

***Spokane Employees' Retirement System (SERS)***  
**Board Meeting, 1:00 p.m. March 4, 2020**  
**City Hall – Council Briefing Center**

**AGENDA**

1. Jayson Davidson, Hyas Group, 2019 4<sup>th</sup> Quarter Investment Performance Report
  - a. Performance Report
    - Information
  - b. Investment Policy Statement Review
    - Motion
2. Mid Cap Growth Search
  - Motion
3. Minutes of the January 29, 2020 Meeting
  - Motion
4. Director's Report
  - a. Retirements
    - Motion
  - b. Withdrawals
    - Motion
  - c. Vesting
    - Information
  - d. Deaths
    - Information
  - e. Expenditure Summary Reports – December 2019, January 2020
    - Motion
  - f. Schedule of Investments – January 2020
    - Information
  - g. Cash Reconciliation – February 2020
    - Information
  - h. Other Business
    - SECURE Act Update – Information
5. Upcoming Board Election (Joe Cavanaugh's term)
  - Information
6. Other Business
7. Next Meeting - **Wednesday, April 1, 2020 at 1:00 p.m.**

## **STATEMENT OF INVESTMENT POLICY**

### **Spokane Employees' Retirement System**

Date Approved: ~~February 27, 2019~~ March 4, 2020

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

**\* 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:

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

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

**Investment Category**

**Relevant Benchmark**

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

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

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

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

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

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

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

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

### **MANAGER SELECTION**

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

### **INVESTMENT POLICY REVIEW**

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





## **Spokane Employees' Retirement System**

**Mid Cap Growth Manager Search Report**

February 2020

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# Section 1

# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

### Section 1: Background and Search Criteria

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This document has been prepared to provide analysis of several potential replacement fund candidates in the Mid Cap Growth asset class. The current option, Vanguard Mid Cap Growth Inv, has underperformed versus an appropriate set of policy performance criteria over its applicable performance period. As such, a manager search has been assembled to review alternative options.

The Hyas Group seeks to evaluate managers over a full market cycle, during which time a manager is expected to have adequate opportunities to add value through their specific investment approach. In the case of the current option, we believe the trailing five-year period incorporates a broad enough range of market environments to be considered representative of a market cycle over which to evaluate the current fund and replacement candidates.

The replacement candidates presented generally include management teams that have satisfied the following Investment Policy criteria:

- 1) Investment track record of no less than five years
- 2) Five-year returns above peer group median
- 3) Reasonable portfolio diversification and risk (volatility) characteristics
- 4) Investment style consistency over evaluation period

We have provided four alternative candidates in the Mid Cap Growth asset class category along with the incumbent investment option for review. We have also provided a summary of current expense ratios for the current option and each of the replacement candidates.

**All performance-related information is as of 4Q19 unless stated otherwise.**

# Section 2

# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

### Section 2: Description of Funds

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#### Current Option

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**Fund Name: Vanguard Mid Cap Growth Inv**

Prospectus Objective: Growth of Capital

Strategy: Mid High Growth

Commentary: Vanguard Mid Cap Growth seeks long-term capital appreciation using a multimanager approach that provides exposure to a broad universe of mid-cap growth stocks. The strategy's investment advisors use fundamental, bottom-up stock selection to analyze and identify companies that they believe have outstanding management and catalysts for growth, such as new products, market-share gains, and improving cost structure. Sub-advisors look for strong earnings-per-share growth and proven and sustainable competitive advantages. Each advisor independently manages its portion of fund assets, using its own research and investment methods. Over the past year, several changes have been made to the sub-advisors dedicated to this strategy. At present, the sub-advisors include Frontier Capital Management, RS Investments, and Wellington Management.

# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

### Replacement Candidates

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#### **Fund Name: Wellington Mid Cap Opps CIT**

Prospectus Objective: Growth of Capital

Strategy: Mid Valuation-Sensitive Growth

Commentary: Wellington Mid Cap Opportunities has a more conservative mid-growth option, tending to tilt toward the larger end of the market capitalization spectrum and in favor of established, market leaders with attractive valuations. Management applies a three-part decision-making process in order to help identify attractive companies: business fundamentals and economic viability of the company in question, valuations relative to the company's industry and historical valuation range, and growth expectations relative to what Wall Street analysts are estimating. Over longer time periods, this fund's approach has resulted in a bias toward more steady growth companies. This approach has helped the fund to fare well to the downside though it has caused it to lag in more growth-centric markets where higher-beta names have tended to lead. Over the long-term it has successfully delivered attractive risk-adjusted returns within a mid cap growth framework.

#### **Fund Name: TimesSquare Mid Cap CIT**

Prospectus Objective: Growth of Capital

Strategy: Mid Core Growth

Commentary: The TimesSquare Mid Cap Growth fund, typically holding about 75 stocks, uses Porter's Five Forces (threat of new entrants; threat of substitutes; bargaining power of customers; bargaining power of suppliers; and industry rivalry) to identify companies with long-term sustainable competitive advantages. The Portfolio Managers' fundamental focus within this approach is on companies with high quality balance sheets and long-term sustainable growth potential. As such, management tends to avoid cyclical stocks and commodity plays where many companies in these sectors tend to be price takers which create difficult dynamics for sustainable long-term growth. This is the core reason why the strategy will tend to outperform in down markets where commodities and cyclical companies are not in favor and underperform when they are in favor.

# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

### Replacement Candidates (continued)

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**Fund Name: MFS Mid Cap Growth R6**

Prospectus Objective: Growth of Capital

Strategy: Mid High Growth

Commentary: MFS Mid Cap Growth takes a balanced, diversified approach to adding value through stock selection while keeping factor bets (such as tilts towards sectors, investment styles, or asset classes) to a minimum. The fund is supported by the MFS global research platform, wherein analysts are divided into sector groups, allowing them to specialize and know the dynamics of an industry. This strategy's approach is to identify companies with strong, cash-flow centric fundamentals that are likely to sustain robust growth for longer than the investment community is anticipating. As such the fund exhibits a fairly low amount of turnover relative to most of its peers that place greater emphasis on the next quarter's earnings. Additionally, management's tendency to take a buy-and-hold focus on companies with solid long-term prospects has generally caused the fund to have lower performance volatility than most of its peers. Overall the fund has consistently provided competitive exposure to the mid cap growth asset class with relatively low volatility and tracking error.

**Fund Name: Westfield Mid Cap CIT**

Prospectus Objective: Growth of Capital

Strategy: Mid Valuation-Sensitive Growth

Commentary: The Westfield Mid Cap CIT follows a "Growth at a Reasonable Price" (GARP) approach to identify attractive stocks. The fund's management team will seek to find companies whose growth prospects are underappreciated by the broader marketplace, and whose valuations may provide some protection against substantial price declines. Westfield Capital Management is an employee-owned firm that is focused on the growth investment style and which emphasizes strong fundamental research. Historically the fund has provided investors with strong downside protection while keeping pace to the upside.



# Section 3

## Spokane Employees' Retirement System

### Mid Cap Growth Manager Search Report February 2020

#### Section 3: Performance, Risk, and Style Summary

##### Peer Group Rankings

	4Q19	YTD	1YR	3YR	5YR	10YR	2019	2018	2017	2016	2015	2014
Vanguard Mid Cap Growth Inv	72	63	63	56	74	54	63	29	76	91	49	24
Wellington Mid Cap Opps CIT	64	55	55	62	33	30	55	66	54	9	32	22
TimesSquare Mid Cap CIT	42	24	24	41	34	47	24	37	71	29	44	73
MFS Mid Cap Growth R6	76	21	21	10	6	11	21	9	36	54	11	35
Westfield Mid Cap CIT	8	4	4	16	17	27	4	27	52	53	37	5

Fund rankings in red lag the 50th percentile of the peer group

##### Returns

	4Q19	YTD	1YR	3YR	5YR	10YR	2019	2018	2017	2016	2015	2014
Vanguard Mid Cap Growth Inv	6.62	32.07	32.07	15.94	9.42	12.87	32.07	-3.29	22.01	0.44	0.21	10.86
Wellington Mid Cap Opps CIT	6.94	33.06	33.06	15.50	11.92	13.92	33.06	-7.03	24.54	12.15	1.65	11.07
TimesSquare Mid Cap CIT	8.08	37.41	37.41	17.23	11.77	13.21	37.41	-4.39	22.63	7.53	0.67	5.34
MFS Mid Cap Growth R6	6.38	37.93	37.93	20.84	14.09	15.04	37.93	1.21	26.39	4.75	4.60	8.95
Westfield Mid Cap CIT	11.25	42.73	42.73	19.94	12.91	14.04	42.73	-3.07	24.72	5.00	1.28	13.40
<b>Russell Mid Cap Growth</b>	<b>8.17</b>	<b>35.47</b>	<b>35.47</b>	<b>17.36</b>	<b>11.60</b>	<b>14.24</b>	<b>35.47</b>	<b>-4.75</b>	<b>25.27</b>	<b>7.33</b>	<b>-0.20</b>	<b>11.90</b>
<b>Avg. Mid Growth</b>	<b>8.05</b>	<b>32.30</b>	<b>32.30</b>	<b>15.42</b>	<b>9.98</b>	<b>12.19</b>	<b>32.30</b>	<b>-6.65</b>	<b>24.51</b>	<b>5.73</b>	<b>-1.03</b>	<b>6.86</b>

Returns longer than one year is annualized.

Returns for the TimesSquare Mid Cap CIT are shown using the mutual fund performance due to lack of history. The CIT is 0.28% less expensive than the mutual fund.

