

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. March 3, 2021
WebEx Meeting

AGENDA

1. Jayson Davidson, Hyas Group
 - a. 2020 4th Quarter Performance Report
 - Information
 - b. Investment Policy Statement Review
 - Motion
 - c. Absolute Return Search
 - Motion

2. Minutes of the February 3, 2021 Meeting
 - Motion

3. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Deaths
 - Information
 - e. Expenditure Summary Reports – December 2020, January 2021
 - Motion
 - f. Schedule of Investments – January 2021
 - Information
 - g. Monthly Cash Reconciliation
 - Information
 - h. Other Business
 - Board Member Search (Dean Kiefer's position) - Information

4. Upcoming Board Election (Jim Tieken's term)
 - Information

5. Board Appointed Member (J.D. Morescheck's position)
 - Motion

6. Other Business, Potential Litigation – Closed session

7. Next Meeting - **Wednesday, April 7, 2021 at 1:00 p.m.**

****Please note:** The March Board meeting will be held via [WebEx Meeting](https://spokanecity.webex.com/spokanecity/j.php?MTID=m5f5aaecf7a7b4fa8d24cbd01125fa053).
<https://spokanecity.webex.com/spokanecity/j.php?MTID=m5f5aaecf7a7b4fa8d24cbd01125fa053>
Meeting dial-in number: 1-408-418-9388
Meeting number (access code): 187 583 8672
Meeting password: SERS

STATEMENT OF INVESTMENT POLICY
Spokane Employees' Retirement System

Date Approved: March 3, 2021

POLICY OVERVIEW

The Board ("Board") of the Spokane Employees' Retirement System ("SERS") hereby establishes this Statement of Investment Policy ("IPS") for the investment, in accordance with applicable federal, state and municipal laws and regulations, of SERS assets ("Fund"). This IPS defines the investment policies for the management and oversight of the Fund for SERS.

The guiding principles with respect to the investment of the Fund are to preserve the ability for the Fund to meet its long-term liabilities within prudent risk parameters. Toward that end, the Fund has established the following goals:

- 1) Accumulate sufficient assets through a diversified portfolio of investments to pay all current and future retirement benefits and expense obligations of the Fund.
- 2) Establish an asset allocation policy that is expected to meet the required rate of return over long periods of time while minimizing volatility.
- 3) Minimize the costs associated with implementation of the asset allocation through the efficient use of resources.
- 4) Operate solely in the interest of the participants and beneficiaries and for the exclusive purpose of providing benefits to the participants and their beneficiaries and defraying reasonable expenses of administration.
- 5) Seek investment returns and funding policies that will allow for ad hoc increases in retirees' annuities so as to maintain the purchasing power of their benefit.

ROLES AND RESPONSIBILITIES

The Board, as a fiduciary, is responsible for establishing the IPS, reviewing the IPS as required, and making changes as necessary. The Board is also responsible for selecting and monitoring the investment consultant, investment managers, custodian, auditor, actuary and any other service providers necessary in the fulfillment of this policy and the Fund objectives. Responsibility for day-to-day administration and implementation related to the IPS may be delegated to the Chief Investment Officer (CIO) and/or other SERS staff. Responsibilities of the CIO (and/or SERS staff at the direction of the CIO) include:

- 1) Implementation of the Fund's investment goals, objectives and policies.
- 2) Due diligence, monitoring, and contracting of the Fund's investment managers.
- 3) Due diligence, monitoring, and contracting of the Fund's service providers.

- 4) Make buy/sell decisions to provide for regular liquidity requirements and rebalancing within the asset allocation guidelines.
 - a. The Board will be notified in advance of all transactions. The transaction will be considered approved if the Board does not object to the proposed transaction within one business day.
- 5) Monitoring and evaluating performance results to assure that the policy guidelines are being met.

