

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:00 p.m. March 2, 2022
WebEx Meeting

AGENDA

1. Jayson Davidson, Hyas Group
 - a. 2021 4th Quarter Performance Report
 - Information
 - b. Investment Policy Statement Review
 - Motion

2. Minutes of the February 2, 2022 Meeting
 - Motion

3. Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Deaths
 - Information
 - e. Expenditure Summary Reports – December 2021, January 2022
 - Motion
 - f. Schedule of Investments – January 2022
 - Information
 - g. Monthly Cash Reconciliation
 - Information
 - h. Other Business

4. Other Business

5. Next Meeting - **Wednesday, April 6, 2022 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=ma93757cbc62b459c5f912daf96281c60).
<https://spokanecity.webex.com/spokanecity/j.php?MTID=ma93757cbc62b459c5f912daf96281c60>

Meeting dial-in number: 1-408-418-9388

Meeting number (access code): 2486 678 3693

STATEMENT OF INVESTMENT POLICY
Spokane Employees' Retirement System

Date Approved: March ~~2~~, 202~~2~~

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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	Bloomberg US Aggregate Bond Index	10%
High Yield Bond	Bloomberg 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%

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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	<u>Bloomberg</u> US Corporate High Yield Index
Absolute Return	HRFI FOF Conservative Index
Total Return Bonds	<u>Bloomberg</u> Aggregate Bond Index
Global Bonds	<u>Bloomberg</u> Global Aggregate Bond Index
Treasury Inflation Protected Securities	<u>Bloomberg</u> U.S. TIPS Index
Money Market	90-Day U.S. Treasury Bills

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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 2, 2022

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

Present: Jim Tieken, Joe Cavanaugh, Richard Czernik, Brian Brill, and J.D. Morscheck

Absent: Jonathan Bingle

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

Guests: Natalie Hilderbrand, Teri Stripes, Justin Anderson, Ryan Estalilla, Lauren Albanese (FIN News), and Joe Ebisa (Journalist)

Minutes of the January 5, 2022 Meeting

Joe Cavanaugh moved and Richard Czernik seconded the motion to approve the minutes of the January 5, 2022 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>
Scott A. Gale	63	02/12/2022	19.27	B
Gregory O. Martin	74	02/12/2022	42.56	B
Steven C. Furfaro	56	02/01/2022	7.76	ST
David W. Hood	66	02/05/2022	12.89	ST

Richard Czernik moved and J.D. Morscheck seconded the motion to approve the service retirements as presented on the February Retirement Transaction Report. The motion passed unanimously.

Withdrawals for February 2022

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Staci E. Lehman	0.96	07/15/2006
Philip J. Martins	2.53	07/01/2021
Michael A. Anger	0.43	11/06/2021

Joe Cavanaugh moved and Brian Brill 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>
Harold R. Folk	11/03/2020	76	01/04/2022	E Option Continues
Eddie G. Cates	08/07/2010	76	01/10/2022	D Option Continues
Helen I. Evans	05/15/1999	83	01/12/2022	D Option Continues

Death information provided to the Board for review.

Schedule of Investments – December 2021

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on December 31, 2021 was \$375.1 million with an estimated rate of return of 3.1% 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 19, 2022.

Participant Communications Review

Mr. Tencick led a presentation on Participant Communications Review. He presented the current communication channels and areas for expansion. Staff will develop a timeline of the Plan's history, leverage HR's newsletter to add retirement content, review the website to address more questions, and develop a communication for vesting participants.

SageView Contract Extension & Experience Study

This year an experience study is due with SageView. The current contract has expired but allows for a one-year extension.

Joe Cavanaugh moved and Richard Czernik seconded the motion to extend the contract with SageView for one year to include the experience study. The motion passed unanimously.

There being no other business, the meeting adjourned at 1:56 p.m.

Phillip Tencick, Retirement Director

SERS Retirement Transaction Report

March 2022

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Michael J. Tagariello	50	02/01/2022	8.2	Water	ST
2	Louis W. Meuler	52	02/12/2022	25.5	Planning	C20
3	Cynthia D. Johanns	65	03/04/2022	12.6	Sewer Maintenance	ST
4	Dale G. Maurer	67	03/05/2022	27.3	Fleet Services	E
5	Scott W. Stipe	65	03/05/2022	20.0	IT	ST
6	Gillian M. F. Sayer	52	03/09/2022	27.7	Library	ST
7	Samuel P. Greer	63	03/26/2022	13.0	Fleet Services	E
8	Melissa D. Halpin	65	04/05/2022	20.0	Street Combined	ST
9	Grace A. Hammersley	62	04/17/2022	12.0	Communications Center	E
10	David T. Rogers	64	05/03/2022	43.0	Water	E
	Retirements YTD	21				
	2021 Total Retirements	66				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Daniel S. Pringle	3.8	Library	07/01/2018
2	Melanie L. Hall	5.6	Combined Communications Center	07/01/2019
3	Christopher G. Rollis	0.9	Library	07/28/2020
4	Lara V. Estaris	0.9	Council	07/09/2021
5	Darci L. Dravland	0.5	Municipal Court	08/27/2021
6	Bradley S. Johnson	2.3	Advanced Wastewater Treatment	11/11/2021