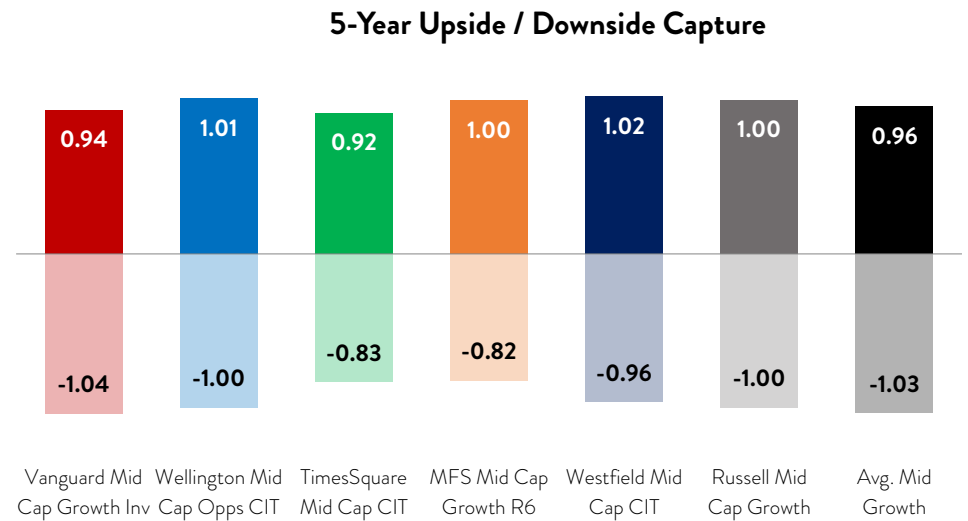
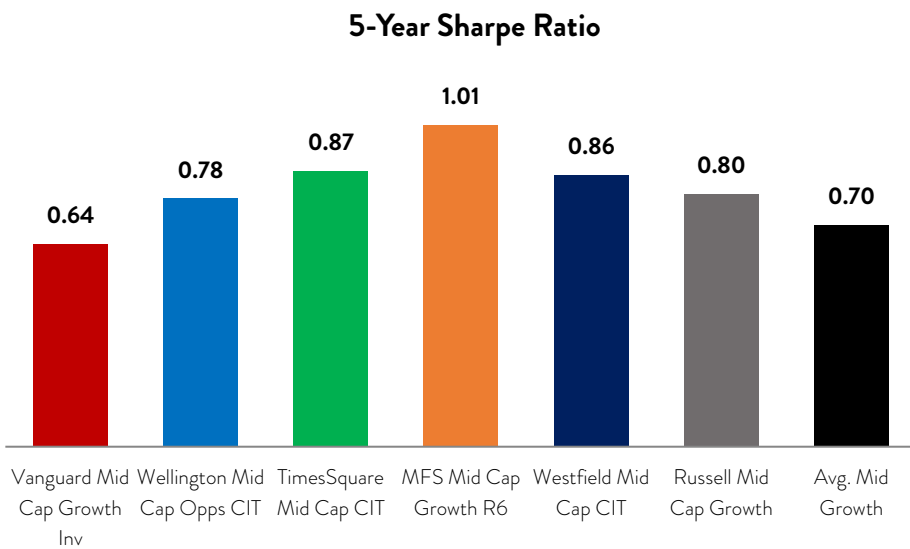
##### Returns +/- Index

	4Q19	YTD	1YR	3YR	5YR	10YR	2019	2018	2017	2016	2015	2014
Vanguard Mid Cap Growth Inv	(1.56)	(3.40)	(3.40)	(1.42)	(2.18)	(1.37)	(3.40)	1.46	(3.26)	(6.89)	0.41	(1.04)
Wellington Mid Cap Opps CIT	(1.23)	(2.41)	(2.41)	(1.86)	0.32	(0.32)	(2.41)	(2.28)	(0.73)	4.82	1.85	(0.83)
TimesSquare Mid Cap CIT	(0.09)	1.94	1.94	(0.13)	0.16	(1.03)	1.94	0.36	(2.64)	0.20	0.87	(6.56)
MFS Mid Cap Growth R6	(1.79)	2.46	2.46	3.48	2.49	0.80	2.46	5.96	1.12	(2.58)	4.80	(2.95)
Westfield Mid Cap CIT	3.07	7.26	7.26	2.59	1.31	(0.20)	7.26	1.68	(0.55)	(2.33)	1.48	1.50

Fund returns in red lag the Index

# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020



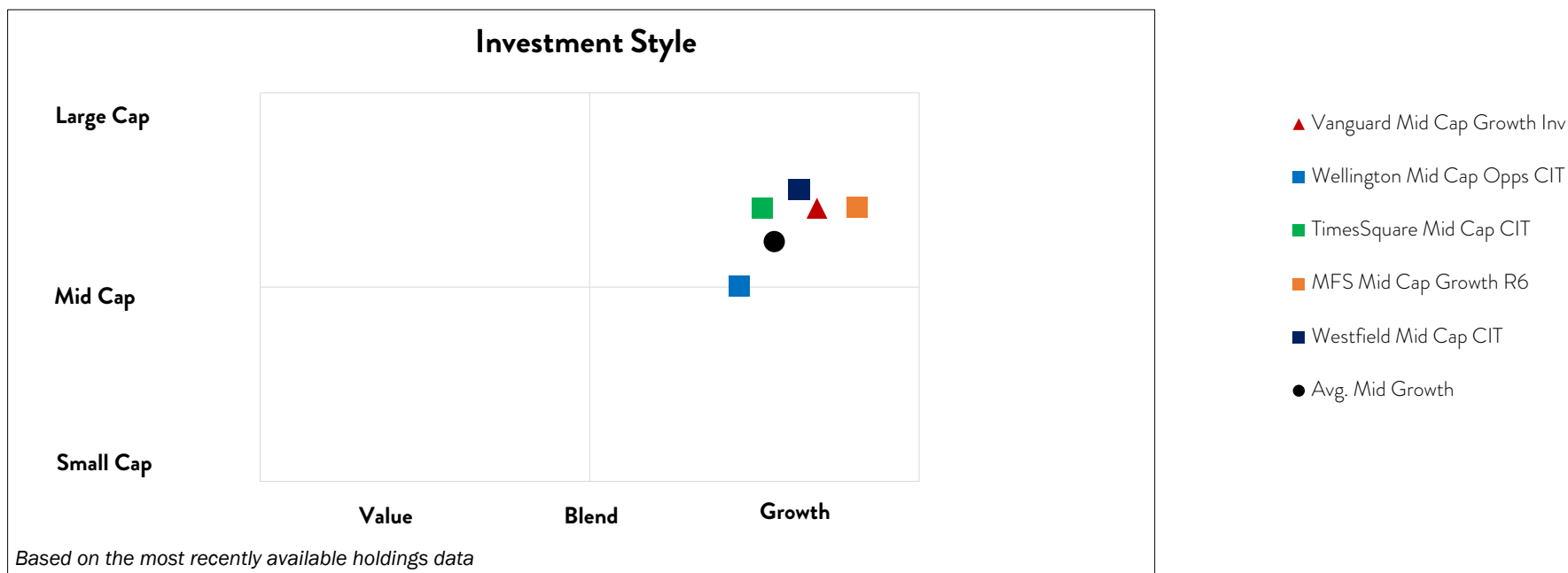
# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

### Volatility and Investment Style

	Beta	R <sup>2</sup>	Tracking Error		Batting Averages				
			vs. Idx	vs. Avg.	% > 0	vs. Idx	vs. Avg.	vs. Idx or Avg.	vs. Idx and Avg.
Vanguard Mid Cap Growth Inv	1.00	0.96	2.79	2.38	67%	45%	50%	58%	37%
Wellington Mid Cap Opps CIT	1.01	0.95	3.16	2.85	67%	55%	55%	65%	45%
TimesSquare Mid Cap CIT	0.90	0.96	2.85	2.89	67%	55%	57%	63%	48%
MFS Mid Cap Growth R6	0.91	0.93	3.65	3.57	65%	60%	60%	70%	50%
Westfield Mid Cap CIT	0.99	0.94	3.39	3.28	72%	58%	60%	70%	48%
<b>Russell Mid Cap Growth</b>	<b>1.00</b>	<b>1.00</b>	<b>-</b>	<b>1.76</b>	<b>65%</b>	<b>-</b>	<b>60%</b>	<b>60%</b>	<b>-</b>
<b>Avg. Mid Growth</b>	<b>0.99</b>	<b>0.98</b>	<b>1.76</b>	<b>-</b>	<b>70%</b>	<b>40%</b>	<b>-</b>	<b>40%</b>	<b>-</b>

Based on the trailing 5-year period ending 4Q19.



