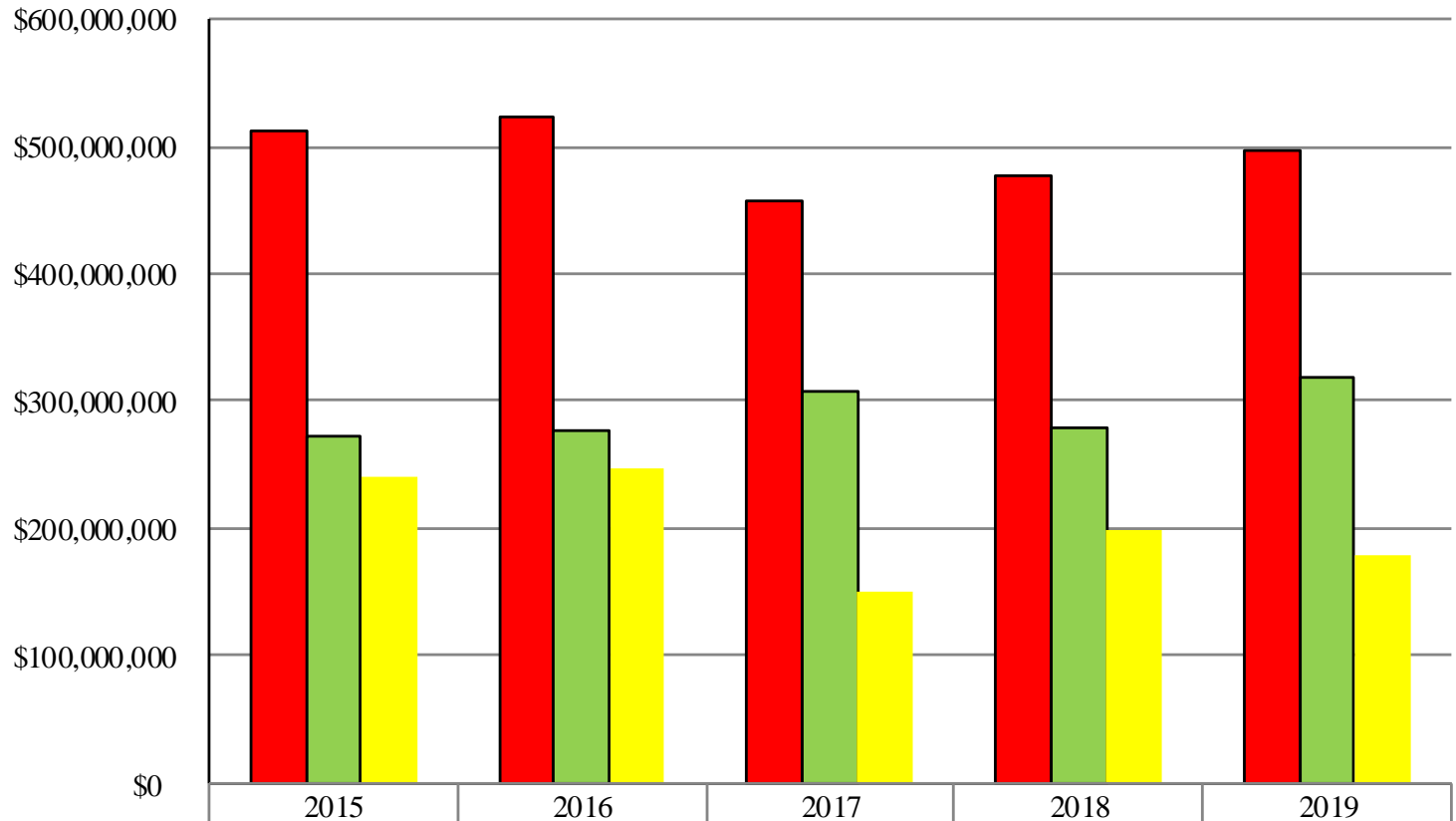


SERS 7.50%

Median decreased from 7.38% in 2019

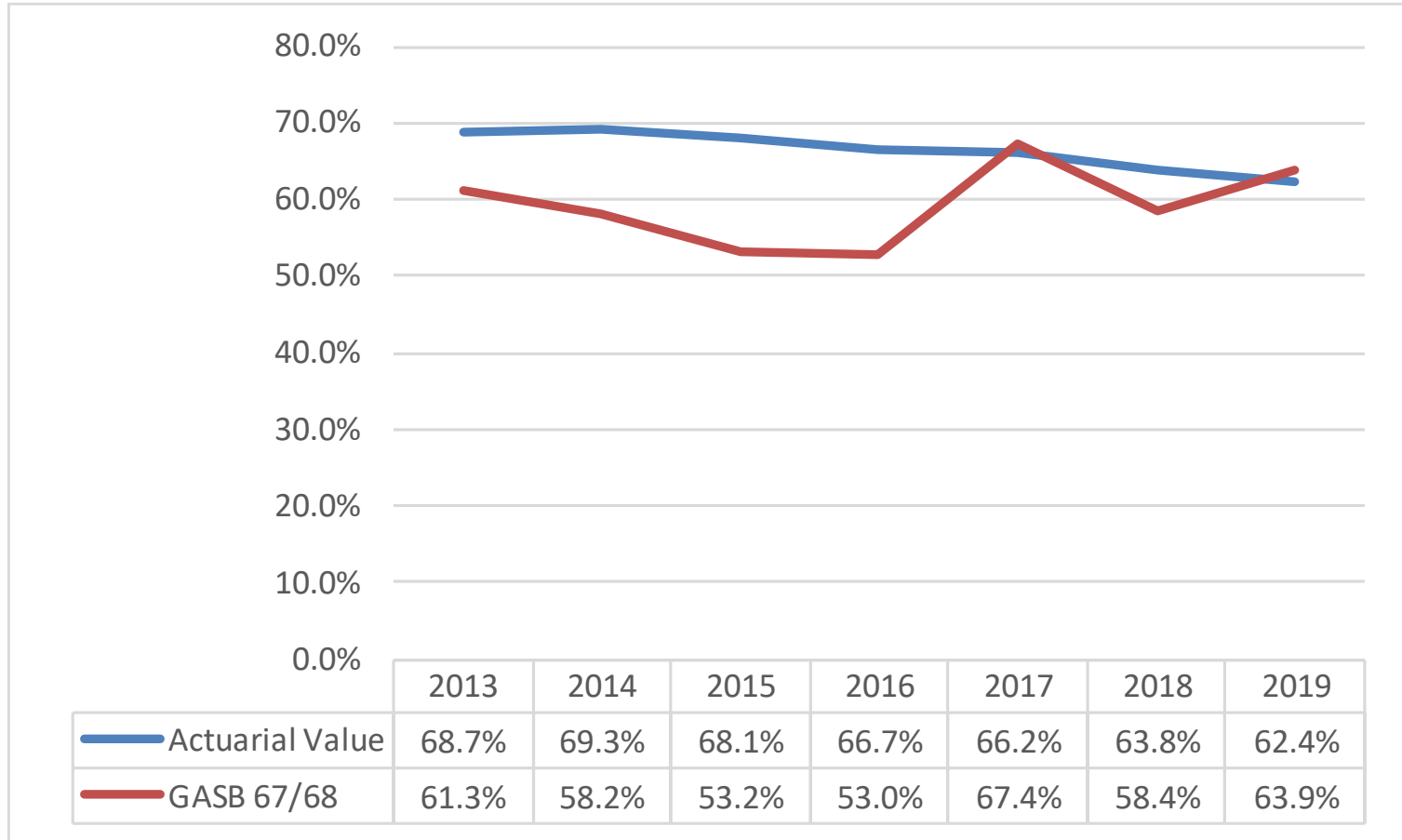
Net Pension Liability

GASB 67/68



	2015	2016	2017	2018	2019
■ Total Pension Liability	\$512,023,333	\$523,734,979	\$458,119,623	\$477,240,443	\$496,987,271
■ Plan Fiduciary Net Position	\$272,301,291	\$277,331,781	\$308,637,220	\$278,879,226	\$317,542,366
■ Net Pension Liability	\$239,722,042	\$246,403,198	\$149,482,403	\$198,361,217	\$179,444,905

