

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. April 7, 2021
WebEx Meeting

AGENDA

1. AudioNet Voluntary Hearing Aid Benefit Presentation
 - Motion
2. Minutes of the March 3, 2021 Meeting
 - Motion
3. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Deaths
 - Information
 - e. Expenditure Summary Report – February 2021
 - Motion
 - f. Schedule of Investments – February 2021
 - Information
 - g. Cash Reconciliation – March 2021
 - Information
 - h. Other Business
4. Board Member Search Survey
 - Information
5. Beneficiary Designation Plan Amendments
 - Motion
6. Possible Litigation – Closed Session
7. Other Business
8. Next Meeting - **Wednesday, May 5, 2021 at 1:00 p.m.**

****Please note:** The April Board meeting will be held via [WebEx Meeting](https://spokanecity.webex.com/spokanecity/j.php?MTID=m969e9d1f459418cb2062bc8a3cd8456f).
<https://spokanecity.webex.com/spokanecity/j.php?MTID=m969e9d1f459418cb2062bc8a3cd8456f>
Meeting dial-in number: 1-408-418-9388
Meeting number (access code): 187 583 8672
Meeting password: SERS



AudioNET | Hearing
Benefit
Manager
AMERICA



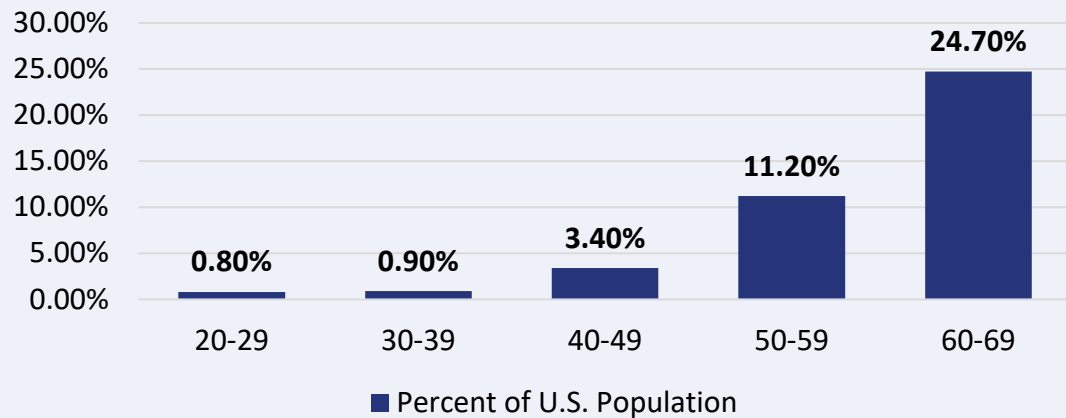
Who We Are

AudioNet is a hearing benefits administrator who is driven by care—not hearing unit sales.



Hearing and the Market

Hearing Loss Increases with Age



- Created in 2007 for the Auto Industry
- Marketing to :
 - Employers, Unions, Medicare Advantage, Medicaid and other governmental entities
- Hearing is being packaged with Dental and Vision
- 2021 continues to grow Medicare Advantage and Medicaid

Hearing Health Utilization

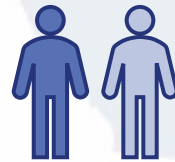
Utilization in hearing will continue to grow and the need to manage the benefit will do the same.



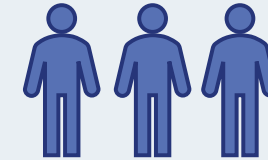
Adults age 20+ with hearing loss are projected to rise to **44 million by 2020** and **73 million by 2060**.³



1 in 14 ages 39-53 already have hearing loss.¹



1 in 2 ages 75+ Nearly half of people in this age range have hearing loss.⁴



3 in 10 ages 65-74 30% of people in this age range experience a form of hearing loss.⁴

The impact of hearing loss is estimated to be more than **\$100 billion** annually.²

¹ Better Hearing Institute

² Center for Hearing and Communication

³ Johns Hopkins

⁴ Ha-Sheng Li-Korotky, AuD, PhD, MD. (2012). Age-Related Hearing Loss: Quality of Care for Quality of Life. *The Gerontologist*, 52(2), 265-271.