The Board and staff may also delegate certain responsibilities to professional service providers in various fields. These experts include:

- 1) **Investment Consultant.** The investment consultant will assist in: 1) establishing investment policy; 2) designing objectives and guidelines; 3) selecting investment managers; 4) reviewing such managers over time; 5) measuring and evaluating investment performance; and, 6) other tasks as deemed appropriate. It is expected that the investment consultant will be selected by the Board and will serve as a co-fiduciary on all investment related decisions and will have the proper insurance to cover exposure.
- 2) **Investment Managers.** An investment manager has discretion to purchase, sell and/or hold the specific securities that will be used to meet the Fund's investment objectives while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement and in their specific manager guidelines.
- 3) **Custodian.** The custodian will maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian will also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts. The custodian will provide at a minimum monthly reporting of assets and transactions and provide any additional data requests.
- 4) **Auditor.** The auditor will provide an annual review the Fund's books and records, accounting policies, and internal controls to provide an opinion that the financial statements are presented fairly and without material misstatement.
- 5) **Actuary.** The actuary will provide an annual valuation of the Fund's total pension liability based on the actuarial assumptions approved by the Board.
- 6) **Other.** Additional specialists may be employed to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

Board and staff do not maintain any control over the individual investment decisions made by the investment managers. The investment managers will be held responsible and accountable to achieve the objectives outlined in their specific investment guidelines as provided in the agreement, prospectus or other such documentation.

All expenses for such experts must be customary and reasonable, and will be borne by the Fund as deemed appropriate and necessary.

INVESTMENT OBJECTIVE

The investment strategy of the Fund has been established to emphasize total return; that is, the aggregate return from capital appreciation, dividend and interest income, net of any investment management fees. The Fund currently has a long term actuarial expected rate of return of 7.50%. In consideration of this expected return, the primary investment management objectives for the Fund assets shall be to maximize total return over time at an acceptable level of risk and to provide relatively smooth and predictable distributions to the beneficiaries.

Additionally, the Fund will be invested according to the following general principles:

- Investments shall be made solely in the interest of and for the beneficiaries of the Fund;
- Investment of the Fund shall be diversified as to minimize the risk of large losses, unless under the circumstances it is prudent not to do so;
- Risk shall be evaluated in the context of the portfolio in its entirety with particular focus on how the various asset classes and investment strategies correlate to one another;
- Care will be taken to provide adequate liquidity to meet all current spending obligations of the Fund;
- Cash is to be employed productively at all times, to provide safety, liquidity, and return;
- The investment manager(s) should, at all times, be guided by the principles of “best price and execution” and that the Fund's best interests are the primary consideration.
- Investment management fees shall be reasonable. Fees should be minimized unless additional fees are expected to generate additional returns in excess of the additional fees or to provide additional diversification unavailable in a low-cost, passive investment.

ASSET ALLOCATION GUIDELINES

To achieve its investment objectives, the Fund will be allocated among a number of asset classes. These asset classes may be broadly defined to include capital preservation, domestic equities, international equities, long biased, opportunistic credit, real estate and special opportunities. The purpose of allocating across these asset classes is to ensure the proper level of diversification within the Fund and improve the risk-adjusted efficiency of the investment portfolio. The following table outlines the Fund's target asset allocation along with standard minimum and maximum allocation rebalancing guidelines. Allocations in excess of the standard minimum or maximum require Board approval.

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Capital Preservation	20%	23%	26%
Cash	0%	0%	2%
Total Return Bond	8%	10%	12%
High Yield Bond	3%	5%	7%
Absolute Return	6%	8%	10%
Domestic Equities	29%	32%	35%
Large Cap Equity	19%	21%	23%
Small/Mid Cap Equity	9%	11%	13%
International Equities	19%	22%	25%
Large Cap Equity	13%	15%	17%
Small/Mid Cap Equity	2%	4%	6%
Emerging Market Equity	1%	3%	5%
Long Biased	4%	7%	10%
Opportunistic Credit	4%	7%	10%
Real Estate	6%	9%	12%
Special Opportunities*	0%	0%	10%

*** Special Opportunities**

This asset class is designed to allow the committee to pursue unique investment opportunities that may fall outside of current asset class descriptions. These opportunities are generally defined by higher expected return potential relative to broad public equity markets. However, they may also include opportunities expected to provide equity-like returns with significantly less risk. Given the variable nature of this opportunity set, the asset class retains a target allocation of 0%, but may be implemented at the discretion of the Board as opportunities present themselves. Funding for the asset class will generally be redirected from the broad public equity allocation.