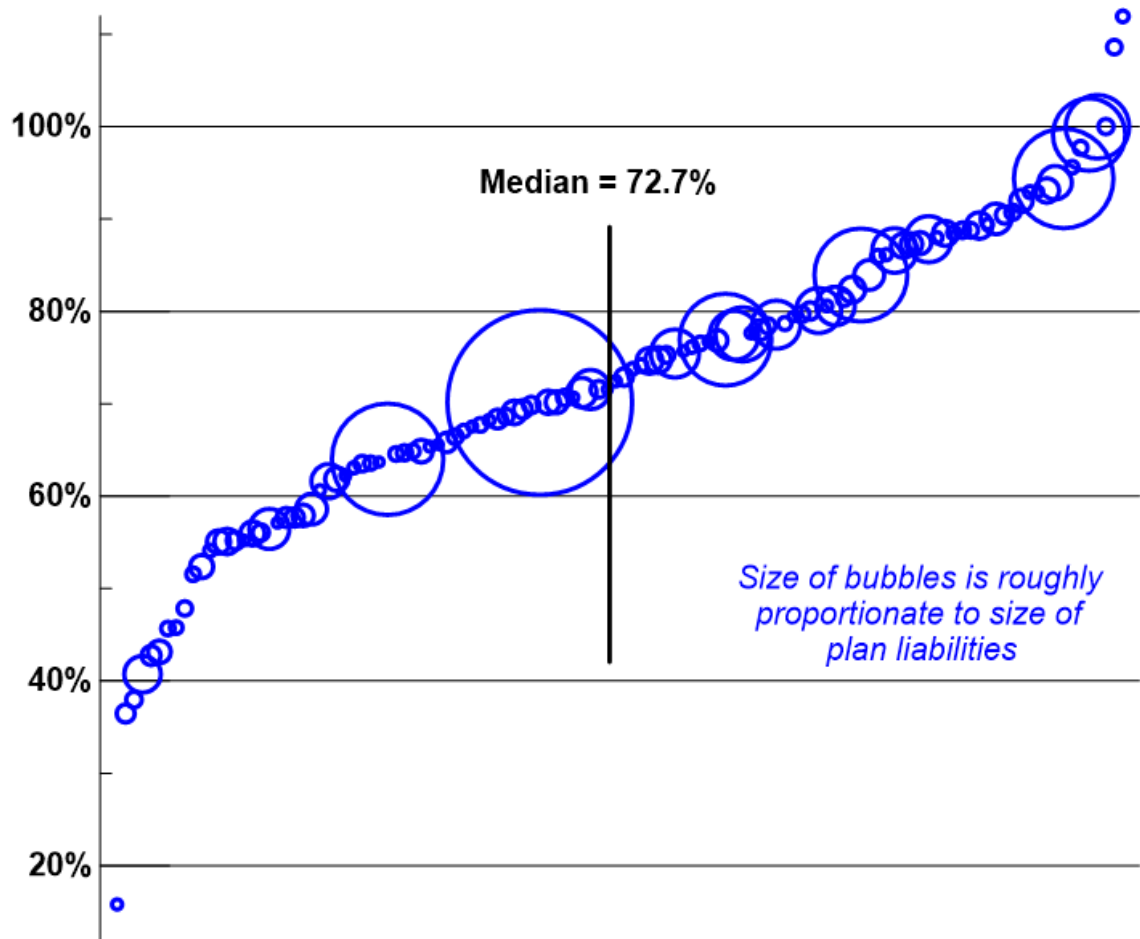
Funded Status



- » The actuarial value funded % is calculated using a discount rate of 7.50% (i.e. the long term expected rate of return) and the smoothed actuarial value of assets.
- » The GASB 67/68 funded % was calculated using the blended discount rate prior to 2017. (5.75% in 2013; 5.50% in 2014 and 2015, 5.75% in 2016); beginning in 2017, the 7.50% long term expected rate of return was used. Assets are at market value.