Hearing Health Impacts

Comorbidities Linked to Hearing Loss¹

Social isolation and loneliness	Up to 7.5 times greater
Depression	1.63 times per 25 dB of hearing loss
Falls	1.4 times per 10 dB of hearing loss
Cardiovascular disease	Low-frequency and flat losses strongly correlated
Diabetes	1.4 times greater
Cognitive impairment	1.89 for mild hearing loss, 3.00 for moderate hearing loss and 4.94 for severe hearing loss



¹The Hearing Review



The AudioNet Difference

- No balance billing to members
- Various provider networks to choose from
- Provider accountability on product, service and price
- 12, 24 and 36-month benefit frequency terms available (up to 60 months for Medicaid only)
- Top 6 manufacturers with all product levels
- Claim cost savings of over 48%
- Hearing Device Warranty: Three-year manufacturer's warranty and a three-year, one-time Loss & Damage (L&D) warranty
- Transparency
- Driven by member care

Sample Plan Design – Summary of Benefits



Commercial Plan Design

All services require preauthorization. Providers seeking authorization or members with questions who are seeking Participating Providers in their area should call AudioNet America at (xxx) xxx-xxxx or click www.audionetamerica.com

Service	<u>Obtained at a Participating Provider</u> Participating Provider means a physician or audiologist who participates in the AudioNet America Hearing Aid Program.	Frequency
Audiometric Examination	Covered in Full	Once every 36 months
Hearing Aid Evaluation Test	Covered in Full per ear	Once every 36 months
Digital Hearing Aids	Mid-Level standard digital hearing devices will be covered in full . Mid-High Level standard digital hearing devices will be covered with a \$250 monaural / \$500 binaural member co-payment . Advanced Level standard digital hearing devices will be covered with a \$500 monaural / \$1,000 binaural member co-payment . Flagship Level standard digital hearing devices will be covered with a \$650 monaural / \$1,300 binaural member co-payment .	Once every 36 months
Dispensing Fee	Covered in Full per ear	Once every 36 months
Conformity Evaluation	Covered in Full per ear	Once every 36 months

Sample Plan Design – Summary of Benefits... Continued



Commercial Plan Design

All services require preauthorization. Providers seeking authorization or members with questions who are seeking Participating Providers in their area should call AudioNet America at (xxx) xxx-xxxx or click www.audionetamerica.com

Service	<u>Obtained at a Participating Provider</u> Participating Provider means a physician or audiologist who participates in the AudioNet America Hearing Aid Program.	Frequency
Replacement Ear Molds (For children up to age 7)	Up to four (4) replacement ear molds annually are covered in full for children up to age 3. Up to two (2) replacement ear molds annually are covered in full for children ages 3-7. Additional molds are charged to member.	No more than four (4) replacement ear molds annually for children up to age 3. No more than two (2) replacement ear molds annually for children ages 3-7. Any additional molds are not covered.
Ear Molds (Enrollees over age 7)	First is covered in full. Additional molds are charged to member.	First is included with initial hearing aid. Any additional molds are not covered.
Batteries	Covered in Full per ear. First 48 batteries, one-time supply	First year only
Accessories	Not Covered	
Maintenance / Fittings / Follow-Up Visits	Covered in Full within first 6 months, \$20 copay thereafter for the remaining 30 months.	

Out of Network Benefits: If an eligible member lives within 25 miles of a Network provider, a Network provider must be utilized in order to receive coverage. If an eligible member lives within 25 miles of a Network provider and receives hearing aid services and materials from a Non-Network provider, there is no coverage. If an eligible member lives more than 25 miles from the closest In-Network provider, the member will be reimbursed at the in-network provider fee level. However, members must contact AudioNet prior to seeking service with a Non-Network provider in order to qualify for reimbursement.

