

Spokane Employees' Retirement System (SERS)
Board Meeting, 1:30 p.m. September 28, 2016
City Hall - Conference Room 5A

AGENDA

- 1) Minutes of the August 31, 2016 Meeting
 - Motion

- 2) Directors Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Expenditure Summary Report – August 2016
 - Motion
 - e. Schedule of Investments – August 2016
 - Information
 - f. Monthly Cash Reconciliation
 - Information
 - g. Asset Allocation Implementation Update
 - Information
 - h. Other Business
 - Actuary RFP Update – Information

- 3) Opportunistic Credit Primer
 - Information

- 4) USBank Pension Payment Transition
 - Motion

- 5) Other Business

- 6) Next Meeting – **Wednesday, October 26, 2016 at 1:30p.m.**

Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
August 31, 2016

The regular monthly meeting was called to order at 12:36 p.m. in the 5th Floor Conference Room at City Hall.

Present: Mike Coster, Mike Cavanaugh, Jim Tieken, Dean Kiefer, and Brian Brill

Absent: Breean Beggs

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

Guests: Jayson Davidson, Dave Henshaw, Joe Cavanaugh, Richard Czernik, Natalie Hilderbrand, and John Bjork

Hyas Group, 2016 2nd Quarter Investment Performance Report

Mr. Davidson presented the Second Quarter 2016 Performance Report and discussed overall portfolio and manager specific returns for the quarter. The portfolio returned 1.82% for the quarter versus the policy benchmark of 2.72%. Since inception, the current allocation's annualized returns were 4.58% versus the policy benchmark of 4.84%. Hyas recommended maintaining the watch status for the PIMCO Global Bond Fund, Berens Global Value Fund, and Sterling Mid Cap Fund.

Hyas Group informed the Board that performance for the Champlain Small Company Fund has improved significantly over the last several quarters.

Mike Cavanaugh moved and Jim Tieken seconded the motion to remove Champlain Small Cap Equity from watch status. The motion passed unanimously.

Core Fixed Income Manager Search

Mr. Davidson presented the Hyas Group's Core Bond Manager Search Report. Mr. Tencick presented the staff recommendation, which coincided with Hyas' recommendation. The Board evaluated and discussed the managers presented within the core bond space.

Jim Tieken moved and Mike Cavanaugh seconded the motion to terminated Vanguard Short Duration as the core fixed income manager. The motion passed unanimously.

Mike Cavanaugh moved and Dean Kiefer seconded the motion to select Sterling Capital's Total Return strategy as the new core fixed income manager. The motion passed unanimously.

Investment Policy Statement

The Board engaged in a review of the Investment Policy. Discussion ensued regarding proposed changes and the Board requested a copy of the redline version for review.

Mike Cavanaugh moved and Jim Tieken seconded the motion to move the discussion on the Investment Policy Statement to the December Board meeting. The motion passed unanimously.

Minutes of the July 27, 2016 Meeting

Mike Cavanaugh moved and Jim Tieken seconded the motion to approve the minutes of the July 27, 2016 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>
Alfred G. Heath	62	08/12/2016	18.2	ST
Douglas B. Edwards	50	08/20/2016	24.9	D
Roxanne L. Imus	63	10/04/2016	27.1	ST

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

Withdrawals for August 2016

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Karen D. Cahalan	4.6	05/03/2013
Monique R. Cotton	2.7	02/21/2016
Joshua M. Anderson	0.4	07/21/2016
Aaron B. Peterson	0.3	07/26/2016
Nancy L. Isserlis	4.3	08/06/2016
Heather E. Aguayo	0.3	08/11/2016

Dean Kiefer moved and Mike Cavanaugh seconded the motion to approve the requests for withdrawal as presented on the August 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>
Marlin D. Nierstheimer	03/07/2009	61	07/22/2016	D Option Continues
Mary J. O'Neill	03/29/1988	93	08/03/2016	No Further Benefits

Death information provided to the Board for review.

Expenditure Summary Report – July 2016

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

Jim Ticken moved and Mike Cavanaugh seconded the motion to approve the July 2016 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – July 2016

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on July 31, 2016 was \$280 million with an estimated rate of return of 4.2%.

Monthly Cash Reconciliation

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

Asset Allocation Implementation Update

A partial redemption from Champlain (US Small/Mid Cap Equity) at the end of July was rebalanced to Euro Pacific (International Large Cap), which reduced the gross tracking error from 12.0% to 11.0%.

2017 Budget

The 2017 Budget was presented to the Board and discussed.