Pension Funded Ratio

Source: NASRA 2019 Public Fund Survey



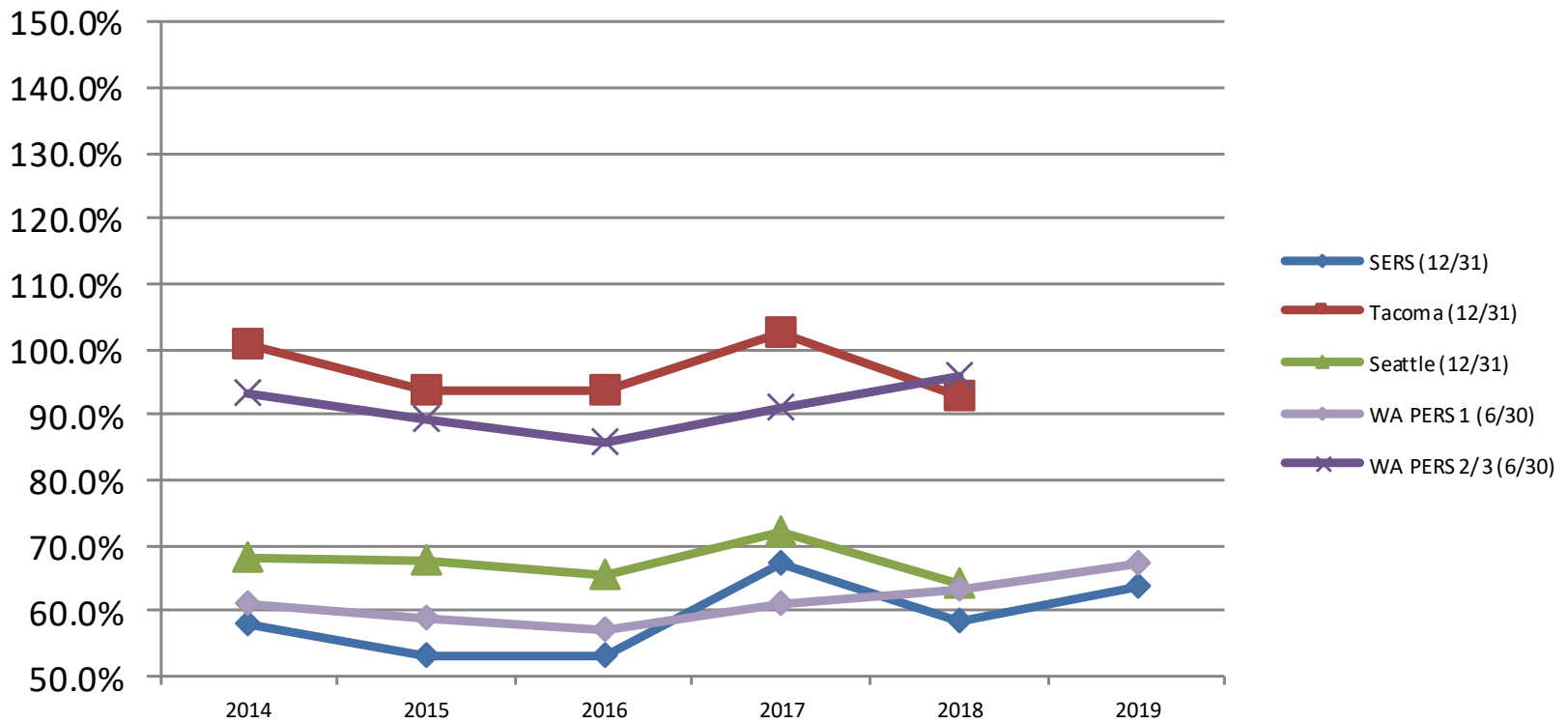
Public Fund Survey
Dec-19

Funded Status

Comparison with other systems

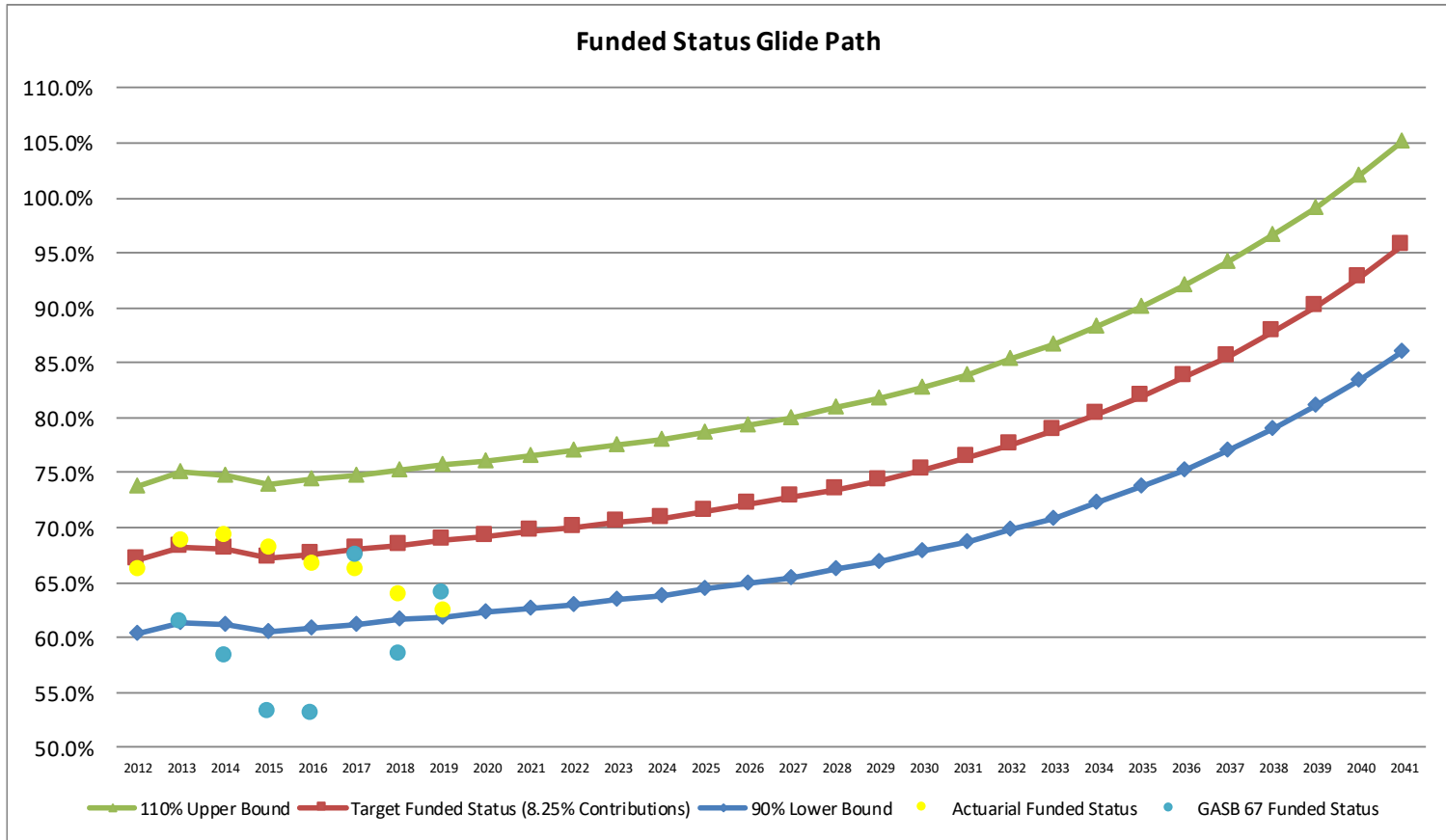


GASB 67 Funded Status



Funded Status Glide Path

Based on Actuarial Value of Assets



- » At the November 2012 meeting, the Board voted to adopt a glide path strategy to monitor the funded status (based on actuarial asset value) versus a target based to ensure the funded status does not stray more than 10% above or below the target from year to year
- » The chart above indicates the actuarial funded status has strayed from target as of 12/31/19 but is still barely within the +/- 10% range
- » The GASB 67 funded status was not reported back in 2012; it is much more volatile because market value fluctuations are not smoothed

Contribution Rate - Net of Employee Contributions

City and Employee Contribution Rates are Currently 9.75%



1. Actuarially Determined Employer Contribution Amount

a. Normal Cost	(689,224)	
b. Amortization Charges	12,061,534	
c. Total		11,372,310