Vesting

	Name	Department	Years of Service
1	Katherine M. Burke	Council	4.0 Portability
2	Erika J. McCowan	Accounting	12.7
3	Candace M. Mumm	Council	8.0
4	Kandace L. Watkins	Council	7.2
5	Melissa L. Morrison	Council	1.7 Portability

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Harold R. Folk	11/03/2020	76	01/04/2022	E Option Continues
2	Ronald L. Tipke	11/02/1996	84	01/17/2022	No Further Benefits
3	Gary J. Brueher	05/01/2017	78	01/30/2022	D Option Continues
4	June M. McDonald	09/03/2005	88	02/01/2022	No Further Benefits
5	Marlene J. Beck	10/31/2009	80	02/08/2022	No Further Benefits
6	Warren J. Richardson	01/08/1983	86	02/08/2022	No Further Benefits

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

	2020 ACTUAL	2021 BUDGET	DECEMBER ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	315,165.09	313,354.00	38,899.20	299,000.63	14,353.37	95.4%
Departmental Benefits	85,294.40	89,760.00	10,302.60	88,085.00	1,675.00	98.1%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(16,886.25)	(10,000.00)	(3,341.45)	(15,225.22)		
Postage/Supplies/Other	3,997.66	5,200.00	753.64	3,133.07	2,066.93	60.3%
State Audit Charges	12,990.88	15,000.00	1,730.04	12,432.82	2,567.18	82.9%
Contractual Services	142,161.60	175,000.00	12,543.57	131,620.94	43,379.06	75.2%
Travel	109.09	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	5,995.00	16,000.00	-	500.00	15,500.00	3.1%
Other Dues/Subscriptions/Membership	1,752.80	2,500.00	590.00	1,898.55	601.45	75.9%
Other Miscellaneous Charges	1,179.23	2,200.00	116.38	1,822.95	377.05	82.9%
Amortization	17,649.00	-	17,649.00	22,061.25	(22,061.25)	
TOTAL OPERATING EXPENDITURES	569,408.50	634,014.00	79,242.98	545,329.99	83,458.79	86.0%
INTERFUND EXPENDITURES						
Interfund - Office Performance Mgmt Services	389.00	-	-	-	-	
Interfund - Centralized Purchasing	448.85	5,000.00	(55.68)	313.32	4,686.68	6.3%
Interfund - Centralized Accounting	1,377.27	1,764.00	-	1,764.00	-	100.0%
Interfund - My Spokane	970.64	756.00	349.48	885.25	(129.25)	117.1%
Interfund - Risk Management	293.00	607.00	-	607.00	-	100.0%
Interfund - Worker's Compensation	134.00	134.00	-	134.00	-	100.0%
Interfund - Reprographics	5,043.80	9,412.00	1,105.53	3,898.68	5,513.32	41.4%
Interfund - IT	39,242.59	39,237.00	5,820.89	38,532.25	704.75	98.2%
Interfund - IT Replacement	1,827.00	3,003.00	500.50	3,003.00	-	100.0%
TOTAL INTERFUND EXPENDITURES	49,726.15	59,913.00	7,720.72	49,137.50	10,775.50	82.0%
TOTAL ADMINISTRATIVE EXPENDITURES	619,134.65	693,927.00	86,963.70	594,467.49	94,234.29	85.7%

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

	2020 ACTUAL	2021 BUDGET	DECEMBER ACTUAL EXPENDITURES	2021 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	29,378,701.18	31,500,000.00	2,624,173.01	30,993,999.10	506,000.90	98.4%
Pensions-Disability Payments	114,579.60	135,000.00	9,548.30	114,579.60	20,420.40	84.9%
Pensions-Survivor Annuity Benefits Payments	2,101,833.92	2,500,000.00	180,574.08	2,147,772.56	352,227.44	85.9%
TOTAL PENSIONS	<u>31,595,114.70</u>	<u>34,135,000.00</u>	<u>2,814,295.39</u>	<u>33,256,351.26</u>	<u>878,648.74</u>	97.4%
Refunds	513,758.34	1,000,000.00	130,271.62	741,018.82	258,981.18	74.1%
TOTAL EXPENSES	<u><u>32,728,007.69</u></u>	<u><u>35,828,927.00</u></u>	<u><u>3,031,530.71</u></u>	<u><u>34,591,837.57</u></u>	<u><u>1,231,864.21</u></u>	96.5%
INVESTMENT EXPENSE*						
Advisory Technical Service	449,834.07	550,000.00	121,227.70	549,632.69	367.31	99.9%