Mike Cavanaugh moved and Dean Kiefer seconded the motion to adopt the 2017 Budget as presented. The motion passed unanimously.

Other Business

Mr. Tencick presented a business case titled US Bank Pension Payment Processing and discussion ensued.

Mr. Tencick led the discussion on the proposed timeline for the Actuary RFP, with the goal of awarding the contract at the December meeting.

Other Business

There being no other business, the meeting adjourned at 2:24 p.m.

Phillip Tencick, Retirement Director

SERS Retirement Transaction Report

September 2016

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Daniel J. Daling	62	09/06/2016	8.3	HR	ST
2	Lars N. Morgan	52	09/15/2016	18.4	AWWTP	ST
3	Ricky D. Hays	63	10/01/2016	12.9	Police	ST
4	Eric P. Schaffer	53	10/04/2016	19.6	Water	D
5	Robert J. Zalewski	63	10/04/2016	29.2	Water	E
6	Susan L. Zalewski	62	10/04/2016	17.1	IT	E
7	DeAnn R. Gordon	58	11/02/2016	24.6	Police	D
	Retirements YTD	58				
	2015 Total Retirements	83				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Tyler J. Treffry	0.3	Sewer Maintenance	02/24/2016
2	Christina M. Dombrowski	0.2	Solid Waste Management	03/16/2016
3	Deanette M. Christopherson	10.1	Police	08/10/2016
4	Daniel B. Strange	1.1	Water	08/26/2016

Vesting

	Name	Department	Years of Service
1	Sara A. Kelly	Library	11.6
2	Richard S. Rush	Council	6.3

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2016 EXPENDITURE SUMMARY REPORT
 AUGUST 31, 2016

	2015 ACTUAL	2016 BUDGET	AUGUST ACTUAL EXPENDITURES	2016 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	220,405.82	273,580.00	19,946.61	161,199.56	112,380.44	58.9%
Departmental Benefits	66,088.05	78,190.00	6,083.86	48,848.15	29,341.85	62.5%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(22,061.31)	(10,000.00)	-	(9,080.23)	(919.77)	
Postage/Supplies/Other	20,091.84	16,000.00	(1,273.53)	6,714.98	9,285.02	42.0%
State Audit Charges	11,687.79	10,000.00	1,512.32	3,227.51	6,772.49	32.3%
Contractual Services	90,587.98	150,000.00	-	75,911.25	74,088.75	50.6%
Travel	2,517.20	15,000.00	-	6,297.73	8,702.27	42.0%
Registration/Schooling	10,789.00	15,000.00	-	510.00	14,490.00	3.4%
Other Dues/Subscriptions/Membership	1,970.20	2,500.00	275.00	848.20	1,651.80	33.9%
Other Miscellaneous Charges	4,462.05	2,220.00	57.00	1,046.05	1,173.95	47.1%
Depreciation & Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	424,187.62	562,490.00	26,601.26	295,523.20	266,966.80	52.5%
INTERFUND EXPENDITURES						
Interfund - Centralized Accounting	2,781.80	2,407.00	-	1,727.97	679.03	71.8%
Interfund - IT Phones	1,555.51	1,463.00	129.44	875.49	587.51	59.8%
Interfund - IT Communications Replacement	240.96	-	-	-	-	-
Interfund - Risk Management	1,121.00	991.00	247.75	743.25	247.75	75.0%
Interfund - Unemployment	500.00	-	-	-	-	-
Interfund - Worker's Compensation	58.50	198.00	49.50	148.50	49.50	75.0%
Interfund - Reprographics	-	2,500.00	2,244.61	2,498.61		
Interfund - IT	13,892.04	13,729.00	1,144.08	8,008.56	5,720.44	58.3%
Interfund - IT Replacement	3,584.04	1,927.00	160.58	1,124.06	802.94	58.3%
TOTAL INTERFUND EXPENDITURES	23,733.85	23,215.00	3,975.96	15,126.44	8,087.17	65.2%
TOTAL ADMINISTRATIVE EXPENDITURES	447,921.47	585,705.00	30,577.22	310,649.64	275,053.97	53.0%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2016 EXPENDITURE SUMMARY REPORT
 AUGUST 31, 2016