2. Actuarially Determined Employer Contribution Rate

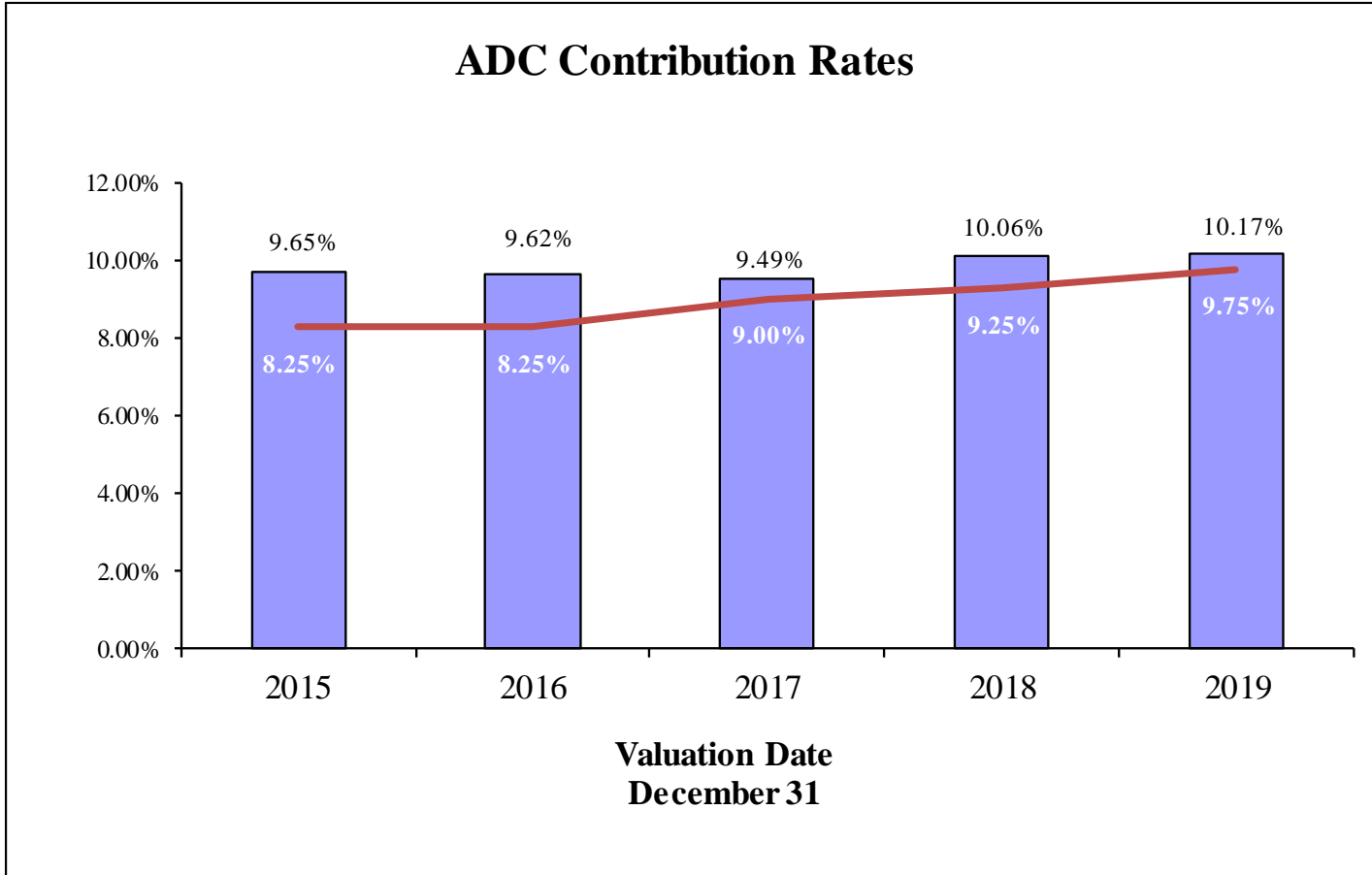
a. Normal Cost	-0.62%	
b. Amortization Charges	10.79%	
c. Total		10.17%

3. Projected Pay for the Upcoming Year

111,746,539

Note:
Total ADC
including
member
contributions is
19.92%

Contribution Rates



Actual
Contribution
Rate;
Increased to
9.75%
December,
2019

Contribution Rates



- » The ADC, including employee and City contributions, is a total of 19.92% of pay.
- » Currently, both the City and employees are contributing 9.75% of pay to SERS. This is a combined total contribution rate of 19.50% which is less than the ADC.
 - Recent labor agreements allow for annual increases of up to 1% of pay by both the employee and the City if approved by the Retirement Board and the City Council
 - A rate of 10.00% by employees and the City would satisfy the ADC
 - The Board needs to decide when the ADC rate has changed enough to initiate a formal request for an increase in contribution rates keeping in mind that a failure to increase rates when warranted might eventually lead to the use of a blended discount rate for GASB 67/68 reporting.