REBALANCING OF FUND ASSETS

The asset allocation exposures will be closely monitored with the understanding that the various asset classes may perform differently and that the relative attractiveness of asset classes may vary over time. The Fund's allocation will be reviewed at each Board meeting, as well as during periods of severe market change to assure that allocations remain within their respective guidelines and consistent with the long-term objective of the Fund. If an asset class

is outside the allowable range, the Board, or its designee, may take appropriate action to redeploy assets. In any investment rebalancing situation the Board, or its designee, will consider market conditions, costs and other investment related factors. In certain circumstances, when appropriate and at the Board's discretion, the Fund may be allocated outside the ranges provided in the guidelines.

INVESTMENT PERFORMANCE REVIEW AND EVALUATION

Performance reports shall be compiled at least quarterly and presented to the Board for review. The investment performance of the total Fund, as well as the asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board recognizes the long term nature of the Fund's objectives and the variability of market returns. Periodic underperformance relative to any criteria outlined in this IPS will not necessitate the termination of an investment option.

As referenced above, the Fund's total account performance objective is to achieve the long-term actuarial rate of return and to minimize the risk of failing to meet this expected return. To that end, managers have been selected based on their perceived ability to meet and or exceed predetermined benchmarks.

The total return of the Fund will be measured against a passive policy index of comparable risk comprised as follows:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Weight</u>
Cash	US 90 Day T-Bill	0%
Total Return Bond	Barclays US Aggregate Bond Index	10%
High Yield Bond	Barclays US Corporate High Yield Index	5%
Absolute Return	HFRI FOF Conservative Index	8%
Domestic Large Cap Equity	S&P 500 Index	21%
Domestic Small/Mid Cap Equity	Russell 2500 Index	11%
International Large Cap Equity	MSCI ACWI ex-US Index	15%
International Small/Mid Cap Equity	MSCI ACWI ex-US Small Cap Index	4%
Emerging Markets Equity	MSCI EM Free Index	3%
Long Biased	HFRI FOF Composite Index	7%
Opportunistic Credit	HFRI Distressed Restructuring Index	7%
Real Estate - Private	NCREIF – ODCE Index	6%
Real Estate - Public	FTSE NAREIT Index	3%
Special Opportunities	Russell 3000 Index	0%

Additionally, the Board shall compare the performance of each individual investment alternative against the performance of the peer groups, relevant index benchmarks, and the manager’s strategic benchmark if it differs from the relevant benchmark. The Board shall track the investment vehicle’s performance relative to its benchmark(s), and the degree to which variance in the vehicle’s performance can be explained by variance in the performance of the benchmark(s). Initially, indices used for comparison purposes shall include the following:

Investment Category

Relevant Benchmark

US Large Capitalization Stocks—Blended Style	S&P 500 Index
US Large Capitalization Stocks—Growth Style	Russell 1000 Growth Index
US Large Capitalization Stocks—Value Style	Russell 1000 Value Index
US Small Capitalization Stocks—Blended Style	Russell 2000 Index
US Small Capitalization Stocks—Growth Style	Russell 2000 Growth Index
US Small Capitalization Stocks—Value Style	Russell 2000 Value Index
US Mid Capitalization Stocks—Blended Style	Russell Mid Cap Index
US Mid Capitalization Stocks—Growth Style	Russell Mid Cap Growth Index
US Mid Capitalization Stocks—Value Style	Russell Mid Cap Value Index
US Small/Mid Capitalization Stocks – Blended Style	Russell 2500 Index
Foreign Large Capitalization Stocks - Blended Style	MSCI ACWI ex-US Index
Foreign Large Capitalization Stocks - Value Style	MSCI ACWI ex-US Value Index
Foreign Large Capitalization Stocks - Growth Style	MSCI ACWI ex-US Growth Index
Foreign Small/Mid Capitalization Stocks – Blended	MSCI ACWI ex-US Small Cap Index
Emerging Market Large Capitalization Stocks	MSCI Emerging Markets Free Index
Real Estate Investment Trusts (REITS)	FTSE NAREIT Index
Core Liquid Real Estate	NCREIF – ODCE Index
Private Real Estate	NCREIF Property Index
Global Commodities	Bloomberg Commodity Index
Long Biased	HFRI FOF Composite Index
Opportunistic Credit	HFRI Distressed Restructuring Index
Special Opportunities	Russell 3000 Index
US High Yield Bonds	Barclays US Corporate High Yield Index
Absolute Return	HRFI FOF Conservative Index
Total Return Bonds	Barclays Aggregate Bond Index
Global Bonds	Barclays Global Aggregate Bond Index
Treasury Inflation Protected Securities	Barclays U.S. TIPS Index
Money Market	90-Day U.S. Treasury Bills

Notwithstanding this initial designation, the Board may change indices used for comparison if it is determined that a different index provides a more useful or appropriate benchmark for any designated investment vehicle.

If the net of fee performance of an actively managed investment option lags significantly behind that of the representative benchmark index over a trailing five year period and the option’s performance places it significantly below category averages, the Board may designate

the option as “on watch” and, in so doing, shall endeavor to investigate why the option’s relative performance has lagged; and determine whether the option continues to be an appropriate investment for the Fund.

If a statistical analysis of an indexed/passively managed investment option indicates that the option is not performing similarly to its benchmark, the Board may designate the option as “on watch” and, in so doing, shall endeavor to investigate why the invest performance has varied from the benchmark; and determine whether the option continues to be an appropriate investment for the Fund.

In addition to net investment performance, the Board will also review the investment products’ risk characteristics in relation to that performance. Risk will be measured in various ways including, but not limited to:

- Standard deviation
- Risk/return ratios such as Sharp or Treynor Ratios
- Up market and down market performance
- Other statistical measures such as Beta and Alpha
- Style drift

The investment options will also be monitored on an ongoing basis for material changes such as personnel departures, research capability adjustments, organizational changes, or alterations in investment style, philosophy, or strategy, as well as adherence to stated guidelines.

MANAGER SELECTION

To facilitate the Board’s manager selection decisions, the Consultant and Staff will present a formal search, with recommendations, for all new and replacement investment managers or funds. Initial due diligence should include a review of the investment philosophy, process, team, and performance record. Risks posed by a concentrated exposure to a single investment manager or co-investor will also be evaluated. Additional due diligence should be conducted for investments in new asset classes, firms with limited track records, or limited partnerships to evaluate any idiosyncratic risks the investment may pose, which may include interviewing key personnel, legal review, and on-site due diligence.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital market expectations as established in this statement of investment policy, the Board will review the IPS annually, or more frequently if conditions warrant.

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
February 3, 2021**

The meeting was called to order at 1:01 p.m. via WebEx conference call.

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

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

Guests: Justin Anderson, Natalie Hilderbrand, Teri Stripes, Melissa Wittstruck, Richard Czernik, Lauren Albanese, and Brian Rowe

Minutes of the January 6, 2021 Meeting

Joe Cavanaugh moved and Dean Kiefer seconded the motion to approve the minutes of the January 6, 2021 meeting as amended. The motion passed unanimously.