	2015 ACTUAL	2016 BUDGET	AUGUST ACTUAL EXPENDITURES	2016 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	22,192,755.57	24,000,000.00	2,005,009.03	15,700,992.27	8,299,007.73	65.4%
Pensions-Disability Payments	125,328.48	160,000.00	10,444.04	83,552.32	76,447.68	52.2%
Pensions-Survivor Annuity Benefits Payments	1,641,113.98	1,600,000.00	156,520.52	1,212,618.02	387,381.98	75.8%
TOTAL PENSIONS	<u>23,959,198.03</u>	<u>25,760,000.00</u>	<u>2,171,973.59</u>	<u>16,997,162.61</u>	<u>8,762,837.39</u>	
Refunds	637,821.67	1,000,000.00	100,972.97	554,171.09	445,828.91	55.4%
TOTAL EXPENSES	<u><u>25,044,941.17</u></u>	<u><u>27,345,705.00</u></u>	<u><u>2,303,523.78</u></u>	<u><u>17,861,983.34</u></u>	<u><u>9,483,720.27</u></u>	65.3%
INVESTMENT EXPENSE*						
Advisory Technical Service	430,178.76	450,000.00	47,919.13	216,659.32	233,340.68	48.1%

* 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
August 31, 2016

9/19/2016

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 141,281			
US Bank	Short-term Inv	102,680			
Total Cash		243,961	0.0%	0.1%	0.1%
Vanguard Short-Term	Total Return - Mutual Fund	22,044,475			
Total Total Return		22,044,475	10.0%	7.9%	-2.1%
Hotchkis & Wiley	High Yield - Mutual Fund	25,221,304			
Total High Yield		25,221,304	5.0%	9.1%	4.1%
PIMCO Global	International- Mutual Fund	-			
Total Int'l Fixed Income		-	0.0%	0.0%	0.0%
Total Fixed Income		47,509,740	15.0%	17.1%	2.1%
Hotchkis & Wiley	LC Value - Mutual Fund	15,248,438			
Delaware	LC Growth - Mutual Fund	14,711,089			
MFS Heritage	LC Core	17,357,627			
Vanguard S&P 500 Index	LC Core - Mutual Fund	8,611,551			
Total US Large Cap		55,928,705	21.0%	20.1%	-0.9%
Sterling	MC Value	7,146,461			
Vanguard MC Growth	MC Growth - Mutual Fund	6,079,402			
Vanguard MC Index	MC Core - Mutual Fund	3,492,826			
Champlain	SC Core	4,616,574			
Phocas	SC Value - Mutual Fund	4,408,090			
Bridge City	SC Growth	4,956,708			
Vanguard SC Index	SC Core - Mutual Fund	851,471			
Total US Small/Mid Cap		31,551,532	11.0%	11.3%	0.3%
Artisan	SMID Value - Mutual Fund	19,433,545			
Euro Pacific	LC Blend - Mutual Fund	16,734,647			
Vanguard International	LC Index - Mutual Fund	-			
Total International Large Cap		36,168,192	15.0%	13.0%	-2.0%
Trivalent	SC Value - Mutual Fund	8,658,306			
Total International Small/Mid		8,658,306	4.0%	3.1%	-0.9%
Berens	Ltd Partnership	10,034,659			
Total Emerging Markets		10,034,659	3.0%	3.6%	0.6%
Total Equities		142,341,394	54.0%	51.1%	-2.9%
Polar	LLC	6,267,319			
American Beacon	Mutual Fund	-			
Castine Capital I	Ltd Partnership	6,343,367			
Post Limited Term High Yield	Ltd Partnership	5,775,721			
Rimrock Low Volatility	Ltd Partnership	9,029,095			
Total Absolute Return		27,415,502	8.0%	9.8%	1.8%
Weatherlow Offshore	Ltd Partnership	14,155,242			
Royalty Opportunities I	Ltd Partnership	4,460,440			
Royalty Opportunities II	Ltd Partnership	739,939			
Troob	Ltd Partnership	3,047,635			
Total Long Biased		22,403,256	7.0%	8.0%	1.0%
Legacy Partners Realty Fund III	Ltd Partnership	144,734			
Metropolitan Real Estate Partners	Ltd Partnership	625,534			
Morrison Street Fund IV	LLC	2,423,956			
Morrison Street Fund V	LLC	5,230,427			
Principal (REITs)	REITs	13,456,300			
Total Real Estate		21,880,951	9.0%	7.9%	-1.1%
PIMCO Commodities PLUS	Commodities - Mutual Fund	\$ -			
Total Commodities		-	0.0%	0.0%	0.0%
Beach Point	Ltd Partnership	8,239,388			
Total Opportunistic Credit		8,239,388	7.0%	3.0%	-4.0%
Caduceus (OrbiMed)	Ltd Partnership	8,666,540			
Total Special Opportunities		8,666,540	0.0%	3.1%	3.1%
Total Alternatives		88,605,637	31.0%	31.8%	0.8%
Total Cash and Investments		\$ 278,456,771	100.0%	100.0%	0.0%
	Withdrawals	\$ (1,250,000)			
	As of July 31, 2016	\$ 280,274,917			
	Estimated Rate of Return	-0.2%			
Abs. Return and Total Return FI		49,459,977	18.0%	17.8%	-0.2%
High Yield and Opp Credit		33,460,692	12.0%	12.0%	0.0%
Equity and Special Situations		151,007,934	54.0%	54.2%	0.2%