Schedule of Contributions

GASB 67/68 Schedule



<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Percentage Contributed</u>
12/31/2012	8,325,936	6,937,750	1,388,186	89,519,355	7.75%
12/31/2013	8,237,317	6,715,376	1,521,941	86,650,013	7.75%
12/31/2014	8,292,066	6,822,279	1,469,787	86,139,886	7.92%
12/31/2015	9,069,276	7,398,945	1,670,331	89,684,182	8.25%
12/31/2016	9,853,762	7,586,362	2,267,400	91,955,903	8.25%
12/31/2017	9,765,949	8,113,319	1,652,630	98,343,261	8.25%
12/31/2018	10,044,342	9,187,420	856,922	102,082,444	9.00%
12/31/2019	11,078,489	9,824,717	1,253,772	106,213,157	9.25%

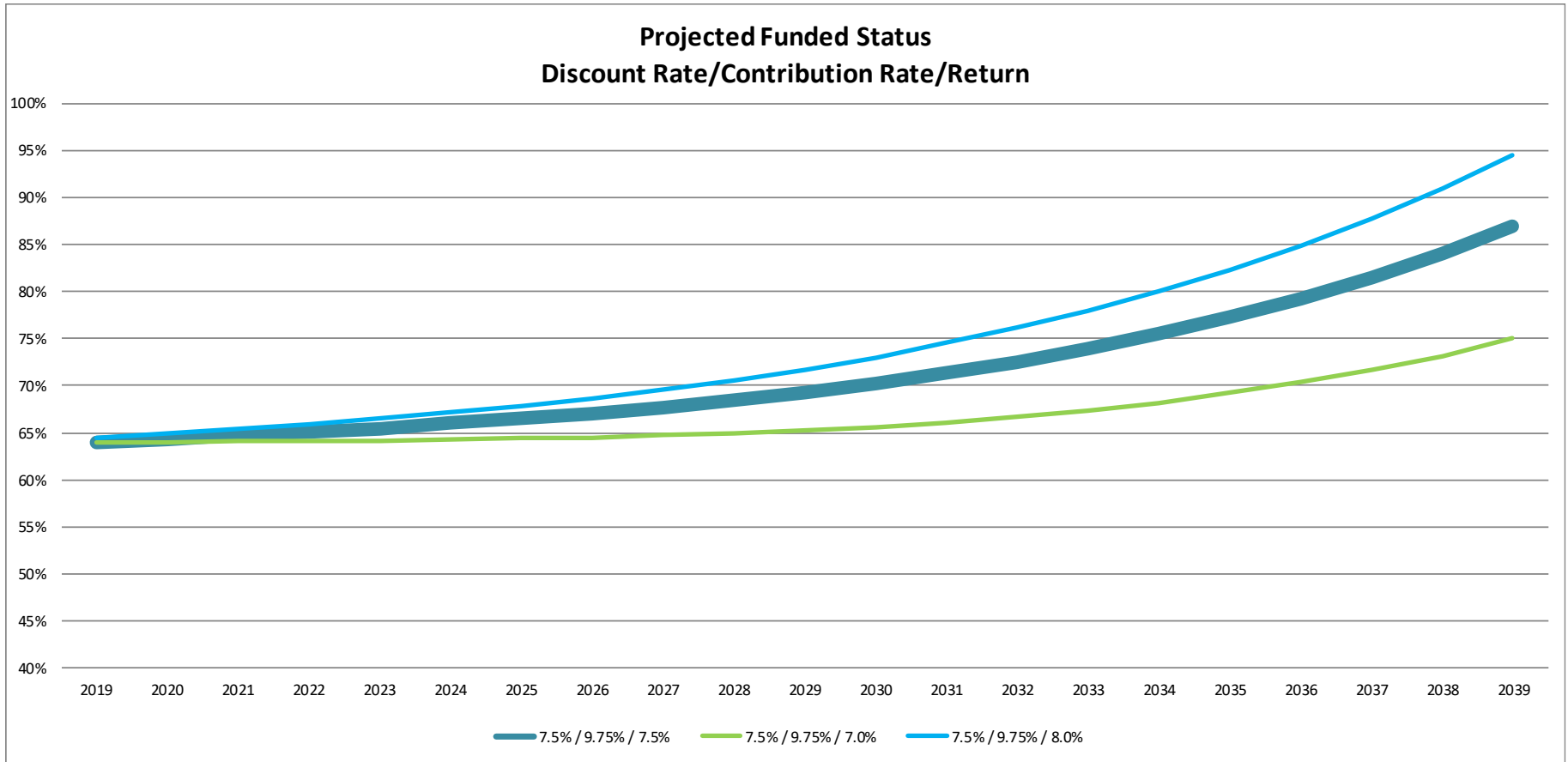
Funded Status Projections



- » Active membership assumed to remain level in the future
 - Assumes new employees will be hired to replace retiring or otherwise terminating employees
 - New hires have same profile as average new hires during the past year
 - » Age 37 (males) 39 (females)
 - » Salary \$48,000
 - We believe this is a better projection for understanding the potential long term health of the plan
- » Assumptions
 - Discount rates
 - » 7.50% (used to determined the ADC and current GASB 67/68 reporting)
 - Contribution rates
 - » 9.75% City and employee contribution rates as well as 10.00%
 - 7.50% annual return +/- 50bps
 - All other actuarial assumptions realized

Funded Status Projections

Current Contribution Rates (9.75%)