* 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
 2022 EXPENDITURE SUMMARY REPORT
JANUARY 31, 2022

	2021 ACTUAL	2022 BUDGET	JANUARY ACTUAL EXPENDITURES	2022 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	299,000.63	311,479.00	18,170.81	18,170.81	293,308.19	5.8%
Departmental Benefits	88,085.00	96,560.00	6,686.43	6,686.43	89,873.57	6.9%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(15,225.22)	(10,000.00)				
Postage/Supplies/Other	3,133.07	4,950.00	-	-	4,950.00	0.0%
State Audit Charges	12,432.82	15,000.00	-	-	15,000.00	0.0%
Contractual Services	131,620.94	175,000.00	-	-	175,000.00	0.0%
Travel	-	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	500.00	16,000.00	-	-	16,000.00	0.0%
Other Dues/Subscriptions/Membership	1,898.55	2,500.00	-	-	2,500.00	0.0%
Other Miscellaneous Charges	1,822.95	3,200.00	55.00	55.00	3,145.00	1.7%
Amortization	22,061.25	-	-	-	-	
TOTAL OPERATING EXPENDITURES	545,329.99	639,689.00	13,709.61	13,709.61	635,979.39	2.1%
INTERFUND EXPENDITURES						
Interfund - Centralized Purchasing	313.32	9,733.00	2,433.25	2,433.25	7,299.75	25.0%
Interfund - Centralized Accounting	1,764.00	2,136.00	534.00	534.00	1,602.00	25.0%
Interfund - My Spokane	885.25	1,125.00	-	-	1,125.00	0.0%
Interfund - Risk Management	607.00	571.00	-	-	571.00	0.0%
Interfund - Worker's Compensation	134.00	123.00	-	-	123.00	0.0%
Interfund - Reprographics	3,898.68	5,262.00	-	-	5,262.00	0.0%
Interfund - IT	38,532.25	46,237.00	-	-	46,237.00	0.0%
Interfund - IT Replacement	3,003.00	3,305.00	-	-	3,305.00	0.0%
TOTAL INTERFUND EXPENDITURES	49,137.50	68,492.00	2,967.25	2,967.25	65,524.75	4.3%
TOTAL ADMINISTRATIVE EXPENDITURES	594,467.49	708,181.00	16,676.86	16,676.86	701,504.14	2.4%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2022 EXPENDITURE SUMMARY REPORT
JANUARY 31, 2022

	2021 ACTUAL	2022 BUDGET	JANUARY ACTUAL EXPENDITURES	2022 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	30,993,999.10	33,500,000.00	2,650,291.11	2,650,291.11	30,849,708.89	7.9%
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	2,147,772.56	2,500,000.00	181,595.55	181,595.55	2,318,404.45	7.3%
TOTAL PENSIONS	<u>33,256,351.26</u>	<u>36,135,000.00</u>	<u>2,841,434.96</u>	<u>2,841,434.96</u>	<u>33,293,565.04</u>	7.9%
Refunds	741,018.82	1,000,000.00	20,195.51	20,195.51	979,804.49	2.0%
TOTAL EXPENSES	<u><u>34,591,837.57</u></u>	<u><u>37,843,181.00</u></u>	<u><u>2,878,307.33</u></u>	<u><u>2,878,307.33</u></u>	<u><u>34,974,873.67</u></u>	7.6%
INVESTMENT EXPENSE*						
Advisory Technical Service	549,632.69	565,000.00	-	-	565,000.00	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, 2022