		<u>Sources</u>	<u>Uses</u>	<u>Balance</u>
8/25/2016	Beginning Balance			102,586.59
8/26/2016	Sell Vanguard Mid Cap Index	1,250,000.00		1,352,586.59
8/29/2016	August Pension Payments		(1,250,000.00)	102,586.59
8/30/2016	Closing Balance - PIMCO Global Bond	0.07		102,586.66
8/31/2016	Cash Sweep - Monthly Interest	72.48		102,659.14
9/2/2016	Dividend	7.81		102,666.95
9/2/2016	Repurchase Vanguard Bond Fund		(7.81)	102,659.14
9/2/2016	Transfer Residual Vanguard Bond Shares		(4,555.70)	98,103.44
9/2/2016	Interest	21.18		98,124.62
9/6/2016	Metro Real Estate Distribution	15,611.04		113,735.66
9/6/2016	Sell Sterling Mid Cap Value Shares	737,500.00		851,235.66
9/7/2016	OrbiMed Royalty Opps II Capital Call		(737,500.00)	113,735.66
9/12/2016	Metro Real Estate Distribution	26,718.06		140,453.72
9/16/2016	Morrison Fund V Distribution	39,966.30		180,420.02
9/16/2016	Purchase Trivalent Shares		(130,000.00)	50,420.02
9/16/2016	Ending Balance	2,069,896.94	(2,122,063.51)	50,420.02
	<u>Upcoming</u>			
9/30/2016	September Pension Payments		(500,000.00)	

