

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting, 1:00 p.m. March 1, 2023**  
**Council Briefing Center, City Hall**

**AGENDA**

Executive Session

1. Director Position Update

Open Session

1. Director Position Update
  - Motion
2. Jayson Davidson, Hyas Group
  - a. 2022 4<sup>th</sup> Quarter Performance Report
    - Information
  - b. On Watch Funds
    - Motion
  - c. Investment Policy Statement Review
    - Motion
3. Minutes of the February 1, 2023 Meeting
  - Motion
4. Director's Report
  - a. Retirements
    - Motion
  - b. Withdrawals
    - Motion
  - c. Vesting
    - Information
  - d. Deaths
    - Information
  - e. Expenditure Summary Reports – December 2022, January 2023
    - Motion
  - f. Schedule of Investments – January 2023
    - Information
  - g. Monthly Cash Reconciliation
    - Information
  - h. Other Business
5. Other Business
  - a. SMC Temporary Seasonal/Retiree Changes
    - Motion
6. Next Meeting - **Wednesday, April 5, 2023 at 1:00 p.m.**

**STATEMENT OF INVESTMENT POLICY**  
**Spokane Employees' Retirement System**

Date Approved: March ~~1, 2022~~ 1, 2023

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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), if any, 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.

<b>Asset Class</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>
<b>Capital Preservation</b>	<del>25%</del>	<del>30%</del>	<del>35%</del>
Cash	0%	0%	2%
Total Return Bond	<del>12%</del>	<del>17%</del>	<del>22%</del>
High Yield Bond	3%	<del>8%</del>	<del>13%</del>
Absolute Return	<del>0%</del>	<del>5%</del>	10%
<b>Domestic Equities</b>	<del>19%</del>	<del>24%</del>	<del>29%</del>
Large Cap Equity	<del>11%</del>	<del>16%</del>	<del>21%</del>
Small/Mid Cap Equity	<del>3%</del>	<del>8%</del>	13%
<b>International Equities</b>	<del>15%</del>	<del>20%</del>	<del>25%</del>
Large Cap Equity	<del>5%</del>	<del>10%</del>	<del>15%</del>
Small/Mid Cap Equity	<del>0%</del>	<del>5%</del>	<del>10%</del>
Emerging Market Equity	<del>0%</del>	<del>5%</del>	<del>10%</del>
<b>Long Biased</b>	4%	<del>9%</del>	<del>14%</del>
<b>Private Credit</b>	<del>3%</del>	<del>8%</del>	<del>13%</del>
<b>Real Estate</b>	<del>2%</del>	<del>7%</del>	<del>12%</del>
<b>Master Limited Partnerships</b>	0%	<del>2%</del>	<del>4%</del>

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**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	<del>17%</del>
High Yield Bond	Bloomberg US Corporate High Yield Index	<del>8%</del>
Absolute Return	HFRI FOF Conservative Index	<del>5%</del>
Domestic Large Cap Equity	S&P 500 Index	<del>16%</del>
Domestic Small/Mid Cap Equity	Russell 2500 Index	<del>8%</del>
International Large Cap Equity	MSCI ACWI ex-US Index	<del>10%</del>
International Small/Mid Cap Equity	MSCI ACWI ex-US Small Cap Index	<del>5%</del>
Emerging Markets Equity	MSCI EM Free Index	<del>5%</del>
Long Biased	HFRI FOF Composite Index	<del>9%</del>
<u>Private Credit</u>	HFRI Distressed Restructuring Index	<del>8%</del>
Real Estate - Private	NCREIF – ODCE Index	<del>3.5%</del>
Real Estate - Public	FTSE NAREIT Index	<del>3.5%</del>
<u>Master Limited Partnerships</u>	<u>Alerian MLP</u> Index	<del>2%</del>

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In instances of shifting to a new asset allocation, the Fund’s policy index will be pro-rated between the prior and new allocation to reflect the timing of implementation. 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**