# Section 4

# Spokane Employees' Retirement System

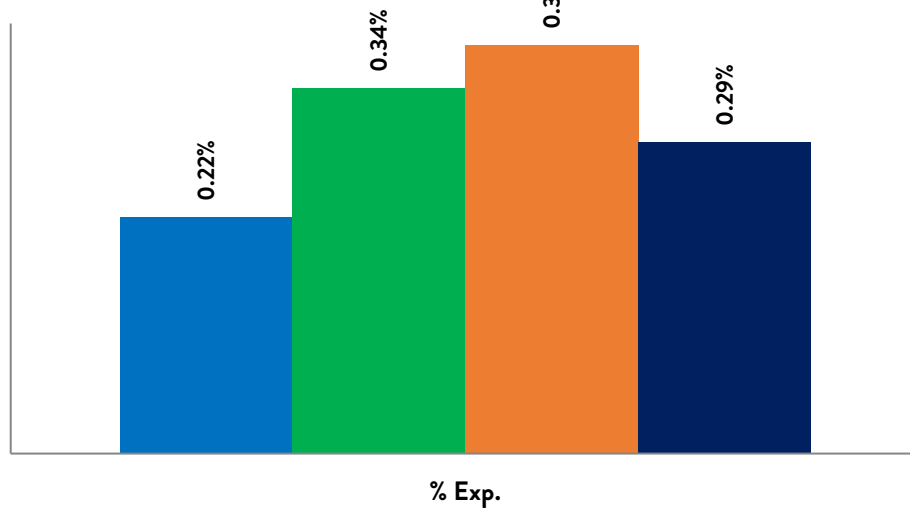
## Mid Cap Growth Manager Search Report February 2020

### Section 4: Revenue, Expenses, and Operations

	Ticker	Share Class	Estimated Annual Expenses			Total Plan Assets
			% Exp.	as % of Plan	\$	\$317,821,959
Vanguard Mid Cap Growth Inv	VMGRX	Inv	0.36%	0.005%	\$16,576	<b>Fund Assets</b> \$4,604,542 <i>as of 4Q2019</i>
Wellington Mid Cap Opps CIT	-	CIT*	0.58%	0.008%	\$26,706	
TimesSquare Mid Cap CIT	-	CIT*	0.70%	0.010%	\$32,232	
MFS Mid Cap Growth R6	OTCKX	Retirement	0.74%	0.011%	\$34,074	
Westfield Mid Cap CIT	-	CIT*	0.65%	0.009%	\$29,930	
<b>Avg. Mid Growth</b>	-	-	<b>1.17%</b>	<b>0.017%</b>	<b>\$54,011</b>	

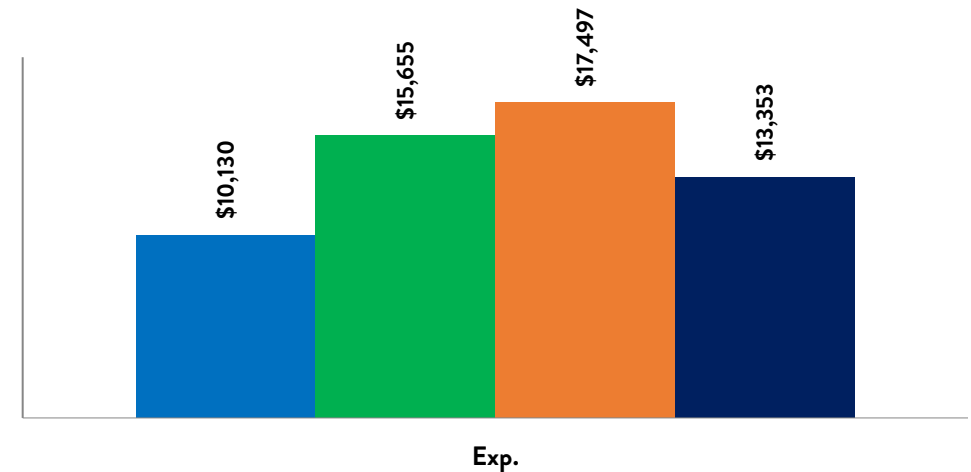
\* - Wellington, TimesSquare and Westfield all have Mutual Funds available at a higher cost; (HFMVX) at 0.75% expense, (TMDIX) at 0.98%, and (TEGIX) at 0.97% expense, respectively.

**Estimated Impact on Annual Expenses (%)**



■ Wellington Mid Cap Opps CIT      ■ TimesSquare Mid Cap CIT  
■ MFS Mid Cap Growth R6      ■ Westfield Mid Cap CIT

**Estimated Impact on Annual Expenses (\$)**



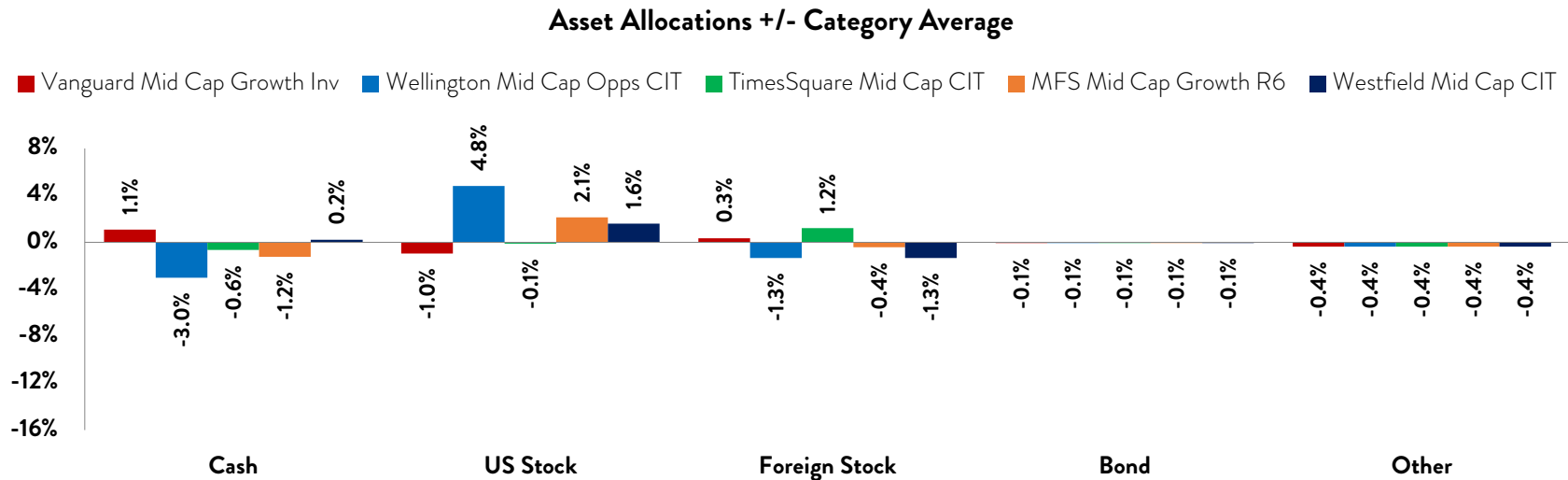
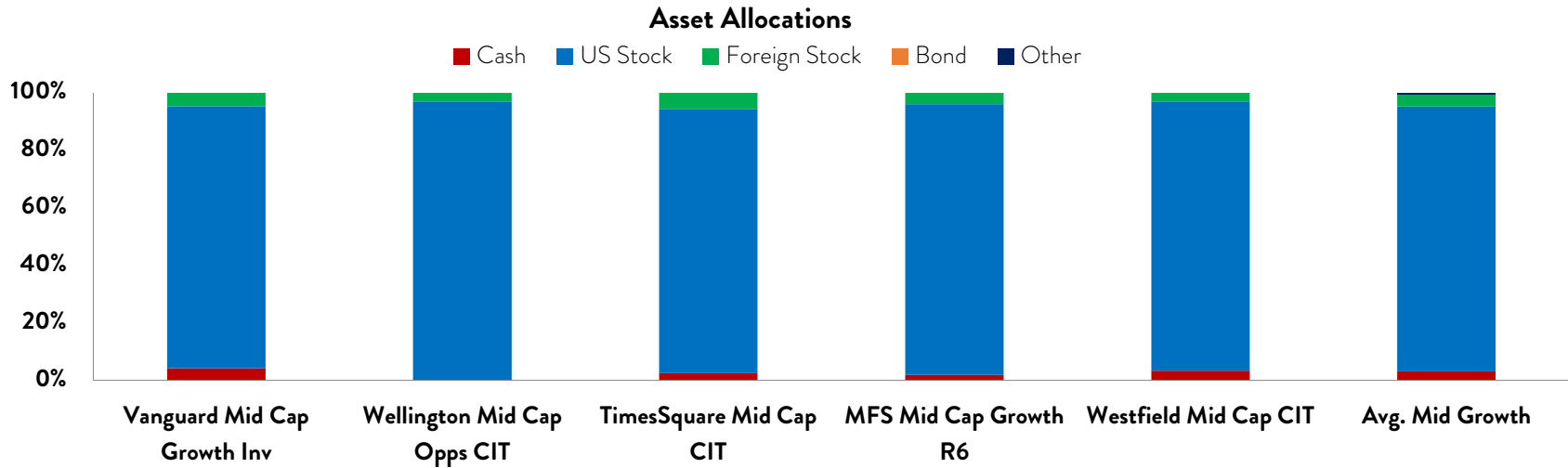
■ Wellington Mid Cap Opps CIT      ■ TimesSquare Mid Cap CIT  
■ MFS Mid Cap Growth R6      ■ Westfield Mid Cap CIT