	6/30/2016	Allocation			Previous July	Pending			Rebalance Amount	9/15/2016	Allocation	
		Target	Current	Diff.		30-Sep	Dec Board	Feb Board			After	Diff.
US Bank	\$ 1,027,623				(889,676)			(889,676)	\$ 140,454			
Total Cash	1,027,623	0.0%	0.4%	0.4%	(889,676)	-	-	(889,676)	140,454	0.1%	0.1%	
Vanguard Short-Term	\$ 10,101,759				11,388,930			11,388,930	\$ 22,028,576			
Total Total Return	10,101,759	10.0%	3.8%	-6.2%	11,388,930	-	-	11,388,930	22,028,576	8.0%	-2.0%	
Hotchkis & Wiley	\$ 13,507,503				10,441,604			10,441,604	\$ 25,073,317			
Total High Yield	13,507,503	5.0%	5.0%	0.0%	10,441,604	-	-	10,441,604	25,073,317	9.1%	4.1%	
PIMCO Global	\$ 10,378,725				(10,441,604)			(10,441,604)	\$ -			
Total Int'l Fixed Income	10,378,725	0.0%	3.9%	3.9%	(10,441,604)	-	-	(10,441,604)	-	0.0%	0.0%	
Total Fixed Income	35,015,610	15.0%	13.0%	-2.0%	10,499,254	-	-	10,499,254	47,242,347	17.2%	2.2%	
Hotchkis & Wiley	\$ 14,317,923				-	1,675,207		1,675,207	\$ 14,988,294			
Delaware	\$ 13,887,435				-	1,675,207		1,675,207	\$ 14,617,255			
MFS Heritage	\$ 16,674,022				-			0	\$ 17,357,627			
Total US Large Cap	53,173,526	21.0%	19.8%	-1.2%	-	3,350,414	-	3,350,414	55,402,187	20.1%	-0.9%	
Sterling	\$ 8,095,042				(1,500,000)			(1,500,000)	\$ 6,243,017			
Vanguard MC Growth	\$ 7,362,977				(1,500,000)			(1,500,000)	\$ 5,935,173			
Champlain	\$ 5,088,233				(1,000,000)			(1,000,000)	\$ 4,616,574			
Vanguard SC Index	\$ 1,801,660				(1,000,000)			(1,000,000)	\$ 829,672			
Total US Small/Mid Cap	36,398,187	11.0%	13.5%	2.5%	(5,000,000)	-	-	(5,000,000)	30,166,017	11.0%	0.0%	
Artisan	\$ 14,285,645				3,000,000			3,000,000	\$ 19,236,720			
Euro Pacific	\$ 11,595,476				5,000,000			5,000,000	\$ 16,695,639			
Total International Large Cap	25,881,122	15.0%	9.6%	-5.4%	8,000,000	-	-	8,000,000	35,932,359	13.1%	-1.9%	
Total International Small/Mid	8,280,858	4.0%	3.1%	-0.9%	-	-	-	-	8,666,009	3.2%	-0.8%	
Total Emerging Markets	9,540,031	3.0%	3.5%	0.5%	-	-	-	-	10,034,659	3.6%	0.6%	
Total Equities	133,273,723	54.0%	49.6%	-4.4%	3,000,000	3,350,414	-	6,350,414	140,201,232	51.0%	-3.0%	
American Beacon	\$ 7,248,922				(7,257,022)			(7,257,022)	\$ -			
Total Absolute Return	34,231,793	8.0%	12.7%	4.7%	(7,257,022)	-	-	(7,257,022)	27,202,539	9.9%	1.9%	
Troob	\$ 3,350,414				-	(3,350,414)	0	(3,350,414)	\$ 3,047,635			
Total Long Biased	22,484,232	7.0%	8.4%	1.4%	-	(3,350,414)	-	(3,350,414)	22,323,836	8.1%	1.1%	
Principal (REITs)	\$ 9,159,759				4,257,022			4,257,022	\$ 12,927,922			
New Manager (Core Fund)												
New Manager (Closed Fund)												
Total Real Estate	16,373,154	9.0%	6.1%	-2.9%	4,257,022	-	-	4,257,022	20,922,360	7.6%	-1.4%	
PIMCO Commodities PLUS	\$ 10,362,901				(10,499,254)			(10,499,254)	\$ -			
Total Commodities	10,362,901	0.0%	3.9%	3.9%	(10,499,254)	-	-	(10,499,254)	-	0.0%		
Beach Point	\$ 8,030,264								\$ 8,239,388			
New Manager(s)												
Total Opportunistic Credit	8,030,264	7.0%	3.0%	-4.0%	-	-	-	-	8,239,388	3.0%	-4.0%	
Total Special Opportunities	9,050,115	0.0%	3.4%	3.4%	-	-	-	-	8,912,439	3.2%	3.2%	
Total Alternatives	100,532,458	31.0%	37.4%	6.4%	(13,499,254)	(3,350,414)	-	(16,849,668)	87,600,562	31.8%	0.8%	
Total Cash and Investments	\$ 268,821,792	100.0%	100.0%	0.0%	\$ -	\$ -	\$ -	\$ -	\$ 275,044,141	100.0%	0.0%	
Gross \$	-				40,837,183	3,350,414	-	45,862,804				
Tracking Error				20.7%		2.3%	1.0%	3.0%			11.1%	