Director's Report

Service Retirements

<i>Name</i>	<i>Age</i>	<i>Retirement Date</i>	<i>Years of Service</i>	<i>Option</i>
Barbara L. Ackerman	50	02/01/2021	118	B
William 'Ben' Gagne	50	02/01/2021	19.5	ST
Darrel W. Wilson	55	02/06/2021	30.4	ST
Katrina K. Stephens	58	02/06/2021	15.4	E
George E. Good	59	03/05/2021	16.6	ST
Chris D. Hammer	62	03/06/2021	21.1	ST
Evan B. Bowden	64	03/06/2021	12.9	ST
Rebecca L. Lessard	62	04/02/2021	12.9	A
Robert L. White	61	07/10/2021	12.2	ST

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

Withdrawals for February 2021

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
John C. Nicholson	1 day	12/28/2020

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

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Paul M. Tanners	03/09/1999	79	12/05/2020	No Further Benefits
Kathleen E. Fairfax	10/12/2004	78	01/09/2021	No Further Benefits
Gail A. Mangano	10/02/2001	84	01/14/2021	No Further Benefits

Death information provided to the Board for review.

Schedule of Investments – December 2020

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on December 31, 2020 was \$332 million with an estimated rate of return of 2.1% for the month.

Monthly Cash Reconciliation

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

Other Business – Investment Advisory Committee Report

Mr. Tencick presented the minutes from the Investment Advisory Committee who met on January 26, 2021.

Other Business – Voluntary Retirement Incentive Program Update

Mr. Tencick met with representatives from Human Resources, Civil Service and Legal to discuss a possible Voluntary Retirement Incentive Program. The group recommended not to offer a voluntary retirement incentive for this year. There was not a compelling financial reason and the exposure of mass retirements within a department was too great.

Absolute Return Primer

Mr. Tencick led a presentation on the Absolute Return asset class. The various strategies that are included in the asset class were presented as well as the major risks inherent to each strategy.

Mr. Tencick also led a brief presentation about GameStop. A timeline of the events and the key market factors that contributed to the price volatility were presented.

Upcoming Board Election

Jim Tieken's term on the Board runs through July 4, 2021.

There being no other business, the meeting adjourned at 2:10 p.m.

Phillip Tencick, Retirement Director

SERS Retirement Transaction Report

March 2021

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Carol J. Inkpen	57	01/14/2021	32.1	Advanced Wastewater Treatment Plant	E
2	Gerald L. Halladay	60	03/06/2021	15.1	Parking Meters	ST
3	Marilu Garcia	65	03/13/2021	7.6	Asset Management	ST
4	Lorran R. Sommerfeld	63	04/03/2021	29.8	Water	D
5	James V. Steiner	56	04/03/2021	31.1	Solid Waste Management	A
6	Diana M. Clavel	65	04/17/2021	13.9	Solid Waste Disposal	ST
	Retirements YTD	11				
	2020 Total Retirements	74				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Rae-Lynn Barden	8.4	Library	09/04/2020
2	Crystal R. Griffiths	4.8	Police - Administration	12/14/2020

Vesting

	Name	Department	Years of Service
1	Ariane E. Schmidt	Police - Administration	15.9
2	Tracy A. Staab	Municipal Court	13.2

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Gail A. Corder	05/03/2006	80	01/28/2021	No Further Benefits
2	John R. Johnson	04/19/2019	62	02/08/2021	E Option Continues