2/24/2022

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 253,257			
US Bank	Short-term Inv	929,158			
Total Cash		1,182,415	0.0%	0.3%	0.3%
Sterling Capital	Total Return	26,966,979			
Total Total Return		26,966,979	10.0%	7.5%	-2.5%
Hotchkis & Wiley	High Yield - Mutual Fund	15,919,939			
Total High Yield		15,919,939	5.0%	4.4%	-0.6%
PIMCO Dynamic	Absolute Return	6,921,158			
Polar	LLC	8,591,568			
Post Limited Term High Yield	Ltd Partnership	6,867,590			
Rimrock Low Volatility	Ltd Partnership	10,600,839			
Total Absolute Return		32,981,155	8.0%	9.2%	1.2%
Total Capital Preservation		77,050,488	23.0%	21.4%	-1.6%
Hotchkis & Wiley	LC Value - Mutual Fund	18,689,314			
MFS Growth	LC Growth - Mutual Fund	17,418,142			
Fidelity S&P 500 Index	LC Core - Mutual Fund	40,601,709			
Total US Large Cap		76,709,165	21.0%	21.4%	0.4%
Sterling	MC Value	6,555,909			
Westfield MC Growth	MC Growth	5,591,333			
Fidelity MC Index	MC Core - Mutual Fund	4,106,030			
Champlain	SC Core	8,828,072			
Bridge City	SC Growth	8,062,782			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund	5,525,240			
Fidelity SC Index	SC Core - Mutual Fund	527,864			
Total US Small/Mid Cap		39,197,230	11.0%	10.9%	-0.1%
Total US Equities		115,906,395	32.0%	32.3%	0.3%
Artisan	SMID Value - Mutual Fund	27,344,341			
Euro Pacific	LC Blend - Mutual Fund	23,620,782			
Fidelity International	LC Index - Mutual Fund	-			
Total International Large Cap		50,965,123	15.0%	14.2%	-0.8%
Trivalent	SC Value - Mutual Fund	13,989,417			
Total International Small/Mid		13,989,417	4.0%	3.9%	-0.1%
Vanguard EM Index	EM - Mutual Fund	545,693			
ABS Emerging Markets	Ltd Partnership	11,260,494			
Total Emerging Markets		11,806,187	3.0%	3.3%	0.3%
Total International Equities		76,760,727	22.0%	21.4%	-0.6%
Weatherlow Offshore	Ltd Partnership	22,286,649			
Royalty Opportunities I	Ltd Partnership	614,480			
Royalty Opportunities II	Ltd Partnership	394,009			
Total Long Biased		23,295,138	7.0%	6.5%	-0.5%
Metropolitan Real Estate Partners	Ltd Partnership	76,827			
Morrison Street Fund V	LP	-			
Morrison Street Fund VI	LP	2,938,073			
Morrison Street Debt Opportunit	LP	44,037			
Morrison Street Income Fund	LP	2,768,145			
Morgan Stanley Prime	LLC	8,512,820			
Principal (REITs)	REITs	18,293,869			
Total Real Estate		32,633,771	9.0%	9.1%	0.1%
Contrarian Capital Fund I	Ltd Partnership	10,745,488			
Beach Point	Ltd Partnership	14,313,298			
Total Opportunistic Credit		25,058,786	7.0%	7.0%	0.0%
Contrarian EM Credit	LLC	5,319,528			
OrbiMed II	Ltd Partnership	3,207,516			
Total Special Opportunities		8,527,044	0.0%	2.4%	2.4%
Total Cash and Investments		\$ 359,232,349	100.0%	100.0%	0.0%
	Monthly Contributions	1,787,010			
	Monthly Pension	\$ (2,861,630)			
	As of December 31, 2021	\$ 374,877,241			
	Estimated Rate of Return	-3.9%			
Abs. Return and Total Return FI Equity and Special Situations	Thesis 2017.1	59,948,134	18.0%	16.7%	-1.3%
	Thesis 2017.3	201,194,166	54.0%	56.0%	2.0%

Cash Recon - Feb

Date	Transactions	Sources	Uses	Balance
1/26/2022	Beginning Balance			1,968,313.64
1/26/2022	Quarterly Trust Fees		(27,619.51)	1,940,694.13
1/27/2022	Sale - Artisan International	1,875,000.00		3,815,694.13
1/28/2022	Distribution - Morrison Street MSDO	76,655.47		3,892,349.60
1/31/2022	Payroll Contributions	860,202.94		4,752,552.54
1/31/2022	January Pension Payments		(2,861,630.47)	1,890,922.07
1/31/2022	Contribution - Morrison Street VI		(961,778.18)	929,143.89
2/1/2022	Interest	14.09		929,157.98
2/2/2022	Reissue Pension Payment		(3,072.74)	926,085.24
2/3/2022	Returned Pension Payment	874.81		926,960.05
2/10/2022	Returned Pension Payment	1,837.58		928,797.63
2/14/2022	Reissue Pension Payment		(1,007.71)	927,789.92
2/14/2022	Payroll Contributions	855,980.86		1,783,770.78
2/23/2022	Ending Balance	3,670,565.75	(3,855,108.61)	1,783,770.78
	<u>Upcoming</u>			
2/28/2022	Payroll Contributions	855,000.00		
2/28/2022	February Pension Payments		(2,930,173.01)	
2/28/2022	Sale - TBD	300,000.00		