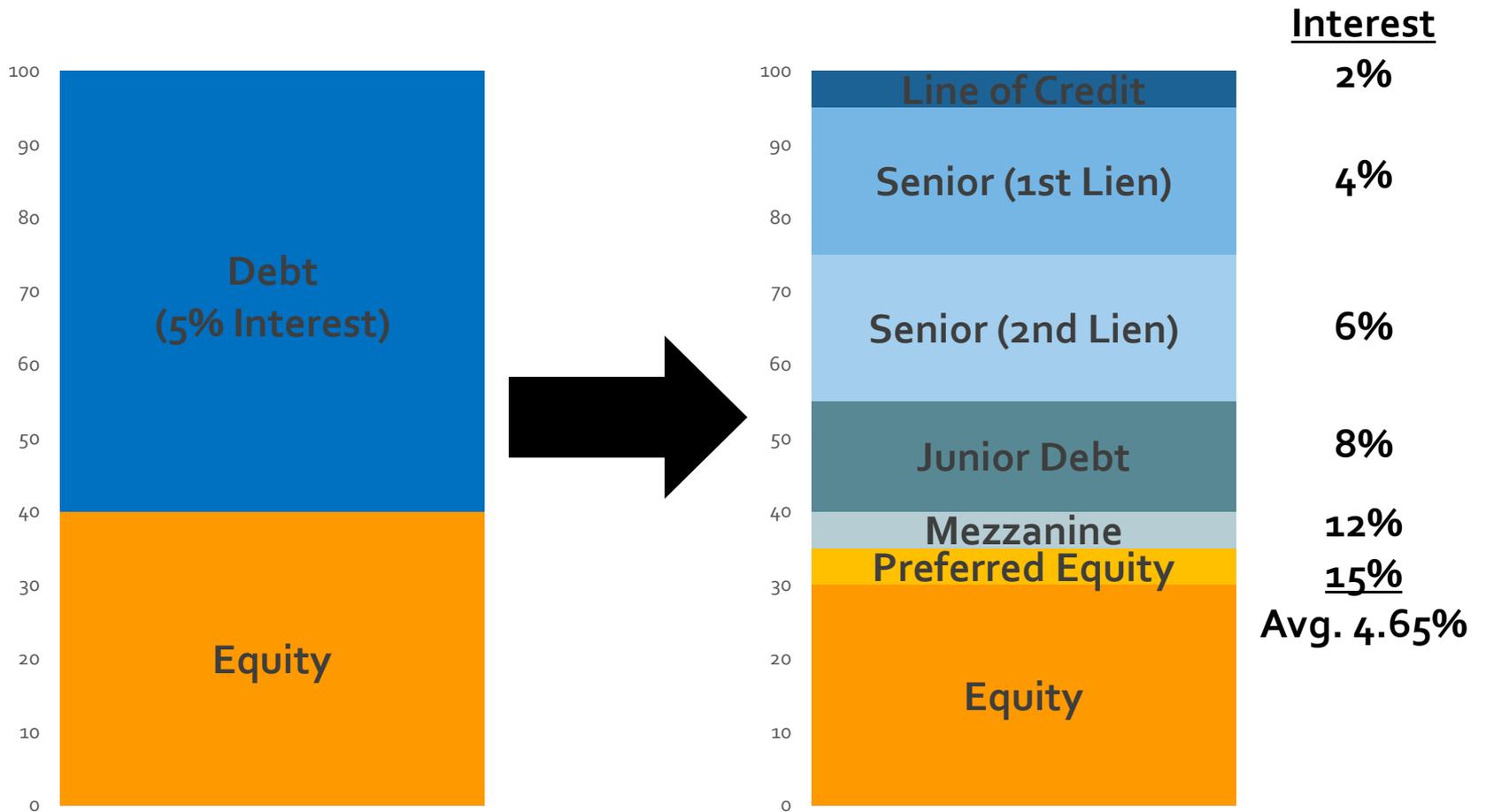
OPPORTUNISTIC CREDIT PRIMER

SERS Board Meeting

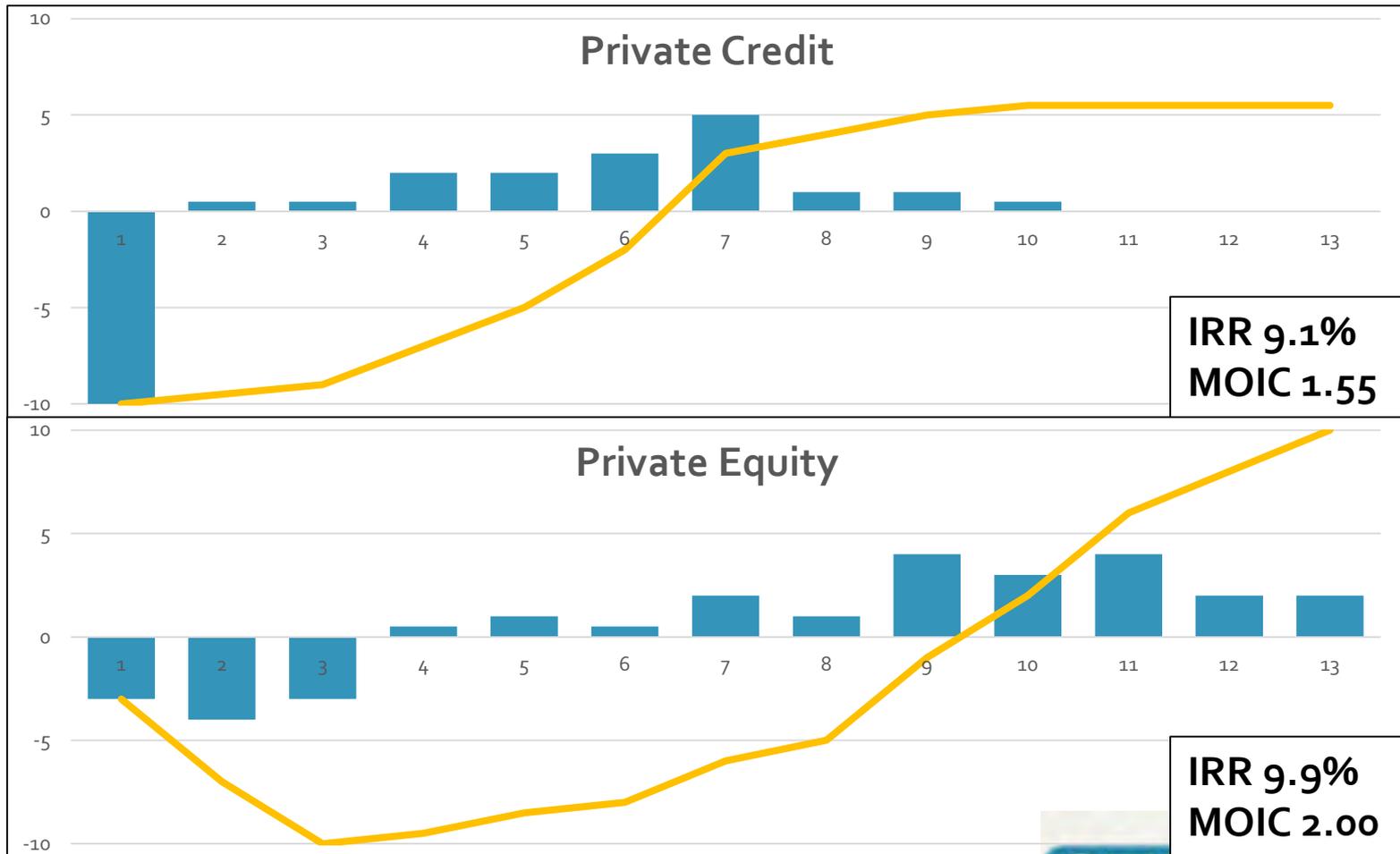
September 28, 2016



Capital Structure



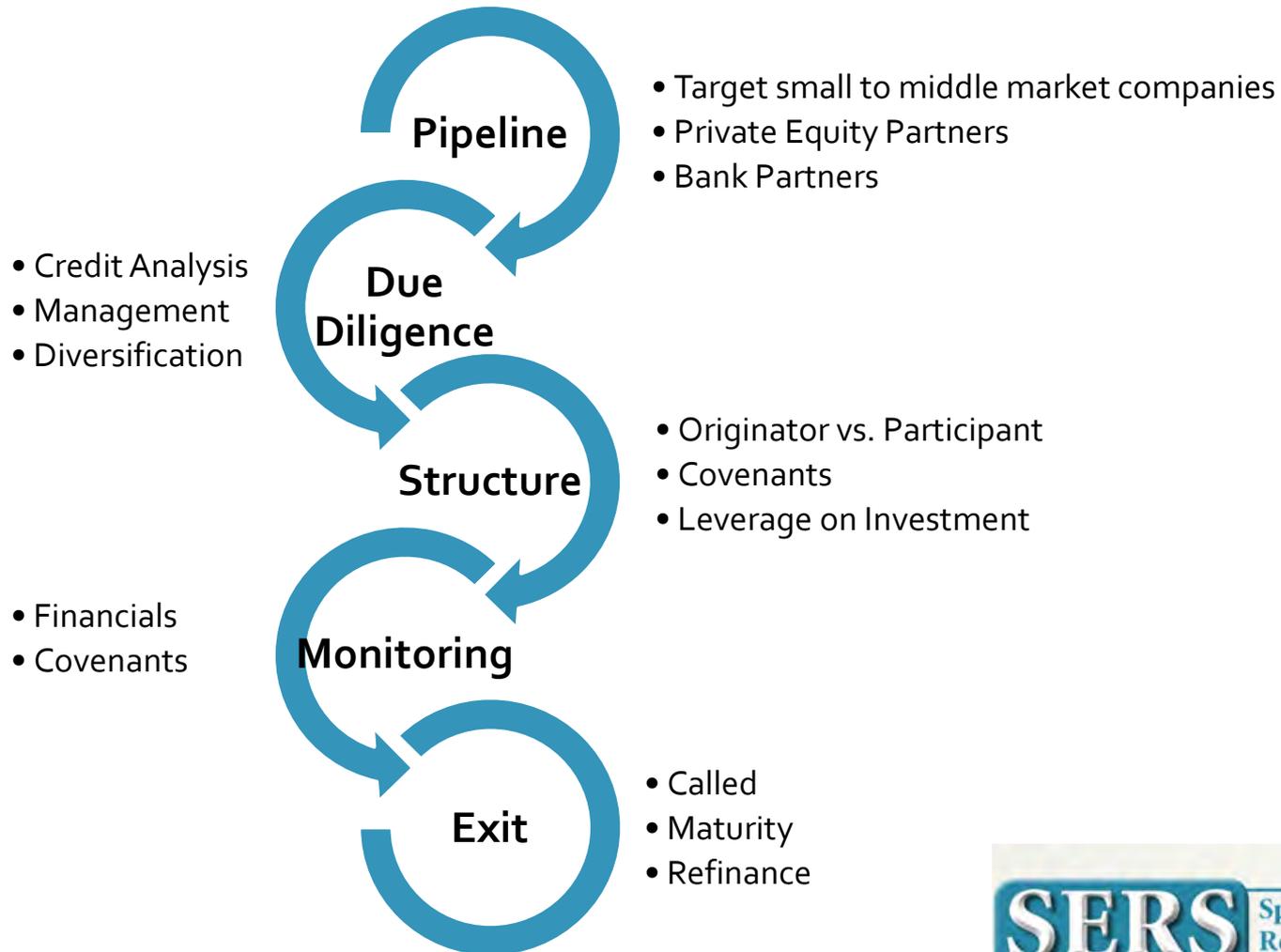
Private Credit vs. Private Equity



Strategies

- Business Credit
 - Direct Lending
 - Mezzanine
 - Distressed
- Structured Products

Business Investment Process



Direct Lending

- Strategy: Lending to established businesses
- Target Return: 8-10%
- Unique Risks
 - Fund/investment level leverage often used to meet target returns
 - Proprietary deal flow vs. auctions
 - Facility participants lack control
- Key Factors for Success
 - Credit analysis

Mezzanine

- Strategy: Direct lending to businesses experiencing short-term distress
- Target Return: 10-12%
- Unique Risks:
 - Short-term distress can easily become long-term distress
 - Structure likely to include options
- Key Factors for Success
 - Solvency vs. Bankruptcy
 - Deal making speed vs. quality

Distressed

- Strategy: Invest in the debt of companies nearing or in bankruptcy
- Target return: 12-15%