US Large Capitalization Stocks—Blended Style  
US Large Capitalization Stocks—Growth Style  
US Large Capitalization Stocks—Value Style  
US Small Capitalization Stocks—Blended Style  
US Small Capitalization Stocks—Growth Style  
US Small Capitalization Stocks—Value Style  
US Mid Capitalization Stocks—Blended Style  
US Mid Capitalization Stocks—Growth Style  
US Mid Capitalization Stocks—Value Style  
US Small/Mid Capitalization Stocks – Blended Style  
Foreign Large Capitalization Stocks - Blended Style  
Foreign Large Capitalization Stocks - Value Style  
Foreign Large Capitalization Stocks - Growth Style  
Foreign Small/Mid Capitalization Stocks – Blended  
Emerging Market Large Capitalization Stocks  
Real Estate Investment Trusts (REITS)  
Core Liquid Real Estate  
Private Real Estate  
Global Commodities  
Long Biased  
Opportunistic Credit  
Special Opportunities  
US High Yield Bonds  
Absolute Return  
Total Return Bonds  
Global Bonds  
Treasury Inflation Protected Securities  
Money Market

Master Limited Partnership

**Relevant Benchmark**

S&P 500 Index  
Russell 1000 Growth Index  
Russell 1000 Value Index  
Russell 2000 Index  
Russell 2000 Growth Index  
Russell 2000 Value Index  
Russell Mid Cap Index  
Russell Mid Cap Growth Index  
Russell Mid Cap Value Index  
Russell 2500 Index  
MSCI ACWI ex-US Index  
MSCI ACWI ex-US Value Index  
MSCI ACWI ex-US Growth Index  
MSCI ACWI ex-US Small Cap Index  
MSCI Emerging Markets Free Index  
FTSE NAREIT Index  
NCREIF – ODCE Index  
NCREIF Property Index  
Bloomberg Commodity Index  
HFRI FOF Composite Index  
HFRI Distressed Restructuring Index  
Russell 3000 Index  
Bloomberg US Corporate High Yield Index  
HRFI FOF Conservative Index  
Bloomberg Aggregate Bond Index  
Bloomberg Global Aggregate Bond Index  
Bloomberg U.S. TIPS Index  
90-Day U.S. Treasury Bills

Alerian MLP Index

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. In the instance where a peer group is not available for an investment option, the Board may use the performance of an index that is composed of funds of comparable investment strategy as a proxy for a peer group median.

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 1, 2023**

The meeting was called to order at 1:00 p.m. in the Council Briefing Center at City Hall.

**Present:** Jim Tieken, Joe Cavanaugh, Richard Czernik, Jonathan Bingle, Brian Brill, and Brian Myers

**Staff:** Christine Shisler, Donald Brown, and Tim Szambelan

**Guests:** Natalie Hilderbrand and Dave Hanshaw

**Executive Session**

The meeting was called to order and the Board immediately went into executive session for 30 minutes to discuss the Retirement Director and Investment Officer Options.

**Open Session**

Joe Cavanaugh moved and Richard Czernik seconded the motion to shift to the non-formal CIO model for the next 90 to 180 days as presented by Hyas Group. The motion passed unanimously.

Jim Tieken will email the City Administrator Johnnie Perkins with the Board's desire to try the non-formal CIO model for a period of 90 to 180 days to see if this works for the Board.

**Minutes of the January 4, 2023 Meeting**

Richard Czernik moved and Jonathan Bingle seconded the motion to approve the minutes of the January 4, 2023 meeting as presented. 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>
George J. Goldschmitz		Rescinded Retirement Application		
Luanne Coulter	68	02/04/2023	7.0	ST
Rhonda L. Albin	65	03/03/2023	31.3	C-20
Tanya T. Hauenstein	56	03/04/2023	27.4	C-15

Richard Czernik moved and Brian Myers seconded the motion to approve the service retirements as presented on the January Retirement Transaction Report. The motion passed unanimously.

**Withdrawals for February 2023**

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
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Christa R. Boone	2.1	08/01/2022
Itzel Harris	3.0	10/28/2022
Ashley A. Olive	0.7	12/09/2022

Richard Czernik moved and Jonathan Bingle 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>
Larry M. Hone	01/08/2000	76	12/14/2022	No Further Benefits
Deanna M. Schram	02/15/2010	85	12/26/2022	No Further Benefits
Carol A. Devereaux	05/09/2010	85	01/12/2023	No Further Benefits

Death information provided to the Board for review.

Schedule of Investments – December 2022

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on November 30, 2022 was \$319 million with an estimated rate of return of 5.1% 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

Ms. Shisler informed the Board with the departure of Mr. Tencick, the Investment Advisory Committee report was not available. Brian Brill shared a brief recap of the committee meeting.