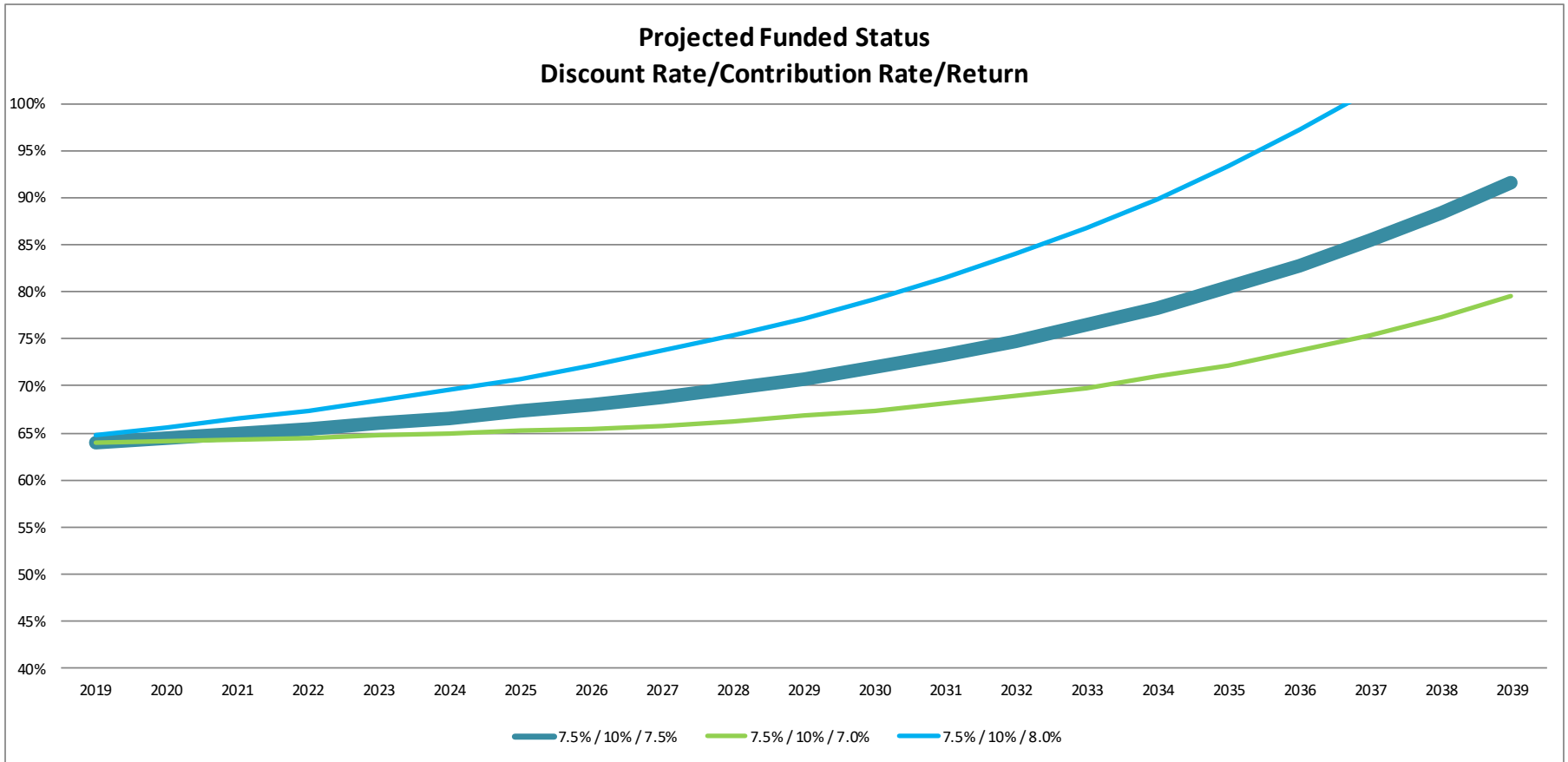


Funded Status Projections

Contribution Rates 10.00%



Projected Funded Status
Discount Rate/Contribution Rate/Return



Ad-Hoc Increase



- » The funded status is less than 90%, therefore an ad-hoc increase should not be granted based on the Board policy

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
April 1, 2020

The regular monthly meeting was called to order at 1:04 p.m. via conference call.

Present: Mike Coster, Jim Tieken, Joe Cavanaugh, Michael Cathcart, Dean Kiefer, Brian Brill, and J.D. Morscheck

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

Guests: Natalie Hilderbrand and Richard Czernik

Minutes of the March 4, 2020 Meeting

Joe Cavanaugh moved and Den Kiefer seconded the motion to approve the minutes of the March 4, 2020 meeting as presented.

Director's Report

Service Retirements

<i>Name</i>	<i>Age</i>	<i>Retirement Date</i>	<i>Years of Service</i>	<i>Option</i>
Michele Y. Vazquez	58	01/01/2020	1.8 (Portability)	ST
George G. Robb	72	03/20/2020	21.4	E
Rama D. Allen	57	04/04/2020	20.9	D
Dean L. Earls	61	04/04/2050	40.0	E
Michael V. Cash	54	05/02/2020	27.2	C-10
Bruce A. Brurud	61	09/02/2020	23.1	D

Dean Kiefer moved and Jim Tieken seconded the motion to approve the service retirements as amended on the April Retirement Transaction Report. The motion passed unanimously.

Withdrawals for April 2020

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Jake K. Burgess	1.8	02/11/2020

Jim Tieken moved and Dean Kiefer seconded the motion to approve the request for withdrawal as presented on the April Retirement Transaction Report. The motion passed unanimously.

Deaths

<u>Name</u>	<u>Date Retired</u>	<u>Age</u>	<u>Date of Death</u>	<u>Information</u>
Dorothy C. Frome	06/05/1999	76	03/04/2020	No Further Benefits
Priscilla D. Garland	Active	44	03/04/2020	Beneficiary Withdrawal
Molly L. Goldschmidt	Active	36	02/08/2020	Beneficiary Withdrawal

Death information provided to the Board for review.

Expenditure Summary Report – February 2020

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

Joe Cavanaugh moved and Dean Kiefer seconded the motion to approve the February 2020 Expenditure Summary Reports. The motion passed unanimously.

Schedule of Investments – February 2020

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on February 29, 2020 was \$299.5 million with an estimated monthly rate of return of -4.4%.