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

	2019 ACTUAL	2020 BUDGET	DECEMBER ACTUAL EXPENDITURES	2020 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	287,886.52	305,857.00	58,677.78	315,165.09	(9,308.09)	103.0%
Departmental Benefits	82,456.46	86,518.00	9,430.95	85,294.40	1,223.60	98.6%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(21,009.35)	(10,000.00)	(2,672.05)	(16,886.25)		
Postage/Supplies/Other	1,217.16	5,200.00	489.85	3,997.66	1,202.34	76.9%
State Audit Charges	11,146.55	15,000.00	2,815.71	12,990.88	2,009.12	86.6%
Contractual Services	133,696.37	175,000.00	23,988.21	142,161.60	32,838.40	81.2%
Travel	3,489.45	15,000.00	-	109.09	14,890.91	0.7%
Registration/Schooling	810.00	16,000.00	-	5,995.00	10,005.00	37.5%
Other Dues/Subscriptions/Membership	2,273.80	2,500.00	325.00	1,752.80	747.20	70.1%
Other Miscellaneous Charges	3,135.88	2,300.00	55.00	1,179.23	1,120.77	51.3%
Amortization	17,649.00	-	17,649.00	17,649.00	-	
TOTAL OPERATING EXPENDITURES	522,751.84	623,375.00	110,759.45	569,408.50	64,729.25	91.3%
INTERFUND EXPENDITURES						
Interfund - Office Performance Mgmt Services	4,189.36	389.00	-	389.00	-	100.0%
Interfund - Centralized Purchasing	1,251.65	516.00	(67.15)	448.85	67.15	87.0%
Interfund - Centralized Accounting	2,016.40	1,917.00	(60.48)	1,377.27	539.73	71.8%
Interfund - Risk Management	584.00	586.00	-	293.00	293.00	50.0%
Interfund - Worker's Compensation	122.00	134.00	-	134.00	-	100.0%
Interfund - Reprographics	9,376.27	5,000.00	1,640.97	5,043.80	(43.80)	100.9%
Interfund - IT	12,896.37	39,237.00	6,541.58	39,242.59	(5.59)	100.0%
Interfund - IT Replacement	1,965.00	1,827.00	304.50	1,827.00	-	100.0%
Interfund - My Spokane	609.90	580.00	390.64	970.64	(390.64)	167.4%
TOTAL INTERFUND EXPENDITURES	33,010.95	50,186.00	8,750.06	49,726.15	459.85	99.1%
TOTAL ADMINISTRATIVE EXPENDITURES	555,762.79	673,561.00	119,509.51	619,134.65	65,189.10	91.9%

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

	2019 ACTUAL	2020 BUDGET	DECEMBER ACTUAL EXPENDITURES	2020 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	27,788,707.57	30,000,000.00	2,524,674.48	29,378,701.18	621,298.82	97.9%
Pensions-Disability Payments	124,164.02	140,000.00	9,548.30	114,579.60	25,420.40	81.8%
Pensions-Survivor Annuity Benefits Payments	2,142,992.75	2,300,000.00	179,337.87	2,101,833.92	198,166.08	91.4%
TOTAL PENSIONS	<u>30,055,864.34</u>	<u>32,440,000.00</u>	<u>2,713,560.65</u>	<u>31,595,114.70</u>	<u>844,885.30</u>	97.4%
Refunds	544,437.91	1,000,000.00	7,667.62	513,758.34	486,241.66	51.4%
TOTAL EXPENSES	<u><u>31,156,065.04</u></u>	<u><u>34,113,561.00</u></u>	<u><u>2,840,737.78</u></u>	<u><u>32,728,007.69</u></u>	<u><u>1,396,316.06</u></u>	95.9%
INVESTMENT EXPENSE*						
Advisory Technical Service	446,741.55	500,000.00	83,968.06	449,834.07	50,165.93	90.0%

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

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2021 EXPENDITURE SUMMARY REPORT
JANUARY 31, 2021