# Section 5

# Spokane Employees' Retirement System

Mid Cap Growth Manager Search Report February 2020

## Section 5: Composition and Performance Analysis





## Spokane Employees' Retirement System

### Mid Cap Growth Manager Search Report February 2020

#### Sector Weights

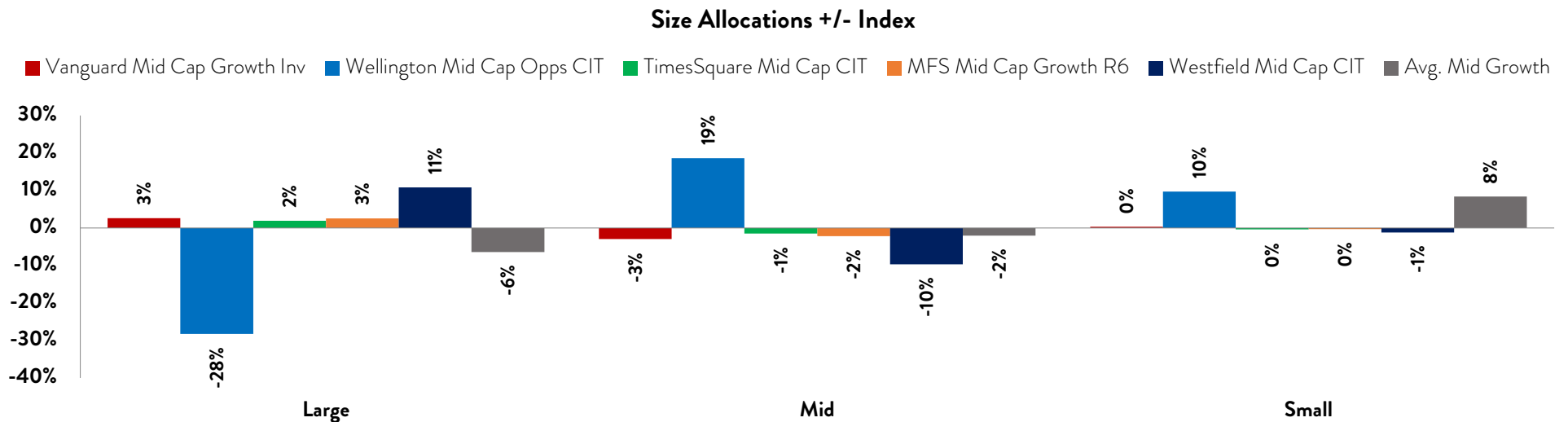
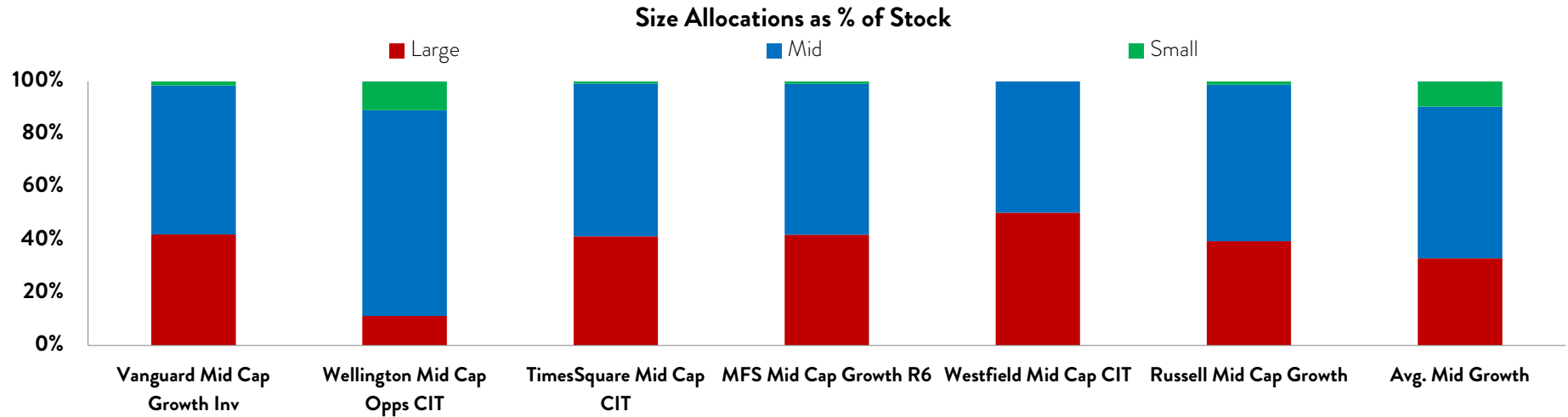
	Utilities	Telecom	Info. Tech.	Financials	Healthcare	Cons. Stpls.	Cons. Disc.	Industrials	Materials	Energy
Vanguard Mid Cap Growth Inv	0.0%	5.8%	32.9%	7.5%	13.9%	2.1%	15.4%	17.4%	3.9%	1.2%
Wellington Mid Cap Opps CIT	2.2%	3.2%	28.5%	15.3%	19.5%	0.1%	10.7%	17.3%	2.8%	0.3%
TimesSquare Mid Cap CIT	0.0%	4.3%	33.1%	15.8%	10.0%	1.4%	11.6%	21.3%	2.4%	0.0%
MFS Mid Cap Growth R6	0.0%	4.9%	29.6%	10.1%	15.2%	0.2%	15.2%	21.2%	3.2%	0.3%
Westfield Mid Cap CIT	0.0%	5.0%	33.1%	7.6%	15.8%	0.0%	12.3%	20.7%	1.7%	3.8%
Avg. Mid Growth	0.7%	3.5%	26.1%	12.2%	18.4%	2.2%	15.5%	17.0%	3.1%	1.4%

#### +/- Sector Weights

	Utilities	Telecom	Info. Tech.	Financials	Healthcare	Cons. Stpls.	Cons. Disc.	Industrials	Materials	Energy
Vanguard Mid Cap Growth Inv	-0.7%	2.3%	6.8%	-4.7%	-4.5%	0.0%	-0.1%	0.4%	0.8%	-0.2%
Wellington Mid Cap Opps CIT	1.5%	-0.3%	2.4%	3.1%	1.1%	-2.0%	-4.8%	0.3%	-0.3%	-1.1%
TimesSquare Mid Cap CIT	-0.7%	0.8%	7.1%	3.6%	-8.4%	-0.7%	-3.9%	4.3%	-0.7%	-1.4%
MFS Mid Cap Growth R6	-0.7%	1.4%	3.6%	-2.1%	-3.2%	-1.9%	-0.3%	4.2%	0.1%	-1.0%
Westfield Mid Cap CIT	-0.7%	1.5%	7.1%	-4.6%	-2.6%	-2.2%	-3.2%	3.7%	-1.5%	2.4%
Avg. Mid Growth	-	-	-	-	-	-	-	-	-	-

# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

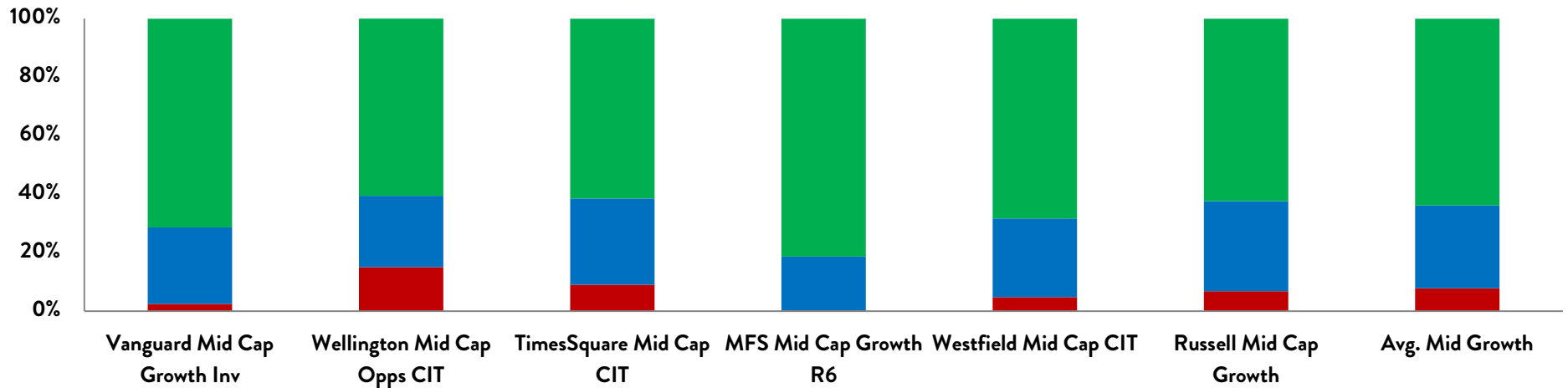


# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

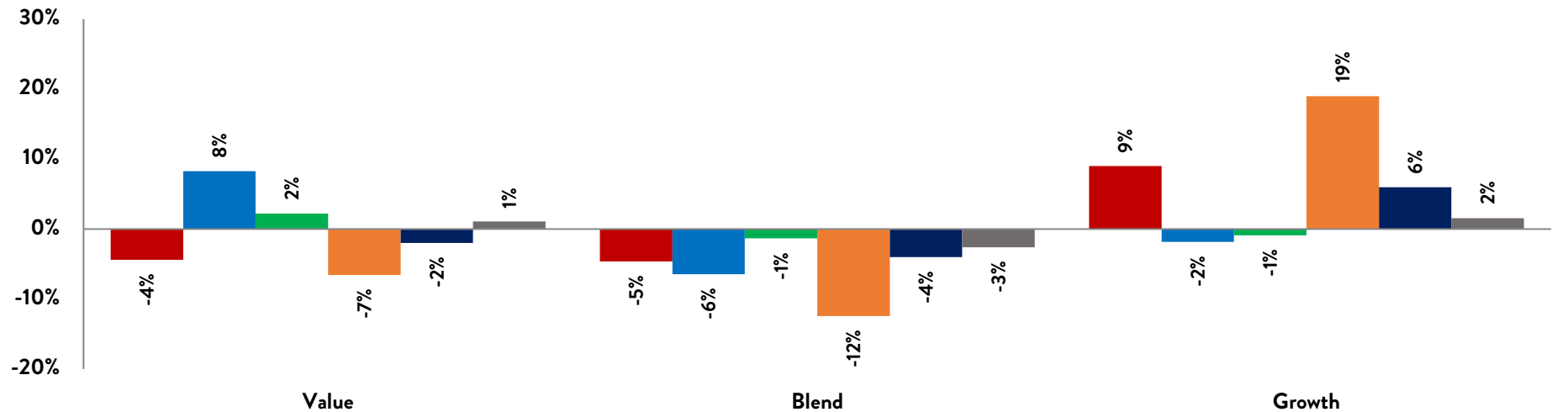
Style Allocations as % of Stock

Value Blend Growth



Style Allocations +/- Index

Vanguard Mid Cap Growth Inv Wellington Mid Cap Opps CIT TimesSquare Mid Cap CIT MFS Mid Cap Growth R6 Westfield Mid Cap CIT Avg. Mid Growth