AudioNet Business/Network Options

Business Segments

Commercial

Medicare
Advantage

Medicaid

Vocational
Rehabilitation

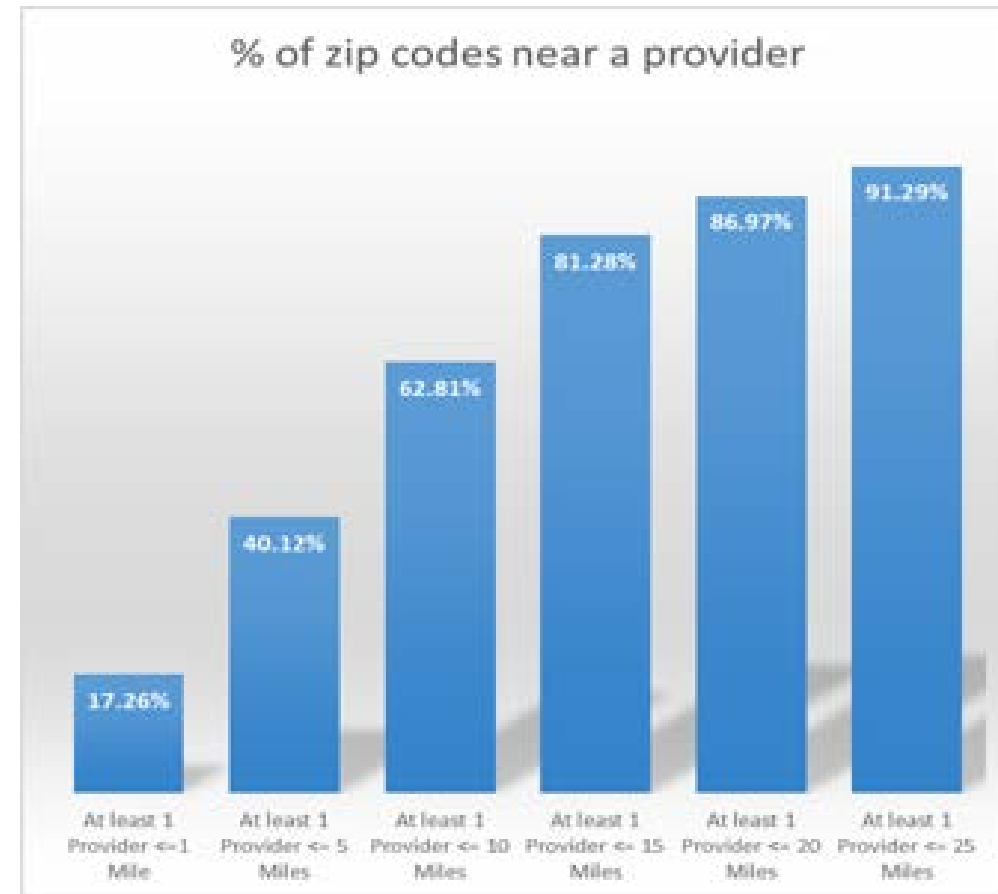
Network Options

Audiologist
ONLY

Audiologist +
Dispenser

Provider Network Highlights

- Robust provider access within 25 mile ratio
- Various provider network options to choose from
- Fully credentialed
- Mandated State-of-the-Art products
- Client Specific Access Reports/Provider Disruption Reports
- Current book of business running at < 1% Out-of-Network claims



Hearing Health Utilization

“Top 6”
Manufacturers
and Many More



Comprehensive Member Services



**Headquartered in
Clinton Twp., MI**



**Designated
Customer
Service Line**



**Recorded Calls
on File for 10
Years**



Trained CSRs



**Non-English
Translation**

Full Reporting Capabilities

*AudioNet is committed to lowering costs
AND improving outcomes through
transparent, detailed reporting.*



**Member
Satisfaction
Surveys**



**Financial
Reporting**



**Paid Claims
by CPT Code**



Utilization



**Ad Hoc
Reporting**

TPA Services



**Electronic data submission
(834, 835, 837, and
CMS Reporting)**



**Eligibility
Management**



**Network
Management**



**Claim Processing
& Adjudication –
HIPAA Compliant**



**National
Implementation
through our
Regional Sales
and Service
Representatives**



**Member Call
Center**



Transparent
TPA Solutions

834,
837,
835
HIPAA
Formats

Member
Satisfaction
Reporting

Medicare/
Medicaid
Compliance

No Balance
Billing

Various
Provider
Networks

National
Fee Schedule

Top 6
Hearing
Manufacturers

AudioNET
AMERICA

Hearing
Benefit
Manager

AudioNet Brings it all Together



The Missing Piece to Your Puzzle

Randall Dervishi

586.913.3782

rdervishi@audionetamerica.com



SAMPLE Voluntary Benefit Program
 "Per Claim" Claim Cost Summary

	Low Level	Mid Level	Mid-High Level	Advance Level	Flagship Level
Audiometric Examination	N/A	\$50.00	\$50.00	\$50.00	\$50.00
Hearing Aid Evaluation (per ear)	N/A	\$50.00	\$50.00	\$50.00	\$50.00
Hearing Aid (per ear)	N/A	\$675.00	\$925.00	\$1,175.00	\$1,325.00
Dispensing Fee (per ear)	N/A	\$245.00	\$245.00	\$245.00	\$245.00
Conformity Evaluation (per ear)	N/A	\$30.00	\$30.00	\$30.00	\$30.00
Total Member Claim Cost					
Monaural	\$ -	\$1,050.00	\$1,300.00	\$1,550.00	\$1,700.00
Binaural	\$ -	\$2,050.00	\$2,550.00	\$3,050.00	\$3,350.00

- *3-year plan design*
- *No Balance Billing to the Member*
- *One-time implementation fee of \$2,000 to the group*

- *Rate good through 6/30/2021*



Summary of Benefit Program Plan Design

Effective **May 1, 2021**

All services require preauthorization. Providers seeking authorization or members with questions who are seeking Participating Providers in their area should call AudioNet America at (xxx) xxx-xxxx or click www.audionetamerica.com