**SageView Contract**

Ms. Shisler informed the Board that the contract for SageView Consulting had expired. SageView performed an experience study in 2022, and the cost-effective choice would be to extend the contract another 4 years instead of issuing an RFP at this time.

Brian Brill moved and Joe Cavanaugh seconded the motion to extend the SageView Consulting contract for 4 years. The motion passed with Joe Cavanaugh, Richard Czernik, Brian Brill, and Brian Myers voting aye; and Jonathan Bingle voting nay.

The meeting adjourned at 2:07 p.m.

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**Christine Shisler, Interim Retirement Director**

DRAFT

# SERS Retirement Transaction Report

## March 2023

### Retirements

	<b>Name</b>	<b>Age</b>	<b>Retirement Date</b>	<b>Years of Service</b>	<b>Department</b>	<b>Option</b>
1	John H. Nett	64	2/18/2023	28.9	Fleet Services Advanced	ST
2	Lance W. Verity	66	03/04/2023	13.1	Wastewater Treatment	E
	Retirements YTD	4				
	2022 Total Retirements	81				

### Withdrawals

	<b>Name</b>	<b>Years of Service</b>	<b>Department</b>	<b>Termination Date</b>
1	Sheila K. Morley	3.4	CD/HS Operations	07/26/2016
2	Pamela M. Pruitt	8.1	Police - Radio	07/02/2022
3	Brian P. McClatchey	7.2	Council	07/15/2022
4	Tina L. Moore	15 days	Library	07/25/2022
5	Cheryl A. Pichette	0.3	Library	12/23/2022
6	Cherie W. Moisan	0.2	Library	01/07/2023

### Vesting

	<b>Name</b>	<b>Department</b>	<b>Years of Service</b>
1	George C. Dahl	CD/HS Operations	11.7
2	Phillip T. Tencick	Retirement	7.7

### Deaths

	<b>Name</b>	<b>Date Retired</b>	<b>Age</b>	<b>Date of Death</b>	<b>Information</b>
1	Sheila R. Brown	09/25/2003	73	01/23/2023	No Further Benefits
2	Robert C. Pounds	06/01/1993	93	01/26/2023	E Option Continues
3	Neva L. Calkins	01/30/2023	95	01/30/2023	No Further Benefits
4	Donald L. Storer	10/24/1989	77	01/31/2023	No Further Benefits
5	John C. Fruit	11/05/2021	90	02/20/2023	No Further Benefits

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

	2021 ACTUAL	2022 BUDGET	DECEMBER ACTUAL EXPENDITURES	2022 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>OPERATING EXPENDITURES</b>						
Departmental Salaries	311,200.63	329,825.00	64,900.16	329,353.49	471.51	99.9%
Departmental Benefits	88,085.00	96,560.00	12,336.73	97,465.19	(905.19)	100.9%
Reserve for Budget Adjustment	-	-	-	-	-	
Administrative Income	(15,225.22)	(10,000.00)	(4,969.37)	(15,225.92)		
Postage/Supplies/Other	3,133.07	4,950.00	544.41	2,332.92	2,617.08	47.1%
State Audit Charges	12,432.82	15,000.00	1,307.38	14,099.28	900.72	94.0%
Contractual Services	131,620.94	175,000.00	17,612.63	153,666.56	21,333.44	87.8%
Travel	-	15,000.00	1,225.33	2,256.29	12,743.71	15.0%
Registration/Schooling	500.00	14,500.00	-	575.00	13,925.00	4.0%
Other Dues/Subscriptions/Membership	1,898.55	2,500.00	192.00	1,610.73	889.27	64.4%
Other Miscellaneous Charges	3,212.30	4,700.00	3,050.19	3,845.29	854.71	81.8%
Amortization	17,649.00	-	8,824.50	17,649.00		
<b>TOTAL OPERATING EXPENDITURES</b>	<b>554,507.09</b>	<b>648,035.00</b>	<b>105,023.96</b>	<b>607,627.83</b>	<b>52,830.25</b>	<b>93.8%</b>
<b>INTERFUND EXPENDITURES</b>						
Interfund - Centralized Purchasing	313.32	9,733.00	(2,705.56)	7,027.44	2,705.56	72.2%
Interfund - Centralized Accounting	1,764.00	2,136.00	601.00	2,737.00	(601.00)	128.1%
Interfund - My Spokane	885.25	1,125.00	(159.17)	965.83	159.17	85.9%
Interfund - Risk Management	607.00	571.00	-	571.00	-	100.0%
Interfund - Worker's Compensation	134.00	123.00	-	123.00	-	100.0%
Interfund - Reprographics	3,898.68	5,262.00	6,752.60	11,049.94	(5,787.94)	210.0%
Interfund - IT	38,532.25	46,237.00	7,560.66	46,111.71	125.29	99.7%
Interfund - IT Replacement	3,003.00	3,305.00	550.84	3,305.04	(0.04)	100.0%
<b>TOTAL INTERFUND EXPENDITURES</b>	<b>49,137.50</b>	<b>68,492.00</b>	<b>12,600.37</b>	<b>71,890.96</b>	<b>(3,398.96)</b>	<b>105.0%</b>
<b>TOTAL ADMINISTRATIVE EXPENDITURES</b>	<b>603,644.59</b>	<b>716,527.00</b>	<b>117,624.33</b>	<b>679,518.79</b>	<b>49,431.29</b>	<b>94.8%</b>