# Section 6

# Vanguard Mid Cap Growth Inv

## Fund Fact Sheet - December 31, 2019

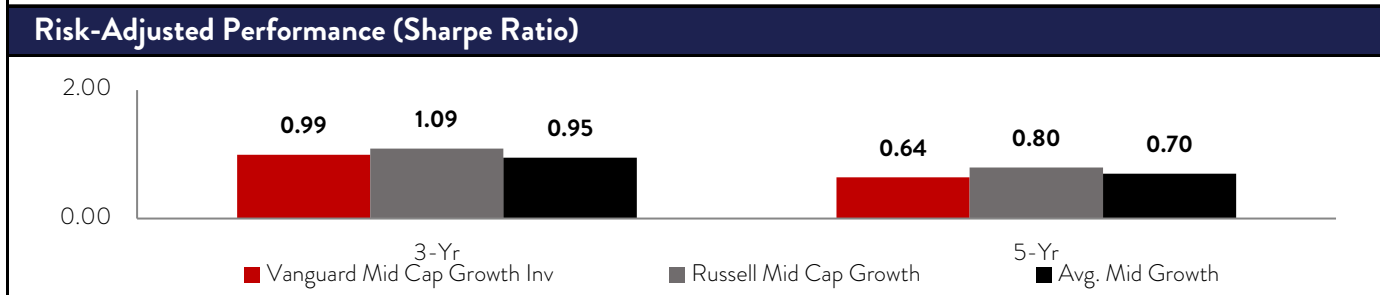
Operations	
Ticker:	VMGRX
CUSIP:	921946307
Share Class:	Inv
Legal Structure:	Open Ended Investment Company
Investment Type:	Open-End Fund

Management	
Advisor:	Team
Sub-Advisor:	Multiple
Senior Manager:	Team
Year Started:	2016

Expenses	
Prospectus Net Exp. Ratio:	0.36%
Annual Report Exp. Ratio:	0.36%
Management Fee:	0.34%
12b-1:	0.00%
Redemption Fee %:	0.00%

Size & Flows (\$m)	
Fund Size:	\$4,712
Est. 1-Year Flows:	(\$177)
as % of Current Size:	-4%
x Management Fee:	(\$1)
Est. 3-Year Flows:	(\$1,212)
as % of Current Size:	-26%
x Management Fee:	(\$4)
# of Holdings:	143
% in Top 10 Holdings:	18%
# of Stocks:	140
Est. \$m per Stock:	\$34
< 5% of Company	\$673

Performance						
	Qtr	YTD	1Yr	3Yr	5Yr	10Yr
Vanguard Mid Cap Growth Inv	6.62	32.07	32.07	15.94	9.42	12.87
Russell Mid Cap Growth	8.17	35.47	35.47	17.36	11.60	14.24
+/- Index	(1.56)	(3.40)	(3.40)	(1.42)	(2.18)	(1.37)
Ranking	72	63	63	56	74	54
	2019	2018	2017	2016	2015	2014
Vanguard Mid Cap Growth Inv	32.07	-3.29	22.01	0.44	0.21	10.86
Russell Mid Cap Growth	35.47	-4.75	25.27	7.33	-0.20	11.90
+/- Index	(3.40)	1.46	(3.26)	(6.89)	0.41	(1.04)
Ranking	63	29	76	91	49	24



Composition					
	Sector	+/- Avg.	Size/Style	+/- Idx.	
<b>Asset Allocation</b> 	Energy	1%	0%	Large Value 0%	-2%
	Materials	4%	1%	Large Blend 12%	-2%
	Industrials	17%	0%	Large Growth 30%	7%
	Cons. Disc.	15%	0%	Mid Value 2%	-2%
	Cons. Stpls.	2%	0%	Mid Blend 13%	-3%
	Healthcare	14%	-4%	Mid Growth 41%	2%
	Financials	7%	-5%	Small Value 0%	0%
	Info. Tech.	33%	7%	Small Blend 1%	1%
	Telecom	6%	2%	Small Growth 0%	0%
	Utilities	0%	-1%	<b>Total Mid</b> 56%	<b>-3%</b>
	<b>Total:</b>	<b>100%</b>	<b>0%</b>	<b>Total Growth</b> 71%	<b>9%</b>

# Wellington Mid Cap Opps CIT

Fund Fact Sheet - December 31, 2019

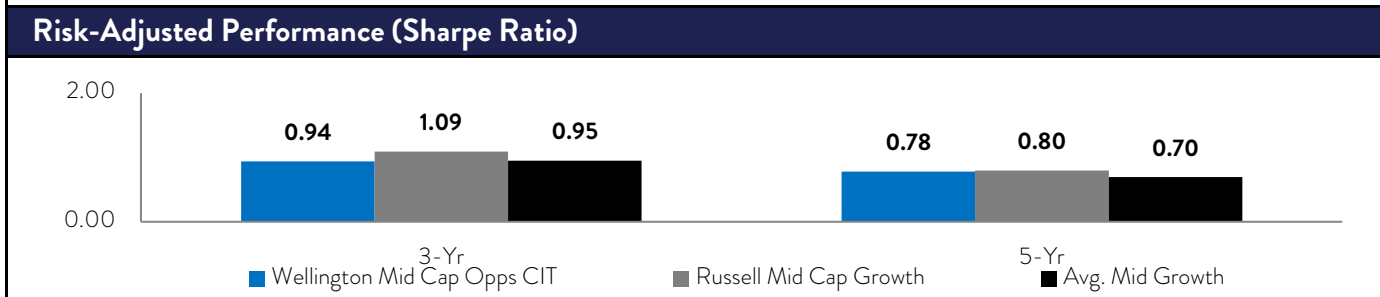
Operations	
Ticker:	-
CUSIP:	94966R428
Share Class:	NA
Legal Structure:	CIT
Investment Type:	Open-End Fund

Management	
Advisor:	Wellington Management Company LLP
Sub-Advisor:	None
Senior Manager:	Mark A. Whitaker; Philip W. Ruedi;
Year Started:	2010

Expenses	
Prospectus Net Exp. Ratio:	0.58%
Annual Report Exp. Ratio:	0.58%
Management Fee:	0.55%
12b-1:	0.00%
Redemption Fee %:	0.00%

Size & Flows (\$m)	
Fund Size:	\$14,652
Est. 1-Year Flows:	(\$68)
as % of Current Size:	0%
x Management Fee:	(\$0)
Est. 3-Year Flows:	\$3,024
as % of Current Size:	21%
x Management Fee:	\$17
# of Holdings:	101
% in Top 10 Holdings:	17%
# of Stocks:	100
Est. \$m per Stock:	\$147
< 5% of Company	\$2,930

Performance						
	Qtr	YTD	1Yr	3Yr	5Yr	10Yr
Wellington Mid Cap Opps CIT	6.94	33.06	33.06	15.50	11.92	13.92
Russell Mid Cap Growth	8.17	35.47	35.47	17.36	11.60	14.24
+/- Index	(1.23)	(2.41)	(2.41)	(1.86)	0.32	(0.32)
Ranking	64	55	55	62	33	30
	2019	2018	2017	2016	2015	2014
Wellington Mid Cap Opps CIT	33.06	-7.03	24.54	12.15	1.65	11.07
Russell Mid Cap Growth	35.47	-4.75	25.27	7.33	-0.20	11.90
+/- Index	(2.41)	(2.28)	(0.73)	4.82	1.85	(0.83)
Ranking	55	66	54	9	32	22



Composition						
	Sector	+/- Avg.	Size/Style	+/- Idx.		
<b>Asset Allocation</b> 	Energy	0%	Large Value	2%	0%	
	Materials	3%	Large Blend	5%	-9%	
	Industrials	17%	Large Growth	4%	-19%	
	Cons. Disc.	11%	Mid Value	9%	4%	
	Cons. Stpls.	0%	Mid Blend	18%	2%	
	Healthcare	20%	Mid Growth	51%	12%	
	Financials	15%	Small Value	4%	4%	
	Info. Tech.	28%	Small Blend	1%	1%	
	Telecom	3%	Small Growth	6%	5%	
	Utilities	2%	<b>Total Mid</b>	<b>78%</b>	<b>19%</b>	
	<b>Total:</b>	<b>100%</b>	<b>0%</b>	<b>Total Growth</b>	<b>61%</b>	<b>-2%</b>