Service	<u>Obtained at a Participating Provider</u> <i>Participating Provider means a physician or audiologist who participates in the AudioNet America Hearing Aid Discount Program.</i>	Frequency
Audiometric Examination	Covered in Full after a \$50-member copay	Once every 36 months
Hearing Aid Evaluation Test	Covered in Full per ear	Once every 36 months
Conformity Evaluation	Covered in Full per ear	Once every 36 months
Digital Hearing Aids	Mid-Level standard digital hearing devices will be covered with a \$1,000 monaural /\$2,000 binaural member co-payment. Mid-High Level standard digital hearing devices will be covered with a \$1,250 monaural /\$2,500 binaural member co-payment. Advanced Level standard digital hearing devices will be covered with a \$1,500 monaural /\$3,000 binaural member co-payment. Flagship Level standard digital hearing devices will be covered with a \$1,650 monaural /\$3,300 binaural member co-payment.	Once every 36 months Three-year repair warranty and three-year loss and damage warranty (one-time replacement)
Dispensing Fee	Covered in Full per ear	Once every 36 months
Replacement Ear Molds (For children up to age 7)	Up to four (4) replacement ear molds annually are covered in full for children up to age 3. Up to two (2) replacement ear molds annually are covered in full for children ages 3-7. Additional molds are charged to member.	No more than four (4) replacement ear molds annually for children up to age 3. No more than two (2) replacement ear molds annually for children ages 3-7. Any additional molds are not covered.
Ear Molds (Enrollees over age 7)	First is covered in full. Additional molds are charged to member.	First is included with initial hearing aid. Any additional molds are not covered.
Batteries	Covered in Full per ear. First 48 batteries, one-time supply.	First year only
Accessories	Not Covered	
Maintenance / Fittings / Follow-Up Visits	Covered in Full within first 6 months, \$20 copay thereafter for the remaining 30 months.	

Out of Network Benefit Program: If an eligible member lives within 25 miles of a Network provider, a Network provider must be utilized in order to receive coverage. If an eligible member lives within 25 miles of a Network provider and receives hearing aid services and materials from a Non-Network provider, there is no coverage. If an eligible member lives more than 25 miles from the closest In-Network provider, the member will be reimbursed at the in-network provider fee level. However, members must contact AudioNet prior to seeking service with a Non-Network provider in order to qualify for reimbursement.

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

The regular monthly meeting was called to order at 1:03 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: Jayson Davidson, Brian Loescher, Natalie Hilderbrand, Richard Czernik, Melissa Wittstruck, and Lauren Albanese

Jayson Davidson, Hyas Group

2020 4th Quarter Investment Performance Report

Mr. Davidson presented the Fourth Quarter 2020 Performance Report, and discussed the continued strength of global equity markets as world economies fight to recover from the effects of the COVID-19 pandemic. As the prospect of more widespread vaccine distribution and further government stimulus promoted much of the positive momentum during the quarter, those themes remain primary drivers for markets going into 2021. Mr. Davidson did also note that the Fourth Quarter had a pronounced shift in the relative performance of certain asset categories with Small Cap and Value stocks outperforming their Large and Growth counterparts, respectively. Whether the shift will continue remains to be seen as we navigate the probability of a more lasting and comprehensive economic recovery. The SERS portfolio enjoyed strong returns for the quarter on both an absolute and relative basis, beating the policy benchmark by .87% and landing in the top decile of the peer universe. Category allocations remain close to policy targets with the largest disparity coming from the capital preservation category and the absolute return subgroup specifically. A portion of policy allocation difference will be narrowed as a result of the addition of a new Absolute Return manager.

The following funds were on watch status as of quarter end: Hotchkis & Wiley High Yield, OrbiMed Partners, Hotchkis and Wiley Diversified Value, Sterling Mid Cap Value, and Rimrock Low Volatility. With the exception of the Rimrock product, all watch status managers performed well versus policy benchmarks during the quarter, with both Hotchkis & Wiley products outperforming by wide margins.

Hyas Group prepared a memorandum on a recently announced ownership change for Wells Fargo's investment management arm was distributed for discussion. Wells Fargo has entered into a transaction to sell 90% of its investment management practice to two private equity firms, GTCR and Reverence Capital Partners. At this stage, Wells Fargo has indicated that they do not expect there will be any major changes to investment management teams and compensation packages are in place to encourage retention of

key personnel. This transaction, in and of itself, is not a surprise as Wells Fargo's interest in focusing on its banking business has been known for years. The actual announcement does bring the positive of removing speculation around what and when Wells Fargo would move on its investment management division. Due to the uncertainty the transaction induces, however, Hyas Group is recommending all Wells Fargo investment products go on watch, including the Special Small Cap Value Fund that is offered within the SERS portfolio.