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

	2021 ACTUAL	2022 BUDGET	DECEMBER ACTUAL EXPENDITURES	2022 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>PENSIONS</b>						
Pensions-Annuity Benefit Payments	30,993,999.10	33,395,000.00	2,779,931.34	32,696,265.95	698,734.05	97.9%
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	2,147,772.56	2,400,000.00	195,857.09	2,246,951.76	153,048.24	93.6%
<b>TOTAL PENSIONS</b>	<u>33,256,351.26</u>	<u>35,930,000.00</u>	<u>2,985,336.73</u>	<u>35,057,797.31</u>	<u>872,202.69</u>	97.6%
Refunds	741,018.82	1,215,000.00	58,441.08	1,210,280.26	4,719.74	99.6%
<b>TOTAL EXPENSES</b>	<u><u>34,601,014.67</u></u>	<u><u>37,861,527.00</u></u>	<u><u>3,161,402.14</u></u>	<u><u>36,947,596.36</u></u>	<u><u>926,353.72</u></u>	97.6%
<b>INVESTMENT EXPENSE*</b>						
Advisory Technical Service	557,485.34	565,000.00	65,423.69	492,800.94	72,199.06	87.2%

*\* 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  
 2023 EXPENDITURE SUMMARY REPORT  
**JANUARY 31, 2023**

	2022 ACTUAL	2023 BUDGET	JANUARY ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>OPERATING EXPENDITURES</b>						
Departmental Salaries	329,353.49	347,246.48	45,620.11	45,620.11	301,626.37	13.1%
Departmental Benefits	97,465.19	90,374.14	7,628.61	7,628.61	82,745.53	8.4%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(15,225.22)	(10,000.00)	-	-		
Postage/Supplies/Other	2,332.92	7,250.00	-	-	7,250.00	0.0%
State Audit Charges	14,099.28	-	-	-	-	0.0%
Contractual Services	153,666.56	175,000.00	-	-	175,000.00	0.0%
Travel	2,256.29	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	575.00	16,000.00	-	-	16,000.00	0.0%
Other Dues/Subscriptions/Membership	1,610.73	2,500.00	-	-	2,500.00	0.0%
Other Miscellaneous Charges	3,845.29	5,200.00	-	-	5,200.00	0.0%
Amortization	8,824.50	-	-	-		
<b>TOTAL OPERATING EXPENDITURES</b>	<b>598,804.03</b>	<b>658,570.62</b>	<b>53,248.72</b>	<b>53,248.72</b>	<b>615,321.90</b>	<b>8.1%</b>
<b>INTERFUND EXPENDITURES</b>						
Interfund - Centralized Purchasing	7,027.44	2,001.00	-	-	2,001.00	0.0%
Interfund - Centralized Accounting	2,737.00	4,912.00	-	-	4,912.00	0.0%
Interfund - My Spokane	965.83	1,291.00	-	-	1,291.00	0.0%
Interfund - Risk Management	571.00	537.00	-	-	537.00	0.0%
Interfund - Worker's Compensation	123.00	118.00	-	-	118.00	0.0%
Interfund - Reprographics	11,049.94	6,781.00	-	-	6,781.00	0.0%
Interfund - IT	46,111.71	21,884.00	-	-	21,884.00	0.0%
Interfund - IT Replacement	3,305.04	2,961.00	-	-	2,961.00	0.0%
<b>TOTAL INTERFUND EXPENDITURES</b>	<b>71,890.96</b>	<b>40,485.00</b>	<b>-</b>	<b>-</b>	<b>40,485.00</b>	<b>0.0%</b>
<b>TOTAL ADMINISTRATIVE EXPENDITURES</b>	<b>670,694.99</b>	<b>699,055.62</b>	<b>53,248.72</b>	<b>53,248.72</b>	<b>655,806.90</b>	<b>7.6%</b>