# TimesSquare Mid Cap CIT

## Fund Fact Sheet - December 31, 2019

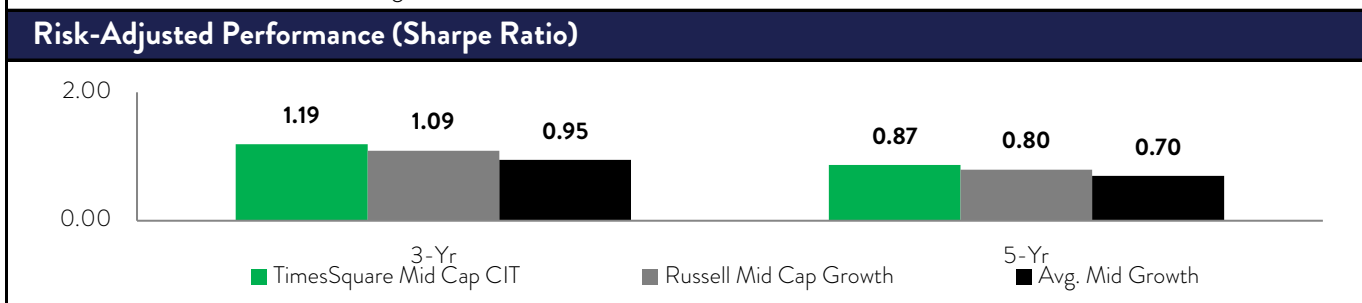
Operations	
Ticker:	-
CUSIP:	-
Share Class:	NA
Legal Structure:	CIT
Investment Type:	Open-End Fund

Management	
Advisor:	TimesSquare Capital Management, LLC
Sub-Advisor:	None
Senior Manager:	Ian Anthony Rosenthal; Grant R. Babyak;
Year Started:	2019

Expenses	
Prospectus Net Exp. Ratio:	0.70%
Annual Report Exp. Ratio:	0.70%
Management Fee:	0.70%
12b-1:	0.00%
Redemption Fee %:	0.00%

Size & Flows (\$m)	
Fund Size:	\$1,945
Est. 1-Year Flows:	(\$375)
as % of Current Size:	-19%
x Management Fee:	(\$3)
Est. 3-Year Flows:	(\$824)
as % of Current Size:	-42%
x Management Fee:	(\$6)
# of Holdings:	78
% in Top 10 Holdings:	26%
# of Stocks:	77
Est. \$m per Stock:	\$25
< 5% of Company	\$505

Performance						
	Qtr	YTD	1Yr	3Yr	5Yr	10Yr
TimesSquare Mid Cap CIT	8.08	37.41	37.41	17.23	11.77	13.21
Russell Mid Cap Growth	8.17	35.47	35.47	17.36	11.60	14.24
+/- Index	(0.09)	1.94	1.94	(0.13)	0.16	(1.03)
Ranking	42	24	24	41	34	47
	2019	2018	2017	2016	2015	2014
TimesSquare Mid Cap CIT	37.41	-4.39	22.63	7.53	0.67	5.34
Russell Mid Cap Growth	35.47	-4.75	25.27	7.33	-0.20	11.90
+/- Index	1.94	0.36	(2.64)	0.20	0.87	(6.56)
Ranking	24	37	71	29	44	73



Composition					
	Sector	+/- Avg.	Size/Style	+/- Idx.	
<p><b>Asset Allocation</b></p> <p>Foreign Stock 6% Cash 2% US Stock 92%</p>	Energy	0%	Large Value	2%	
	Materials	2%	Large Blend	-2%	
	Industrials	21%	Large Growth	1%	
	Cons. Disc.	12%	Mid Value	0%	
	Cons. Stpls.	1%	Mid Blend	1%	
	Healthcare	10%	Mid Growth	-3%	
	Financials	16%	Small Value	0%	
	Info. Tech.	33%	Small Blend	0%	
	Telecom	4%	Small Growth	0%	
	Utilities	0%	<b>Total Mid</b>	<b>58%</b>	<b>-1%</b>
	<b>Total:</b>	<b>100%</b>	<b>0%</b>	<b>Total Growth</b>	<b>61%</b>
					<b>-1%</b>

# MFS Mid Cap Growth R6

Fund Fact Sheet - December 31, 2019

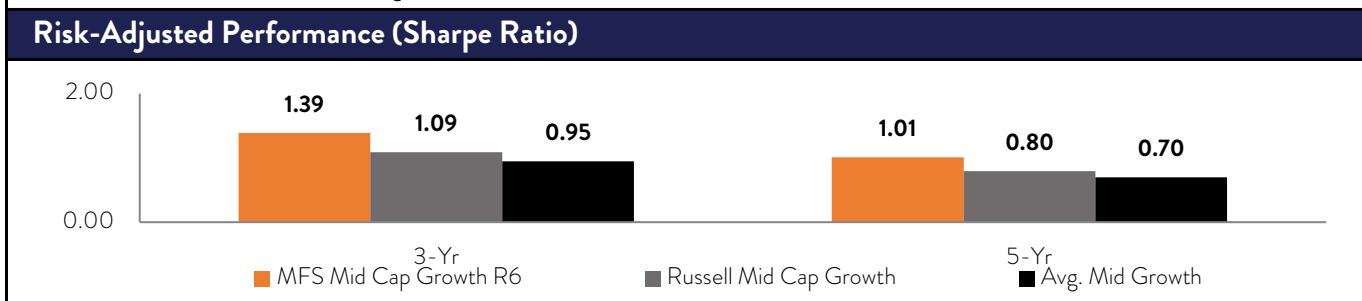
Operations	
Ticker:	<b>OTCKX</b>
CUSIP:	<b>552987554</b>
Share Class:	<b>Retirement</b>
Legal Structure:	<b>Open Ended Investment Company</b>
Investment Type:	<b>Open-End Fund</b>

Management	
Advisor:	<b>Massachusetts Financial Services Company</b>
Sub-Advisor:	<b>None</b>
Senior Manager:	<b>Eric B. Fischman</b>
Year Started:	<b>2008</b>

Expenses	
Prospectus Net Exp. Ratio:	<b>0.74%</b>
Annual Report Exp. Ratio:	<b>0.74%</b>
Management Fee:	<b>0.69%</b>
12b-1:	<b>0.00%</b>
Redemption Fee %:	<b>0.00%</b>

Size & Flows (\$m)	
Fund Size:	<b>\$8,447</b>
Est. 1-Year Flows:	<b>\$2,952</b>
as % of Current Size:	<b>35%</b>
x Management Fee:	<b>\$20</b>
Est. 3-Year Flows:	<b>\$4,062</b>
as % of Current Size:	<b>48%</b>
x Management Fee:	<b>\$28</b>
# of Holdings:	<b>95</b>
% in Top 10 Holdings:	<b>26%</b>
# of Stocks:	<b>93</b>
Est. \$m per Stock:	<b>\$91</b>
< 5% of Company	<b>\$1,817</b>

Performance							
	Qtr	YTD	1Yr	3Yr	5Yr	10Yr	
MFS Mid Cap Growth R6	<b>6.38</b>	<b>37.93</b>	<b>37.93</b>	<b>20.84</b>	<b>14.09</b>	<b>15.04</b>	
Russell Mid Cap Growth	<b>8.17</b>	<b>35.47</b>	<b>35.47</b>	<b>17.36</b>	<b>11.60</b>	<b>14.24</b>	
+/- Index	<b>(1.79)</b>	<b>2.46</b>	<b>2.46</b>	<b>3.48</b>	<b>2.49</b>	<b>0.80</b>	
Ranking	<b>76</b>	<b>21</b>	<b>21</b>	<b>10</b>	<b>6</b>	<b>11</b>	
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
MFS Mid Cap Growth R6	<b>37.93</b>	<b>1.21</b>	<b>26.39</b>	<b>4.75</b>	<b>4.60</b>	<b>8.95</b>	
Russell Mid Cap Growth	<b>35.47</b>	<b>-4.75</b>	<b>25.27</b>	<b>7.33</b>	<b>-0.20</b>	<b>11.90</b>	
+/- Index	<b>2.46</b>	<b>5.96</b>	<b>1.12</b>	<b>(2.58)</b>	<b>4.80</b>	<b>(2.95)</b>	
Ranking	<b>21</b>	<b>9</b>	<b>36</b>	<b>54</b>	<b>11</b>	<b>35</b>	



Composition						
	Sector	+/- Avg.	Size/Style	+/- Idx.		
<b>Asset Allocation</b> 	Energy	<b>0%</b>	<b>-1%</b>	Large Value	<b>0%</b>	<b>-2%</b>
	Materials	<b>3%</b>	<b>0%</b>	Large Blend	<b>8%</b>	<b>-7%</b>
	Industrials	<b>21%</b>	<b>4%</b>	Large Growth	<b>34%</b>	<b>11%</b>
	Cons. Disc.	<b>15%</b>	<b>0%</b>	Mid Value	<b>0%</b>	<b>-5%</b>
	Cons. Stpls.	<b>0%</b>	<b>-2%</b>	Mid Blend	<b>10%</b>	<b>-6%</b>
	Healthcare	<b>15%</b>	<b>-3%</b>	Mid Growth	<b>46%</b>	<b>8%</b>
	Financials	<b>10%</b>	<b>-2%</b>	Small Value	<b>0%</b>	<b>0%</b>
	Info. Tech.	<b>30%</b>	<b>4%</b>	Small Blend	<b>0%</b>	<b>0%</b>
	Telecom	<b>5%</b>	<b>1%</b>	Small Growth	<b>1%</b>	<b>0%</b>
	Utilities	<b>0%</b>	<b>-1%</b>	<b>Total Mid</b>	<b>57%</b>	<b>-2%</b>
	<b>Total:</b>	<b>100%</b>	<b>0%</b>	<b>Total Growth</b>	<b>81%</b>	<b>19%</b>