Brian Brill moved and Jim Tieken seconded the motion to place Wells Fargo Special Small Cap Value on watch due to ownership change. The motion passed unanimously.

The Bridge City Small Cap Growth Fund continued its poor 2020 relative performance streak in the Fourth Quarter and is now in violation with investment policy parameters.

Jim Tieken moved and Dean Kiefer seconded the motion to place Beach Point Select Fund on watch due to performance reasons. The motion passed unanimously.

The Sterling Mid Cap Value product was on watch for quantitative, performance-related reasons as well as for qualitative reasons related to a change in fund management personnel. The Fund performance was again in compliance with investment policy and we are now comfortable that Sterling will be able to absorb this change with no meaningful disruption. Hyas Group, thus, recommended taking the product off watch.

Jim Tieken moved and J.D. Morscheck seconded the motion to remove Sterling Mid Cap Value from watch. The motion passed unanimously.

Investment Policy Statement Review

The Board reviewed the Investment Policy Statement. No changes were recommended by Hyas Group.

Joe Cavanaugh moved and Dean Kiefer seconded the motion to accept the Investment Policy Statement as presented. The motion passed unanimously.

Absolute Return Search

Mr. Davidson & Mr. Loescher presented the Hyas Group prepared Absolute Return Bond Manager Search Report and the Board engaged in the evaluation of several products to be added to the SERS portfolio in order to broaden the options within the Absolute Return category. After discussion, the Board voted to add the PIMCO Dynamic Bond Fund. This option will give a more global perspective to the category and is less correlated to the credit exposure offered by the Fund's other Absolute Return options. The initial funding for the new PIMCO offering, \$7 million, will come primarily from the current allocation to the Sterling Capital Total Return Fund, with smaller amounts from broader portfolio rebalancing as warranted.

Jim Tieken moved and Brian Brill seconded the motion to move \$7 million primarily from Sterling Mid Cap, and if overweight elsewhere in the portfolio, to fund the purchase of Blackrock Strategic Income. The motion passed unanimously.

Minutes of the February 3, 2021 Meeting

Jim Tieken moved and Joe Cavanaugh seconded the motion to approve the minutes of the February 3, 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>
Carol J. Inkpen	57	01/14/2021	32.1	E
Gerald L. Halladay	60	03/06/2021	15.1	ST
Marilu Garcia	65	03/13/2021	7.6	ST
Lorran R. Sommerfeld	63	04/03/2021	29.8	D
James V. Steiner	56	04/03/2021	31.1	A
Diana M. Clavel	65	04/17/2021	13.9	ST

Joe Cavanaugh moved and Jim Tieken seconded the motion to approve the service retirements as amended on the March Retirement Transaction Report. The motion passed unanimously.

Withdrawals for March 2021

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Rae-Lynn Barden	8.4	09/04/2020
Crystal R. Griffiths	4.8	12/14/2020

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

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Ariane E. Schmidt	Police – Administration	15.9
Tracy A. Staab	Municipal Court	13.2

Deaths

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

Vesting and Death information provided to the Board for review.

Expenditure Summary Report – December 2020 and January 2021

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

Joe Cavanaugh moved and Jim Tieken seconded the motion to approve the December 2020 Expenditure Summary Report. The motion passed unanimously.

Jim Tieken moved and Dean Kiefer seconded the motion to approve the January 2021 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – January 2021

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on January 31, 2021 was \$338.3 million with an estimated monthly rate of return of -0.2%.

Monthly Cash Reconciliation

The monthly cash reconciliation report for February 2021 was presented to provide the Board with additional insight into the ongoing liquidity and cash position of the plan.

Other Business

Dean Kiefer will be resigning his position on the Board in July. Mr. Tencick will send out a survey to the Board asking for input on what kind of candidate background is important to the Board. Mr. Tencick expects to present the survey results and draft search plan and include Dean Kiefer's input before his resignation. Michael Cathcart feels the Council would like to have more input in decision process.

Upcoming Board Election

Jim Tieken's term on the Board runs through July 4, 2021. The City Clerks' office recommend the election be delayed due to the current Stay Home, Stay Safe order. The revised timeline would be send notice on July 15, 2021, nominations would be due by August 10, 2021 and the election would be September 14, 2021..

Joe Cavanaugh moved and Brian Brill seconded the motion to delay the election until September. The motion passed unanimously.

Board Appointed Member

J.D. Morscheck's term on the Board runs through April 30, 2021.

Brian Brill moved and Dean Kiefer seconded the motion to appoint J.D. Morscheck as the seventh board member. The motion passed unanimously.

Other Business

The Board moved into executive session at 2:46 p.m. to discuss potential litigation.

There being no other business, the meeting adjourned at 2:59 p.m.