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100  
 2023 EXPENDITURE SUMMARY REPORT  
**JANUARY 31, 2023**

	2022 ACTUAL	2023 BUDGET	JANUARY ACTUAL EXPENDITURES	2023 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>PENSIONS</b>						
Pensions-Annuity Benefit Payments	32,696,265.95	35,500,000.00	2,775,896.06	2,775,896.06	32,724,103.94	7.8%
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	2,246,951.76	2,500,000.00	191,205.59	191,205.59	2,308,794.41	7.6%
<b>TOTAL PENSIONS</b>	<u>35,057,797.31</u>	<u>38,135,000.00</u>	<u>2,976,649.95</u>	<u>2,976,649.95</u>	<u>35,158,350.05</u>	7.8%
Refunds	1,210,280.26	1,000,000.00	29,804.03	29,804.03	970,195.97	3.0%
<b>TOTAL EXPENSES</b>	<u><u>36,938,772.56</u></u>	<u><u>39,834,055.62</u></u>	<u><u>3,059,702.70</u></u>	<u><u>3,059,702.70</u></u>	<u><u>36,784,352.92</u></u>	7.7%
<b>INVESTMENT EXPENSE*</b>						
Advisory Technical Service	492,800.94	600,000.00	-	-	600,000.00	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 2023