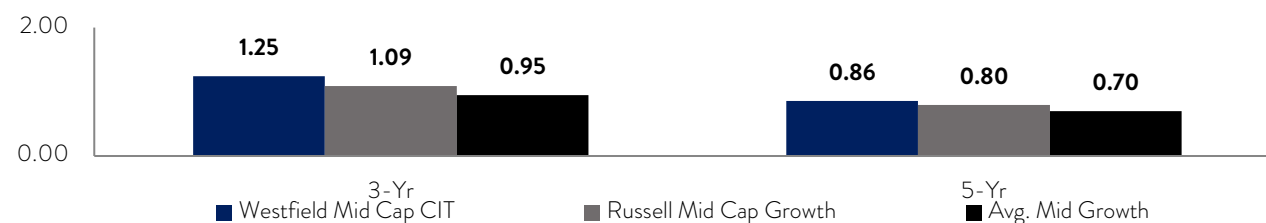
# Westfield Mid Cap CIT

## Fund Fact Sheet - December 31, 2019

Operations	
Ticker:	-
CUSIP:	74048G830
Share Class:	NA
Legal Structure:	CIT
Investment Type:	Open-End Fund
Management	
Advisor:	Westfield Capital Management Company
Sub-Advisor:	None
Senior Manager:	William A. Muggia
Year Started:	1999
Expenses	
Prospectus Net Exp. Ratio:	0.65%
Annual Report Exp. Ratio:	0.65%
Management Fee:	0.65%
12b-1:	0.00%
Redemption Fee %:	0.00%
Size & Flows (\$m)	
Fund Size:	\$1,371
Est. 1-Year Flows:	\$59
as % of Current Size:	4%
x Management Fee:	\$0
Est. 3-Year Flows:	\$174
as % of Current Size:	13%
x Management Fee:	\$1
# of Holdings:	58
% in Top 10 Holdings:	26%
# of Stocks:	57
Est. \$m per Stock:	\$24
< 5% of Company	\$481

Performance		Qtr	YTD	1Yr	3Yr	5Yr	10Yr
Westfield Mid Cap CIT		11.25	42.73	42.73	19.94	12.91	14.04
Russell Mid Cap Growth		8.17	35.47	35.47	17.36	11.60	14.24
+/- Index		3.07	7.26	7.26	2.59	1.31	(0.20)
Ranking		8	4	4	16	17	27
		2019	2018	2017	2016	2015	2014
Westfield Mid Cap CIT		42.73	-3.07	24.72	5.00	1.28	13.40
Russell Mid Cap Growth		35.47	-4.75	25.27	7.33	-0.20	11.90
+/- Index		7.26	1.68	(0.55)	(2.33)	1.48	1.50
Ranking		4	27	52	53	37	5

### Risk-Adjusted Performance (Sharpe Ratio)



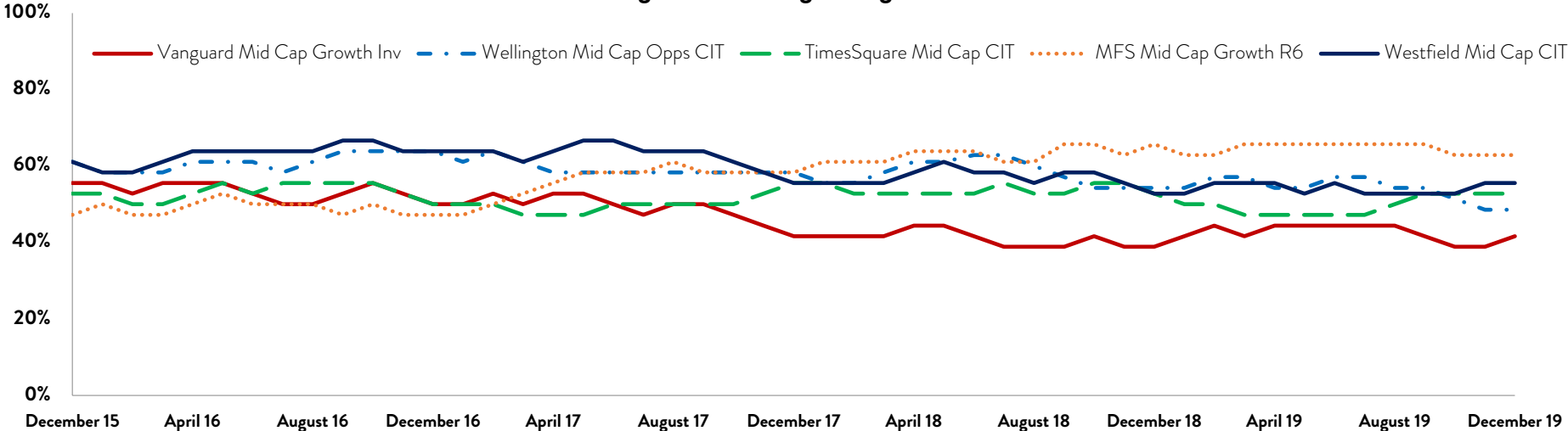
### Composition

Asset Allocation		Sector	+/- Avg.	Size/Style	+/- Idx.
Foreign Stock	3%	Energy	4%	Large Value	2%
Cash	3%	Materials	2%	Large Blend	15%
US Stock	94%	Industrials	21%	Large Growth	33%
		Cons. Disc.	12%	Mid Value	2%
		Cons. Stpls.	0%	Mid Blend	12%
		Healthcare	16%	Mid Growth	36%
		Financials	8%	Small Value	0%
		Info. Tech.	33%	Small Blend	0%
		Telecom	5%	Small Growth	0%
		Utilities	0%	<b>Total Mid</b>	<b>50%</b>
		<b>Total:</b>	<b>100%</b>	<b>Total Growth</b>	<b>68%</b>
			<b>0%</b>		<b>6%</b>

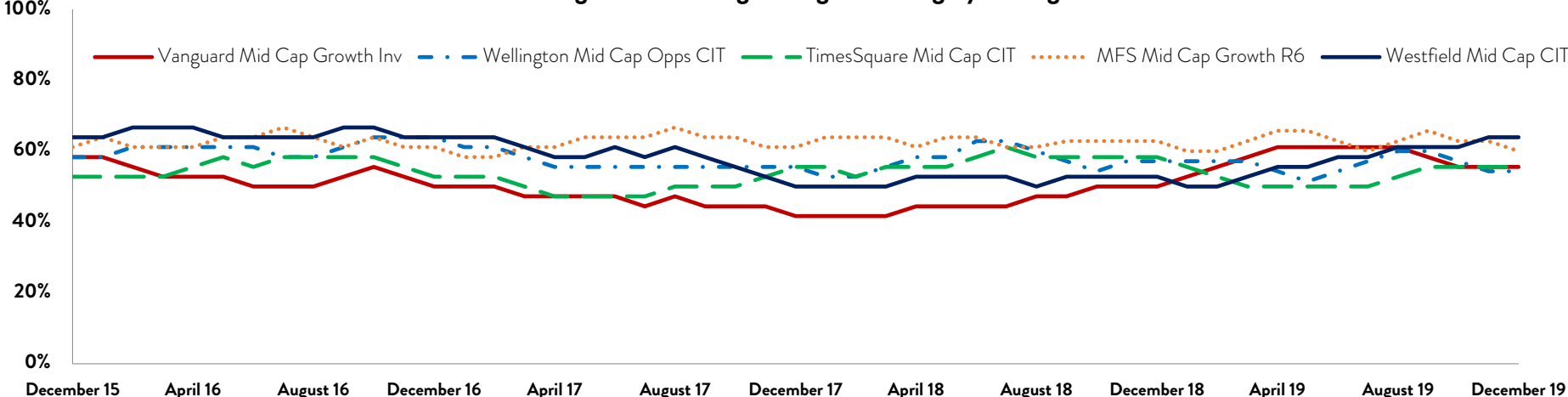
# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

**Rolling 3-Year Batting Average vs. Index**



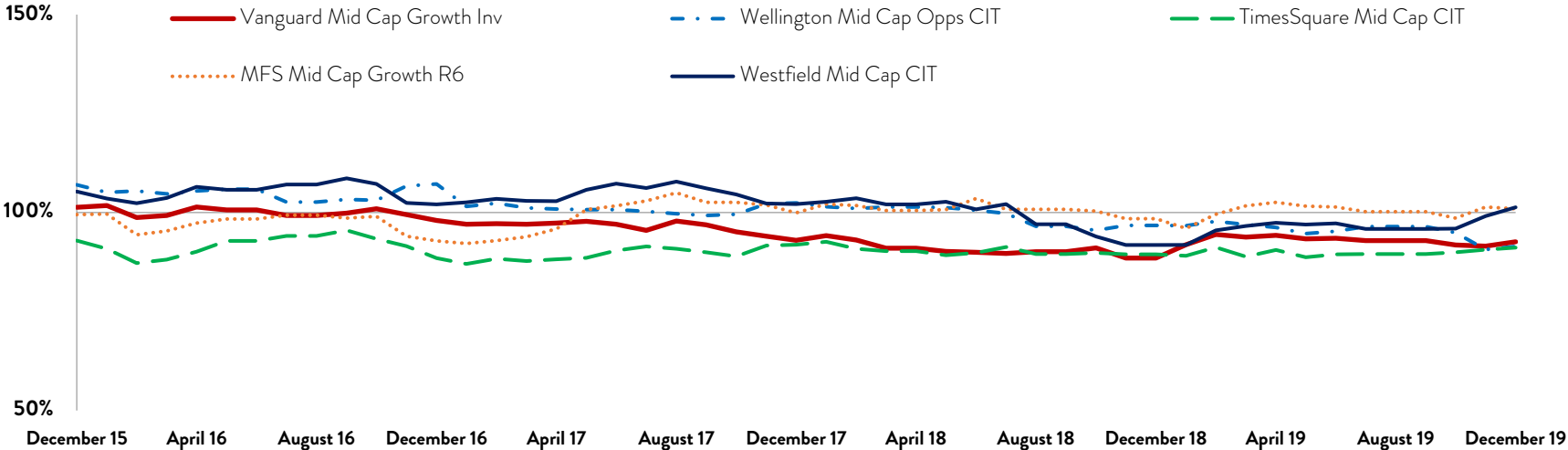
**Rolling 3-Year Batting Average vs. Category Average**