Phillip Tencick, Retirement Director

DRAFT

SERS Retirement Transaction Report

April 2021

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Patrick E. Wise	58	03/01/2021	14.8	Advanced Wastewater	E
2	Robert J. Womochil	68	03/01/2021	22.3	Street	D
3	Rodney W. Geiger	62	04/03/2021	30.4	Solid Waste Management	E
4	Lars H. Hendron	62	04/03/2021	29.7	Advanced Wastewater	D
5	Melissa K. Wittstruck	62	04/06/2021	6.3	Planning Services	C-10
	Retirements YTD	17				
	2020 Total Retirements	74				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Anna L. Everano	5.3	Mayor	10/01/2020
2	Wade C. Owens	0.9	My Spokane	11/12/2020
3	Jeremiah M. Jones	3.1	My Spokane	01/28/2021
4	Alex J. Russell	6.1	Advanced Wastewater	02/01/2021
5	Sarah C. Winger	7.2	Library	02/13/2021

Vesting

	Name	Department	Years of Service
1	Christopher D. Galbreath	Solid Waste Disposal	14.6

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Barbara J. Mihalchean	09/30/1996	79	02/08/2021	No Further Benefits
2	Michael R. Masingale	09/27/2014	64	03/04/2021	No Further Benefits
3	John A. Walters	07/07/2018	66	03/05/2021	E Option Continues

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2021 EXPENDITURE SUMMARY REPORT
FEBRUARY 28, 2021

	2020 ACTUAL	2021 BUDGET	FEBRUARY ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	315,165.09	313,354.00	22,984.01	41,951.64	271,402.36	13.4%
Departmental Benefits	85,294.40	89,760.00	6,954.34	13,187.05	76,572.95	14.7%
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	54.49	54.49	5,145.51	1.0%
State Audit Charges	12,990.88	15,000.00	556.97	556.97	14,443.03	3.7%
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	200.00	200.00	2,300.00	8.0%
Other Miscellaneous Charges	1,179.23	2,200.00	110.00	110.00	2,090.00	5.0%
Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	569,408.50	634,014.00	30,859.81	56,060.15	587,953.85	8.8%
INTERFUND EXPENDITURES						
Interfund - Office Performance Mgmt Services	389.00	-	-	-	-	
Interfund - Centralized Purchasing	448.85	5,000.00	-	92.25	4,907.75	1.8%
Interfund - Centralized Accounting	1,377.27	1,764.00	-	441.00	1,323.00	25.0%
Interfund - Risk Management	293.00	607.00	151.75	151.75	455.25	25.0%
Interfund - Worker's Compensation	134.00	134.00	33.50	33.50	100.50	25.0%
Interfund - Reprographics	5,043.80	9,412.00	-	2,353.00	7,059.00	25.0%
Interfund - IT	39,242.59	39,237.00	3,272.07	3,272.07	35,964.93	8.3%
Interfund - IT Replacement	1,827.00	3,003.00	250.25	250.25	2,752.75	8.3%
Interfund - My Spokane	970.64	756.00	178.59	178.59	577.41	23.6%
TOTAL INTERFUND EXPENDITURES	49,726.15	59,913.00	3,886.16	6,772.41	53,140.59	11.3%
TOTAL ADMINISTRATIVE EXPENDITURES	619,134.65	693,927.00	34,745.97	62,832.56	641,094.44	9.1%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2021 EXPENDITURE SUMMARY REPORT
FEBRUARY 28, 2021

	2020 ACTUAL	2021 BUDGET	FEBRUARY ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	29,378,701.18	31,500,000.00	2,541,191.96	5,070,844.58	26,429,155.42	16.1%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	19,096.60	115,903.40	14.1%
Pensions-Survivor Annuity Benefits Payments	2,101,833.92	2,500,000.00	179,864.07	357,112.45	2,142,887.55	14.3%
TOTAL PENSIONS	<u>31,595,114.70</u>	<u>34,135,000.00</u>	<u>2,730,604.33</u>	<u>5,447,053.63</u>	<u>28,687,946.37</u>	16.0%
Refunds	513,758.34	1,000,000.00	66,698.68	66,702.01	933,297.99	6.7%
TOTAL EXPENSES	<u><u>32,728,007.69</u></u>	<u><u>35,828,927.00</u></u>	<u><u>2,832,048.98</u></u>	<u><u>5,576,588.20</u></u>	<u><u>30,262,338.80</u></u>	15.6%
INVESTMENT EXPENSE*						
Advisory Technical Service	449,834.07	550,000.00	42,447.87	14,591.87	535,408.13	2.7%