Mr. Tencick presented a rebalancing report showing the initial results for investment performance in March. Performance was shown for the publicly traded investments with market values available as of March 31st. Markets were down significantly for the month, with equities posting the largest losses. As a result, the portfolio will likely exceed the normal range for strategic allocation as of the end of the quarter. With the uncertainty of the economic impact of COVID-19 and the high market volatility, rebalancing to target weights will be postponed and done through regular cash flows in and out of the plan.

Monthly Cash Reconciliation

The monthly cash reconciliation report for March 2020 was presented to provide the Board with additional insight into the ongoing liquidity and cash position of the plan. Cash positions were higher during the month to provide liquidity for pension payments and reduce market risk.

Other Business

Mr. Tencick informed the Board that the Morrison Fund VI commitment was finalized at the end of February. The valuation was as of the end of the first quarter, March 1, 2020, but due to the drop in the market, SERS will delay finalizing until the second quarter.

Mr. Tencick also informed the Board that a trading error during the Mid Cap Growth transition was favorably settled. The sale order for the redeeming Vanguard fund was submitted before the daily cutoff on March 13th, but due to a system error, US Bank did not receive the order before markets closed. As a result, the sale occurred on March 16th, resulting in a loss of \$491 thousand compared to the prior close. US Bank will refund this difference with proceeds expected by the end of the week.

COVID-19 Update

Mr. Tencick informed the Board due to COVID-19 and Governor Inslee's 'Stay Home, Stay Healthy' order, the Retirement Staff is working remotely.

Other Business

The SERS Election for the term Joe Cavanaugh was appointed to is scheduled for April 14, 2020. City Legal and City Clerks' have recommended delaying the election due to COVID-19 and the 'Stay Home, Stay Healthy' order by Governor Inslee.

Jim Tieken moved and Dean Kiefer seconded the motion to delay the election two months, with nominations due June 9, 2020 and the election to occur on July 14, 2020, with implementation via mayoral proclamation. The motion passed unanimously.

There being no other business, the meeting adjourned at 1:30 p.m.

Phillip Tencick, Retirement Director

SERS Retirement Transaction Report

May 2020

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Heather L. Trautman	50	05/01/2020	23.2	Neighborhood Services	E
2	Cheryl E. Miller	61	05/02/2020	14.3	Parks & Recreation	ST
	Retirements YTD	21				
	2019 Total Retirements	69				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Charles R. Fechner	0.5	Advanced Wastewater Treatment	09/20/2019
2	Shea M. Courtney	1.2	Street	12/19/2019
3	Catherine A. Ost	2.3	My Spokane	03/04/2020
4	Thomas S. Bartridge	0.2	Human Resources	03/10/2020

Vesting

	Name	Department	Years of Service
1	Adam W. Papini	Legal	19.7
2	Angeline R. Chirowamangu	Accounting	8.6

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Mary M. Shane	11/03/1999	74	03/16/2020	No Further Benefits
2	Gregory G. Shields	08/02/2013	69	03/22/2020	No Further Benefits
3	David B. Tatro	11/03/2007	77	03/27/2020	No Further Benefits
4	Travis H. Cox	11/21/2001	68	04/11/2020	No Further Benefits

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2020 EXPENDITURE SUMMARY REPORT
MARCH 31, 2020

	2019 ACTUAL	2020 BUDGET	MARCH ACTUAL EXPENDITURES	2020 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	308,884.99	329,274.00	24,234.50	70,075.92	259,198.08	21.3%
Departmental Benefits	61,457.99	63,101.00	5,043.07	15,124.32	47,976.68	24.0%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(21,009.35)	(10,000.00)	-	-		
Postage/Supplies/Other	1,217.16	5,200.00	76.33	174.94	5,025.06	3.4%
State Audit Charges	11,146.55	15,000.00	102.41	261.90	14,738.10	1.7%
Contractual Services	133,696.37	175,000.00	9,015.00	9,363.00	165,637.00	5.4%
Travel	3,489.45	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	810.00	16,000.00	5,495.00	5,495.00	10,505.00	34.3%
Other Dues/Subscriptions/Membership	2,273.80	2,500.00	-	160.00	2,340.00	6.4%
Other Miscellaneous Charges	3,135.88	2,300.00	55.00	270.12	2,029.88	11.7%
Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	522,751.84	623,375.00	44,021.31	100,925.20	532,449.80	16.2%
INTERFUND EXPENDITURES						
Interfund - Office Performance Mgmt Services	4,189.36	389.00	-	389.00	-	100.0%
Interfund - Centralized Purchasing	1,251.65	516.00	-	129.00	387.00	25.0%
Interfund - Centralized Accounting	2,016.40	1,917.00	-	479.25	1,437.75	25.0%
Interfund - Risk Management	584.00	586.00	-	146.50	439.50	25.0%
Interfund - Worker's Compensation	122.00	134.00	-	33.50	100.50	25.0%
Interfund - Reprographics	9,376.27	5,000.00	1,017.77	2,152.65	2,847.35	43.1%
Interfund - IT	12,896.37	39,237.00	3,269.75	6,539.50	32,697.50	16.7%
Interfund - IT Replacement	1,965.00	1,827.00	152.25	304.50	1,522.50	16.7%
Interfund - My Spokane	609.90	580.00	-	145.00	435.00	25.0%
TOTAL INTERFUND EXPENDITURES	33,010.95	50,186.00	4,439.77	10,318.90	39,867.10	20.6%
TOTAL ADMINISTRATIVE EXPENDITURES	555,762.79	673,561.00	48,461.08	111,244.10	572,316.90	16.5%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2020 EXPENDITURE SUMMARY REPORT
MARCH 31, 2020

	2019 ACTUAL	2020 BUDGET	MARCH ACTUAL EXPENDITURES	2020 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	27,788,707.57	30,000,000.00	2,392,094.98	7,138,655.79	22,861,344.21	23.8%
Pensions-Disability Payments	124,164.02	140,000.00	9,548.30	28,644.90	111,355.10	20.5%
Pensions-Survivor Annuity Benefits Payments	2,142,992.75	2,300,000.00	172,962.58	512,314.41	1,787,685.59	22.3%
TOTAL PENSIONS	<u>30,055,864.34</u>	<u>32,440,000.00</u>	<u>2,574,605.86</u>	<u>7,679,615.10</u>	<u>24,760,384.90</u>	23.7%
Refunds	544,437.91	1,000,000.00	65,482.00	81,412.99	918,587.01	8.1%
TOTAL EXPENSES	<u><u>31,156,065.04</u></u>	<u><u>34,113,561.00</u></u>	<u><u>2,688,548.94</u></u>	<u><u>7,872,272.19</u></u>	<u><u>26,251,288.81</u></u>	23.1%
INVESTMENT EXPENSE*						
Advisory Technical Service	446,741.55	500,000.00	5,206.80	48,831.45	451,168.55	9.8%