- Unique Risks
 - Companies may not be viable
 - Requires very active management
 - May end up owning the company → Private Equity
- Key Factors for Success
 - Identify fulcrum security
 - Manage company through restructuring process

Structured Products

- Strategy: Invest in securities composed of a pool of underlying debt
- Target Return: 8-10%
- Unique Risks
 - Caused 2008 Financial Crisis
 - Fund/investment level leverage often used to meet target returns
- Key Factors for Success
 - Understanding pool of underlying debt

Glossary

- EBITDA
- LTV
- Basis point (bp or bps)
- Covenants
- Vintage year diversification
- Interest Coverage
- Unitranche
- PIK
- Warrants
- Callable
- Floating Rate
- Fixed Rate
- Facility
- Bullet
- Credit Spread

US BANK PENSION PAYMENT PROCESSING BUSINESS CASE

SERS Board Meeting

August 31, 2016



Participant Impact

Advantages

- Expanded toll-free customer support hours
- No difference to participant payment timing or method

Disadvantages

- Multiple points of contact
- May lose monthly advice or format change

Operational Impact

Advantages

- Streamlines payment processing
- Eliminate manual processes
 - Monthly advice reconciliation
 - Annual 1099R printing and scanning
- Removes need for PeopleSoft customizations

Disadvantages

- Requires participant data reconciliation
- Communication effort required
- Staff training on new system
- Increased liquidity management

Financial Impact

Costs (17% Reduction)

Item	Annual Cost
Checks	\$3,294
ACH Payments	\$24,678
Advices (Optional)	\$14,902
Lump Sum Payments	\$360
IT Resources	TBD
Initial Costs	TBD
Total	\$43,234 + TBD

Benefits

Item	Annual Savings
Postage	\$8,635
Advice Stock	\$2,426
1099R Forms	\$332
Death Audit	\$1,080
Cash Drag	\$53,239
Staff Time	\$863
IT/Payroll Time	TBD
Total	\$66,575 + TBD

Next Steps

- ✓LEOFF Fire and Police concurrence and coordinated implementation plan
- ✓Key Stakeholder Buy-In: Payroll, IT, Accounting, HR
- ✓Reference Checks
- ✓Draft Transition Plan
- SERS Board Approval**
- Contract amendment
- Data testing
- Parallel processing testing
- Participant communication
- Go live January 31, 2017