2/23/2023

				Allocation		
		Type		Target	Current	Diff.
Cash Held by Treasurer	Cash		\$ 67,052			
US Bank	Short-term Inv		4,474,102			
<b>Total Cash</b>			<b>4,541,154</b>	<b>0.0%</b>	<b>1.5%</b>	<b>1.5%</b>
Sterling Capital	Total Return		24,832,798			
<b>Total Total Return</b>			<b>24,832,798</b>	<b>17.0%</b>	<b>8.0%</b>	<b>-9.0%</b>
Hotchkis & Wiley	High Yield - Mutual Fund		21,283,791			
<b>Total High Yield</b>			<b>21,283,791</b>	<b>8.0%</b>	<b>6.8%</b>	<b>-1.2%</b>
PIMCO Dynamic	Absolute Return		5,647,252			
Polar	LLC		9,041,806			
Post Limited Term High Yield	Ltd Partnership		6,829,236			
Rimrock Low Volatility	Ltd Partnership		10,469,968			
<b>Total Absolute Return</b>			<b>31,988,262</b>	<b>5.0%</b>	<b>10.3%</b>	<b>5.3%</b>
<b>Total Capital Preservation</b>			<b>82,646,005</b>	<b>30.0%</b>	<b>26.6%</b>	<b>-3.4%</b>
Hotchkis & Wiley	LC Value - Mutual Fund		10,041,151			
MFS Growth	LC Growth - Mutual Fund		10,053,376			
Fidelity S&P 500 Index	LC Core - Mutual Fund		34,849,926			
<b>Total US Large Cap</b>			<b>54,944,453</b>	<b>16.0%</b>	<b>17.7%</b>	<b>1.7%</b>
Sterling	MC Value		5,325,925			
Westfield MC Growth	MC Growth		5,038,482			
Fidelity MC Index	MC Core - Mutual Fund		2,976,556			
Champlain	SC Core		8,363,873			
Bridge City	SC Growth		7,786,937			
Allspring (FKA: Wells Fargo)	SC Value - Mutual fund		-			
Fidelity SC Index	SC Core - Mutual Fund		511,126			
<b>Total US Small/Mid Cap</b>			<b>30,002,899</b>	<b>8.0%</b>	<b>9.6%</b>	<b>1.6%</b>
<b>Total US Equities</b>			<b>84,947,352</b>	<b>24.0%</b>	<b>27.3%</b>	<b>3.3%</b>
Artisan	SMID Value - Mutual Fund		19,880,509			
Euro Pacific	LC Blend - Mutual Fund		14,072,657			
Fidelity International	LC Index - Mutual Fund		-			
<b>Total International Large Cap</b>			<b>33,953,166</b>	<b>10.0%</b>	<b>10.9%</b>	<b>0.9%</b>
Trivalent	SC Value - Mutual Fund		15,660,751			
<b>Total International Small/Mid</b>			<b>15,660,751</b>	<b>5.0%</b>	<b>5.0%</b>	<b>0.0%</b>
Vanguard EM Index	EM - Mutual Fund		6,559,857			
ABS Emerging Markets	Ltd Partnership		9,657,242			
<b>Total Emerging Markets</b>			<b>16,217,099</b>	<b>5.0%</b>	<b>5.2%</b>	<b>0.2%</b>
<b>Total International Equities</b>			<b>65,831,016</b>	<b>20.0%</b>	<b>21.2%</b>	<b>1.2%</b>
Weatherlow Offshore	Ltd Partnership		20,291,912			
Royalty Opportunities I	Ltd Partnership		545,455			
Royalty Opportunities II	Ltd Partnership		272,444			
<b>Total Long Biased</b>			<b>21,109,811</b>	<b>9.0%</b>	<b>6.8%</b>	<b>-2.2%</b>
Metropolitan Real Estate Partners	Ltd Partnership		53,230			
Morrison Street Fund VI	LP		6,704,713			
Morrison Street Fund VII	LP		950,965			
Morrison Street Income Fund	LP		2,698,365			
Morgan Stanley Prime	LLC		8,688,629			
Principal (REITs)	REITs		7,763,406			
<b>Total Real Estate</b>			<b>26,859,308</b>	<b>7.0%</b>	<b>8.6%</b>	<b>1.6%</b>
Contrarian Capital Fund I	Ltd Partnership		10,234,761			
Beach Point	Ltd Partnership		13,730,289			
<b>Total Private Credit</b>			<b>23,965,050</b>	<b>8.0%</b>	<b>7.7%</b>	<b>-0.3%</b>
Contrarian EM Credit	LLC		5,637,932			
OrbiMed II	Ltd Partnership		156,569			
<b>Total Master Ltd Partnerships</b>			<b>5,794,501</b>	<b>2.0%</b>	<b>1.9%</b>	<b>-0.1%</b>
<b>Total Cash and Investments</b>			<b>\$ 311,153,043</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>
			Monthly Contributions	2,986,977		
			Monthly Pension	\$ (3,006,995)		
			As of December 31, 2022	<b>\$ 311,268,963</b>		
			Estimated Rate of Return	0.0%		
<b>Abs. Return and Total Return FI</b>	Thesis 2017.1		<b>56,821,060</b>	<b>22.0%</b>	<b>18.3%</b>	<b>-3.7%</b>
<b>Equity and Special Situations</b>	Thesis 2017.3		<b>156,572,869</b>	<b>46.0%</b>	<b>50.3%</b>	<b>4.3%</b>

## SERS Cash Reconciliation-February 2023

Date	Transactions	Sources	Uses	Balance
<b>1/24/2023</b>	<b>Beginning Balance</b>			<b>6,493,916.92</b>
	US Bank Fees		(25,095.28)	6,468,821.64
	Payroll Contributions	983,099.96		7,451,921.60
	January Pension Payments		(3,006,453.98)	4,445,467.62
	Payroll Contributions	982,641.06		5,428,108.68
	Interest	34,994.16		5,463,102.84
<b>2/23/2023</b>	<b>Ending Balance</b>			<b>5,463,102.84</b>
	<u>Upcoming</u>			
2/24/2023	Payroll Contributions		985,714.16	
2/28/2023	February Pension Payments		(3,147,839.66)	

## Section 03.05.210 Optional Allowance on Retirement

A member may elect to receive, in lieu of the retirement allowance, as provided for in [SMC 3.05.160](#), [SMC 3.05.165](#), [SMC 3.05.166](#) or [SMC 3.05.167](#), its actuarial equivalent in the form of a lesser retirement allowance, payable in accordance with the terms and conditions of one of the options set forth below. Election of any option must be made by written application filed with the retirement system and does not become effective unless approved by the board.