* 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

March 31, 2020

4/30/2020

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 65,174			
US Bank	Short-term Inv	1,633,689			
Total Cash		1,698,863	0.0%	0.7%	0.7%
Sterling Capital	Total Return	25,557,646			
Total Total Return		25,557,646	10.0%	9.8%	-0.2%
Hotchkis & Wiley	High Yield - Mutual Fund	10,109,987			
Total High Yield		10,109,987	5.0%	3.9%	-1.1%
Polar	LLC	7,299,546			
Castine Capital II	Ltd Partnership	6,003,488			
Post Limited Term High Yield	Ltd Partnership	6,090,723			
Rimrock Low Volatility	Ltd Partnership	9,171,180			
Total Absolute Return		28,564,937	8.0%	10.9%	2.9%
Total Capital Preservation		65,931,433	23.0%	25.3%	2.3%
Hotchkis & Wiley	LC Value - Mutual Fund	10,883,533			
MFS Growth	LC Growth - Mutual Fund	14,746,789			
Fidelity S&P 500 Index	LC Core - Mutual Fund	24,845,208			
Total US Large Cap		50,475,530	21.0%	19.3%	-1.7%
Sterling	MC Value	3,370,590			
Vanguard MC Growth	MC Growth - Mutual Fund	-			
Westfield MC Growth	MC Growth	3,250,499			
Fidelity MC Index	MC Core - Mutual Fund	3,366,851			
Champlain	SC Core	5,217,896			
Phocas	SC Value - Mutual Fund	2,634,483			
Bridge City	SC Growth	4,543,190			
Fidelity SC Index	SC Core - Mutual Fund	669,803			
Total US Small/Mid Cap		23,053,312	11.0%	8.8%	-2.2%
Total US Equities		73,528,842	32.0%	28.2%	-3.8%
Artisan	SMID Value - Mutual Fund	16,758,708			
Euro Pacific	LC Blend - Mutual Fund	17,925,096			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		34,683,804	15.0%	13.3%	-1.7%
Trivalent	SC Value - Mutual Fund	9,387,039			
Total International Small/Mid		9,387,039	4.0%	3.6%	-0.4%
Vanguard EM Index	EM - Mutual Fund	352,749			
ABS Emerging Markets	Ltd Partnership	6,891,324			
Total Emerging Markets		7,244,073	3.0%	2.8%	-0.2%
Total International Equities		51,314,916	22.0%	19.7%	-2.3%
Weatherlow Offshore	Ltd Partnership	15,993,454			
Royalty Opportunities I	Ltd Partnership	1,936,087			
Royalty Opportunities II	Ltd Partnership	2,533,589			
Total Long Biased		20,463,130	7.0%	7.8%	0.8%
Metropolitan Real Estate Partners	Ltd Partnership	160,996			
Morrison Street Fund V	LLC	1,893,575			
Morrison Street Debt Oppourtunities	LP	4,097,494			
Morgan Stanley Prime	LLC	7,447,753			
Principal (REITs)	REITs	9,812,726			
Total Real Estate		23,412,544	9.0%	9.0%	0.0%
Contrarian Capital Fund I	Ltd Partnership	6,911,785			
Beach Point	Ltd Partnership	11,506,888			
Total Opportunistic Credit		18,418,673	7.0%	7.1%	0.1%
Contrarian EM Credit	LLC	3,450,178			
OrbiMed II	Ltd Partnership	4,373,305			
Total Special Opportunities		7,823,483	0.0%	3.0%	3.0%
Total Cash and Investments		\$ 260,893,021	100.0%	100.0%	0.0%
	Monthly Contributions	2,398,278			
	Monthly Pension	\$ (2,640,088)			
	As of February 29, 2020	\$ 299,512,831			
	Estimated Rate of Return	-12.8%			
Abs. Return and Total Return FI	Thesis 2017.1	54,122,583	18.0%	20.7%	2.7%
Equity and Special Situations	Thesis 2017.3	132,667,241	54.0%	50.9%	-3.1%

Cash Recon - Apr

Date	Transactions	Sources	Uses	Balance
3/26/2020	Beginning Balance			2,836,217.35
3/27/2020	Distribution - Royalty Opps II	541,125.54		3,377,342.89
3/30/2020	Distribution - Morgan Stanley Prime RE	73,799.04		3,451,141.93
3/30/2020	Payroll Contributions	802,795.50		4,253,937.43
3/31/2020	Dividends - Westfield MC	19,017.68		4,272,955.11
3/31/2020	Pension Payments		(2,640,087.86)	1,632,867.25
4/1/2020	Reimburse delayed Vanguard trade	491,128.12		2,123,995.37
4/1/2020	Interest	821.53		2,124,816.90
4/2/2020	Reissue Payment		(1,565.88)	2,123,251.02
4/6/2020	Reissue Payment		(3,513.78)	2,119,737.24
4/9/2020	Returned Payment	1,836.07		2,121,573.31
4/10/2020	Reissue Payment		(1,026.87)	2,120,546.44
4/13/2020	Returned Payment	1,262.11		2,121,808.55
4/13/2020	Payroll Contributions	802,048.18		2,923,856.73
4/17/2020	Distribution - Morrison Street V	21,019.64		2,944,876.37
4/24/2020	Return/Reissue Payment	1,867.09	(9.00)	2,946,734.46
4/27/2020	Payroll Contributions	814,443.24		3,761,177.70
4/29/2020	Trust Fees		(22,272.96)	3,738,904.74
4/29/2020	Return/Reissue Payment	276.72	(1,101.84)	3,738,079.62
4/29/2020	Ending Balance	3,571,440.46	(2,669,578.19)	3,738,079.62
	<u>Upcoming</u>			
4/30/2019	April Pension Payments		(2,659,343.61)	
5/4/2020	Payroll Contributions	800,000.00		