	2020 ACTUAL	2021 BUDGET	JANUARY ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	315,165.09	313,354.00	18,967.63	18,967.63	294,386.37	6.1%
Departmental Benefits	85,294.40	89,760.00	6,232.71	6,232.71	83,527.29	6.9%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(16,886.25)	(10,000.00)	-	-		
Postage/Supplies/Other	3,997.66	5,200.00	-	-	5,200.00	0.0%
State Audit Charges	12,990.88	15,000.00	-	-	15,000.00	0.0%
Contractual Services	142,161.60	175,000.00	-	-	175,000.00	0.0%
Travel	109.09	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	5,995.00	16,000.00	-	-	16,000.00	0.0%
Other Dues/Subscriptions/Membership	1,752.80	2,500.00	-	-	2,500.00	0.0%
Other Miscellaneous Charges	1,179.23	2,200.00	-	-	2,200.00	0.0%
Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	569,408.50	634,014.00	25,200.34	25,200.34	618,813.66	4.0%
INTERFUND EXPENDITURES						
Interfund - Office Performance Mgmt Services	389.00	-	-	-	-	0.0%
Interfund - Centralized Purchasing	448.85	5,000.00	92.25	92.25	4,907.75	1.8%
Interfund - Centralized Accounting	1,377.27	1,764.00	441.00	441.00	1,323.00	25.0%
Interfund - Risk Management	293.00	607.00	-	-	607.00	0.0%
Interfund - Worker's Compensation	134.00	134.00	-	-	134.00	0.0%
Interfund - Reprographics	5,043.80	9,412.00	2,353.00	2,353.00	7,059.00	25.0%
Interfund - IT	39,242.59	39,237.00	-	-	39,237.00	0.0%
Interfund - IT Replacement	1,827.00	3,003.00	-	-	3,003.00	0.0%
Interfund - My Spokane	970.64	756.00	-	-	756.00	0.0%
TOTAL INTERFUND EXPENDITURES	49,726.15	59,913.00	2,886.25	2,886.25	57,026.75	4.8%
TOTAL ADMINISTRATIVE EXPENDITURES	619,134.65	693,927.00	28,086.59	28,086.59	675,840.41	4.0%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2021 EXPENDITURE SUMMARY REPORT
JANUARY 31, 2021

	2020 ACTUAL	2021 BUDGET	JANUARY ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	29,378,701.18	31,500,000.00	2,529,652.62	2,529,652.62	28,970,347.38	8.0%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	9,548.30	125,451.70	7.1%
Pensions-Survivor Annuity Benefits Payments	2,101,833.92	2,500,000.00	177,248.38	177,248.38	2,322,751.62	7.1%
TOTAL PENSIONS	<u>31,595,114.70</u>	<u>34,135,000.00</u>	<u>2,716,449.30</u>	<u>2,716,449.30</u>	<u>31,418,550.70</u>	8.0%
Refunds	513,758.34	1,000,000.00	3.33	3.33	999,996.67	0.0%
TOTAL EXPENSES	<u><u>32,728,007.69</u></u>	<u><u>35,828,927.00</u></u>	<u><u>2,744,539.22</u></u>	<u><u>2,744,539.22</u></u>	<u><u>33,094,387.78</u></u>	7.7%
INVESTMENT EXPENSE*						
Advisory Technical Service	437,434.99	550,000.00	-	-	550,000.00	0.0%