~~A.—Option A.~~

~~The lesser retirement allowance will be payable to the member throughout the member's life, provided that if the member dies before the member receives in annuity payments referred to in [SMC 3.05.160\(A\)\(1\)](#), [SMC 3.05.165\(A\)\(1\)](#), [SMC 3.05.166\(A\)\(1\)](#) or [SMC 3.05.167\(A\)\(1\)](#) a total amount equal to the amount of accumulated contributions as it was at the date of retirement, the balance of such accumulated contributions will be paid in one sum to the member's estate or to such person as the member shall nominate by written designation duly executed and filed with the retirement system.~~

~~B.—Option B.~~

~~The lesser retirement allowance will be payable to the member throughout the member's life, provided that if the member dies before the member receives in annuity payments referred to in [SMC 3.05.160\(A\)\(1\)](#), [SMC 3.05.165\(A\)\(1\)](#), [SMC 3.05.166\(A\)\(1\)](#) or [SMC 3.05.167\(A\)\(1\)](#) a total amount equal to the amount of accumulated contributions as it was at the date of retirement, the said annuity payments resulting from accumulated contributions will be continued and paid to the member's estate or such person as the member shall nominate by written designation duly executed and filed with the retirement system, until the total amount of annuity payments shall equal the amount of accumulated contributions as it was at the date of retirement.~~

C.A. Option C.

The member elects a "guaranteed period" of any number of years. If the member dies before the lesser retirement allowance has been paid for the number of years elected as the "guaranteed period," the lesser retirement allowance will be continued to the end of the "guaranteed period," and during such continuation be paid to the member's estate or to such person as the member shall nominate by written designation duly executed and filed with the retirement system.

D.B. Option D.

The lesser retirement allowance will be payable to the member throughout life and, after the death of the member, one-half of the lesser retirement allowance shall be continued throughout the life of, and paid to, the spouse of the member, named at time of retirement, if surviving.

E.C. Option E.

The lesser retirement allowance will be payable to the member throughout life, and after death of the member, it shall be continued throughout the life of, and paid to, the spouse of the member named at time of retirement, if surviving.

Once the form of payment in which the member's benefit has become effective (i.e., in either the retirement allowance as provided for in [SMC 3.05.160](#), [SMC 3.05.165](#), [SMC 3.05.166](#) or [SMC 3.05.167](#) or one of the ~~five-three~~ optional forms of benefit provided for above), the form in which that member's benefit is payable is irrevocable and cannot thereafter be changed at any time or for any reason.

Date Passed: ~~Monday, January 8, 2018~~TBD

Effective Date: ~~Wednesday, February 21, 2018~~TBD

[Title 03](#) Administration and Personnel

[Chapter 03.05](#) Spokane Employees' Retirement System

[Section 03.05.260](#) Suspension of Allowance During Employment

The payment of any retirement allowance to a member who has been retired will be suspended during the time the member is for any reason an employee of the City and until qualifying for a benefit pursuant to [SMC 3.05.165](#), [SMC 3.05.166](#) or [SMC 3.05.167](#), provided that payment for vacation or sick leave earned in the City service prior to retirement may be made without suspension of allowance, and, provided further, that this provision does not apply to retirees who:

- A. become elected officials of the City and do not elect to join the system; or
- B. enter into personal services contracts with the City; or
- C. employees who, subsequent to retirement, are rehired pursuant to the following criteria:
  - 1. The position filled is of a temporary/seasonal nature; and
  - 2. The position is filled only with the approval of the director of human resources and Local 270; and
  - 3. Employment is limited to twenty (20) hours per week and four hundred eighty (480) hours per calendar year beginning at their start date; and
  - 4. Each calendar year will require a separate agreement or employment will terminate at the end of each calendar year; and
  - 5. There is a minimum of two pay periods between the time an employee retires and is rehired as a temporary/seasonal employee.

**Deleted:** or the mayor's office

**Deleted:** their bargaining unit

**Deleted:** nine hundred sixty

**Deleted:** 960

**Deleted:** twelve-month period

**Deleted:** one