** 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
February 28, 2021

3/30/2021

				Allocation		
		Type		Target	Current	Diff.
Cash Held by Treasurer	Cash		\$ 112,645			
US Bank	Short-term Inv		7,798			
Total Cash			120,443	0.0%	0.0%	0.0%
Sterling Capital	Total Return		31,284,889			
Total Total Return			31,284,889	10.0%	9.0%	-1.0%
Hotchkis & Wiley	High Yield - Mutual Fund		15,993,346			
Total High Yield			15,993,346	5.0%	4.6%	-0.4%
Polar	LLC		8,940,967			
Post Limited Term High Yield	Ltd Partnership		6,771,690			
Rimrock Low Volatility	Ltd Partnership		10,202,521			
Total Absolute Return			25,915,178	8.0%	7.4%	-0.6%
Total Capital Preservation			73,313,856	23.0%	21.1%	-1.9%
Hotchkis & Wiley	LC Value - Mutual Fund		19,383,669			
MFS Growth	LC Growth - Mutual Fund		15,477,894			
Fidelity S&P 500 Index	LC Core - Mutual Fund		37,213,633			
Total US Large Cap			72,075,196	21.0%	20.7%	-0.3%
Sterling	MC Value		6,007,041			
Westfield MC Growth	MC Growth		5,411,235			
Fidelity MC Index	MC Core - Mutual Fund		5,390,802			
Champlain	SC Core		9,145,233			
Bridge City	SC Growth		8,182,880			
Wells Fargo	SC Value - Mutual fund		5,125,253			
Fidelity SC Index	SC Core - Mutual Fund		567,769			
Total US Small/Mid Cap			39,830,213	11.0%	11.4%	0.4%
Total US Equities			111,905,409	32.0%	32.1%	0.1%
Artisan	SMID Value - Mutual Fund		26,440,335			
Euro Pacific	LC Blend - Mutual Fund		24,957,005			
Fidelity International	LC Index - Mutual Fund		-			
Total International Large Cap			51,397,340	15.0%	14.8%	-0.2%
Trivalent	SC Value - Mutual Fund		15,170,590			
Total International Small/Mid			15,170,590	4.0%	4.4%	0.4%
Vanguard EM Index	EM - Mutual Fund		563,753			
ABS Emerging Markets	Ltd Partnership		11,760,716			
Total Emerging Markets			12,324,469	3.0%	3.5%	0.5%
Total International Equities			78,892,399	22.0%	22.7%	0.7%
Weatherlow Offshore	Ltd Partnership		21,656,586			
Royalty Opportunities I	Ltd Partnership		1,256,821			
Royalty Opportunities II	Ltd Partnership		992,870			
Total Long Biased			23,906,277	7.0%	6.9%	-0.1%
Metropolitan Real Estate Partners	Ltd Partnership		134,890			
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		14,295,292			
Total Real Estate			27,086,225	9.0%	7.8%	-1.2%
Contrarian Capital Fund I	Ltd Partnership		8,884,685			
Beach Point	Ltd Partnership		13,027,312			
Total Opportunistic Credit			21,911,997	7.0%	6.3%	-0.7%
Contrarian EM Credit	LLC		4,712,959			
OrbiMed II	Ltd Partnership		6,354,624			
Total Special Opportunities			11,067,583	0.0%	3.2%	3.2%
Total Cash and Investments			\$ 348,083,746	100.0%	100.0%	0.0%
			Monthly Contributions	1,698,577		
			Monthly Pension	\$ (2,716,453)		
			As of January 31, 2021	\$ 338,283,278		
			Estimated Rate of Return	3.2%		
Abs. Return and Total Return FI	Thesis 2017.1		57,200,067	18.0%	16.4%	-1.6%
Equity and Special Situations	Thesis 2017.3		201,865,391	54.0%	58.0%	4.0%

Cash Recon - Mar

Date	Transactions	Sources	Uses	Balance
2/25/2021	Beginning Balance			2,506,255.24
2/26/2021	Sale - Fidelity Mid Cap Growth	300,000.00		2,806,255.24
2/26/2021	Pension Payments		(2,798,471.43)	7,783.81
3/1/2021	Payroll Contributions	839,736.34		847,520.15
3/1/2021	Interest	13.75		847,533.90
3/4/2021	Redeposit Payment	1,721.88		849,255.78
3/15/2021	Payroll Contributions	831,430.66		1,680,686.44
3/17/2021	Return/Reissue Payment	322.72	(92.20)	1,680,916.96
3/22/2021	Distribution - Royalty Opps II	81,905.59		1,762,822.55
3/25/2021	Capital Call - Morrison Street VI		(618,130.16)	1,144,692.39
3/26/2021	Distribution - Royalty Opps	57,361.75		1,202,054.14
3/29/2021	Payroll Contributions	831,091.38		2,033,145.52
3/30/2021	Sale - Sterling Core Fixed Income	4,000,000.00		6,033,145.52
3/31/2021	Sale - Hotchkis & Wiley LC Growth	3,000,000.00		9,033,145.52
3/31/2021	Sale - Victory Trivalent	1,750,000.00		10,783,145.52
3/31/2021	Purchase - PIMCO Dynamic Bond		(7,000,000.00)	3,783,145.52
3/31/2021	Pension Payments		(2,838,862.05)	944,283.47
3/31/2021	Distribution - Morgan Stanley PRIME	71,856.96		1,016,140.43
3/31/2021	Ending Balance	11,765,441.03	(13,255,555.84)	1,016,140.43