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

SERS Schedule of Cash and Investments
January 31, 2021

2/25/2021

				Allocation		
		Type		Target	Current	Diff.
Cash Held by Treasurer	Cash		\$ 129,876			
US Bank	Short-term Inv		(2,072,499)			
Total Cash			(1,942,623)	0.0%	-0.6%	-0.6%
Sterling Capital	Total Return		31,764,293			
Total Total Return			31,764,293	10.0%	9.4%	-0.6%
Hotchkis & Wiley	High Yield - Mutual Fund		15,747,684			
Total High Yield			15,747,684	5.0%	4.7%	-0.3%
Polar	LLC		8,552,170			
Post Limited Term High Yield	Ltd Partnership		6,752,347			
Rimrock Low Volatility	Ltd Partnership		10,143,043			
Total Absolute Return			25,447,560	8.0%	7.5%	-0.5%
Total Capital Preservation			71,016,914	23.0%	21.0%	-2.0%
Hotchkis & Wiley	LC Value - Mutual Fund		17,280,149			
MFS Growth	LC Growth - Mutual Fund		15,275,638			
Fidelity S&P 500 Index	LC Core - Mutual Fund		36,213,100			
Total US Large Cap			68,768,887	21.0%	20.3%	-0.7%
Sterling	MC Value		5,522,858			
Westfield MC Growth	MC Growth		5,197,640			
Fidelity MC Index	MC Core - Mutual Fund		5,390,454			
Champlain	SC Core		8,820,717			
Bridge City	SC Growth		7,727,144			
Wells Fargo	SC Value - Mutual fund		4,666,776			
Fidelity SC Index	SC Core - Mutual Fund		534,563			
Total US Small/Mid Cap			37,860,152	11.0%	11.2%	0.2%
Total US Equities			106,629,039	32.0%	31.5%	-0.5%
Artisan	SMID Value - Mutual Fund		24,902,446			
Euro Pacific	LC Blend - Mutual Fund		27,163,139			
Fidelity International	LC Index - Mutual Fund		-			
Total International Large Cap			52,065,585	15.0%	15.4%	0.4%
Trivalent	SC Value - Mutual Fund		14,866,810			
Total International Small/Mid			14,866,810	4.0%	4.4%	0.4%
Vanguard EM Index	EM - Mutual Fund		554,575			
ABS Emerging Markets	Ltd Partnership		11,134,081			
Total Emerging Markets			11,688,656	3.0%	3.5%	0.5%
Total International Equities			78,621,051	22.0%	23.2%	1.2%
Weatherlow Offshore	Ltd Partnership		21,110,483			
Royalty Opportunities I	Ltd Partnership		1,256,821			
Royalty Opportunities II	Ltd Partnership		992,870			
Total Long Biased			23,360,174	7.0%	6.9%	-0.1%
Metropolitan Real Estate Partners	Ltd Partnership		137,535			
Morrison Street Fund V	LP		845,387			
Morrison Street Fund VI	LP		1,585,413			
Morrison Street Debt Opportunities	LP		2,998,211			
Morgan Stanley Prime	LLC		7,227,032			
Principal (REITs)	REITs		13,954,838			
Total Real Estate			26,748,416	9.0%	7.9%	-1.1%
Contrarian Capital Fund I	Ltd Partnership		8,615,681			
Beach Point	Ltd Partnership		12,537,349			
Total Opportunistic Credit			21,153,030	7.0%	6.3%	-0.7%
Contrarian EM Credit	LLC		4,582,349			
OrbiMed II	Ltd Partnership		6,172,305			
Total Special Opportunities			10,754,654	0.0%	3.2%	3.2%
Total Cash and Investments			\$ 338,283,278	100.0%	100.0%	0.0%
		Monthly Contributions	1,698,577			
		Monthly Pension	\$ (2,716,453)			
		As of December 31, 2020	\$ 339,926,358			
		Estimated Rate of Return	-0.2%			
Abs. Return and Total Return FI Equity and Special Situations	Thesis 2017.1		57,211,853	18.0%	16.9%	-1.1%
	Thesis 2017.3		196,004,744	54.0%	57.9%	3.9%

Cash Recon - Feb

Date	Transactions	Sources	Uses	Balance
1/28/2021	Beginning Balance			19,561.61
1/28/2021	Sale - EuroPacific	650,000.00		669,561.61
1/28/2021	Trust Fees		(25,494.49)	644,067.12
1/28/2021	Pension Correction		(122.99)	643,944.13
1/29/2021	Pension Payments		(2,716,452.63)	(2,072,508.50)
2/1/2021	Sale - EuroPacific	2,750,000.00		677,491.50
2/1/2021	Payroll Contributions	837,944.02		1,515,435.52
2/1/2021	Distribution - Morrison Street MSDO	158,401.03		1,673,836.55
2/1/2021	Interest	9.13		1,673,845.68
2/11/2021	Pension Correction		(477.98)	1,673,367.70
2/16/2021	Payroll Contributions	831,241.14		2,504,608.84
2/19/2021	Returned Pension Payment	1,646.40		2,506,255.24
2/24/2021	Ending Balance	5,229,241.72	(2,742,548.09)	2,506,255.24
	<u>Upcoming</u>			
2/25/2021	Sale - Fidelity Mid Cap Index	300,000.00		
2/26/2021	February Pension Payments		(2,798,471.43)	
3/1/2021	Payroll Contributions	825,000.00		