Upcoming

ORDINANCE NO. _____

An ordinance relating to amendments to the Spokane Employee's Retirement System amending SMC sections 03.05.010, SMC 03.05.020 and adding a new section to SMC 3.05.175 of the Spokane Municipal Code.

WHEREAS, a review of chapter SMC 03.05 has determined that amendments are necessary to update the SERS plan to address changes in State law and clarification of beneficiaries under the Spokane Employee's Retirement System.

NOW, THEREFORE, the City of Spokane does ordain:

Section 1. That section 03.05.010 the Spokane Municipal Code is amended to read as follows:

Chapter 03.05 Spokane Employees' Retirement System

Section 03.05.010 Purpose

The purpose of this chapter and chapter 4.14 SMC is to establish a retirement and pension system for superannuated or totally and permanently disabled employees and elected officials of the City as authorized ~~by state law~~ under RCW 41.28.

Section 2. That section 03.05.020 the Spokane Municipal Code is amended to read as follows:

Title 03 Administration and Personnel

Chapter 03.05 Spokane Employees' Retirement System

Section 03.05.020 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. "Spouse" means an individual to whom a member is lawfully married under state law; the terms "spouse," "husband and wife," "husband," and "wife," include an individual married to another individual of the same sex if the individuals are married under state law, and the term "marriage" includes such a marriage between individuals of the same sex. Pursuant to RCW 41.04.900, the terms spouse, marriage, marital, husband, wife, widow, widower, next of kin, and family shall be interpreted as applying equally to state registered domestic partnerships or individuals in state registered domestic partnerships as well as to marital relationships and married persons, and references to dissolution of marriage shall apply equally to state registered domestic partnerships that have been terminated, dissolved, or invalidated, to the extent that such interpretation does not conflict with federal law.
- W. "SREC" means Spokane Regional Emergency Communications.
- X. "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.
- Y. "State registered domestic partnership" is defined consistent with the provisions of RCW 26.60.020, 26.60.025, and 26.60.030.
- Z. "Tier 1" means the benefit formula in SMC 3.05.160.
- AA. "Tier 2" means the benefit formula in SMC 3.05.165.
- BB. "Tier 3" means the benefit formula in SMC 3.05.166.
- CC. "Tier 4" means the benefit formula in SMC 3.05.167.

Section 3. That a new section 03.05.175 is added to the Spokane Municipal Code to read as follows:

3.05.175 Beneficiary Designations.

A. Beneficiary Designations, Generally.

At any time before the earlier of the member's retirement or death, a member may designate a new beneficiary or revoke a previous designation of beneficiary for the purposes of the payment of death benefits under SMC 3.05.170.

B. Requirements of Valid Beneficiary Designations.

To be considered a valid beneficiary designation, such designation must be:

1. In a written format acceptable to the board;
2. Signed and dated by the member; and
3. Received by the retirement system before the earlier of the member's retirement or death.

C. Effect of Receipt of Valid Beneficiary Designation.

The receipt by the retirement system of a member's new beneficiary designation revokes all previous otherwise valid beneficiary designations made by that member.

D. Beneficiary Designation not Generally Not Modifiable by Agreement.

The right of a designated spousal beneficiary to receive a death benefit under SMC 3.05.170.A or B. may not be deemed nullified or waived by any agreement or property settlement between the member and the beneficiary, or on behalf of either of them, except to the extent that such agreement or property settlement constitutes a qualified domestic relations order under SMC 3.05.240.B.

E. Subsequent Life Events do not Revoke Existing Beneficiary Designations.

The marriage, divorce, remarriage, dissolution or invalidation of a marriage or state registered domestic partnership, or termination of a state registered domestic partnership will not revoke, affect or otherwise invalidate an

otherwise valid beneficiary designation under this SMC 3.05.175 previously executed by a member and filed with the retirement system. Accordingly, by operation of RCW 11.07.010(2) (b)(i), amounts payable under SMC 3.05.710 are not subject to RCW 11.07.010.”

PASSED by the City Council on _____.

Council President

Attest:

Approved as to form:

City Clerk

Assistant City Attorney

Mayor

Date

Effective Date