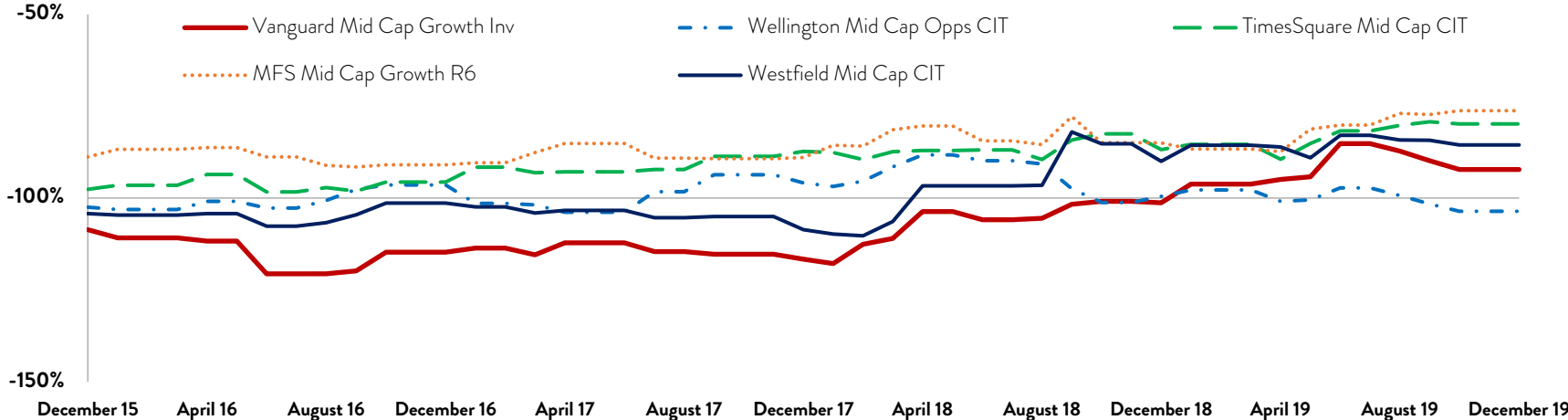
# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

**Rolling 3-Year Up-Capture**



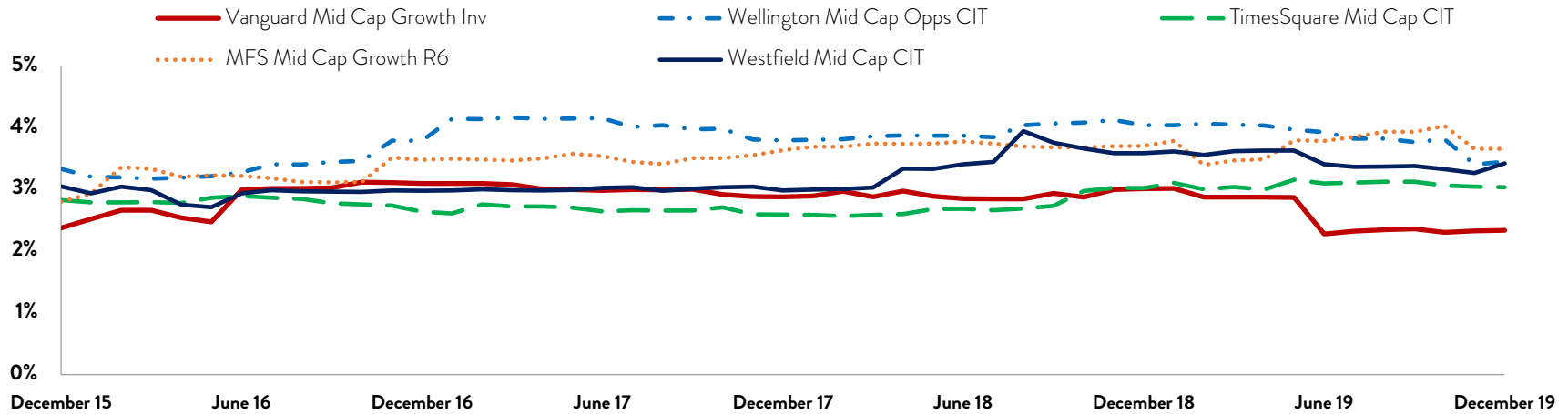
**Rolling 3-Year Down-Capture**



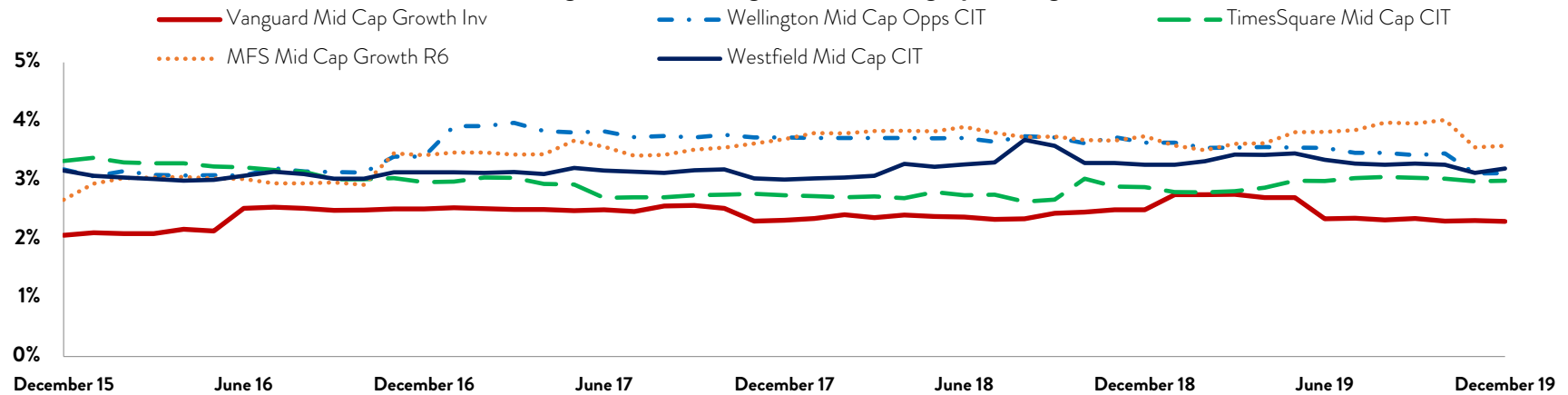
# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

### Rolling 3-Year Tracking Error vs. Index

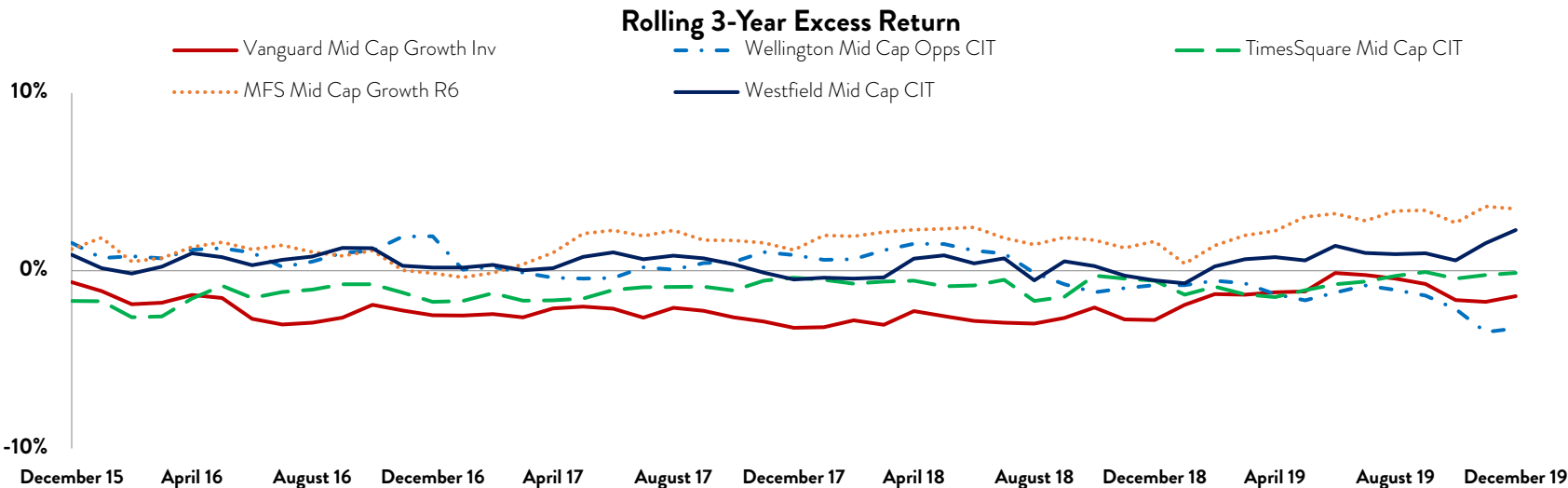
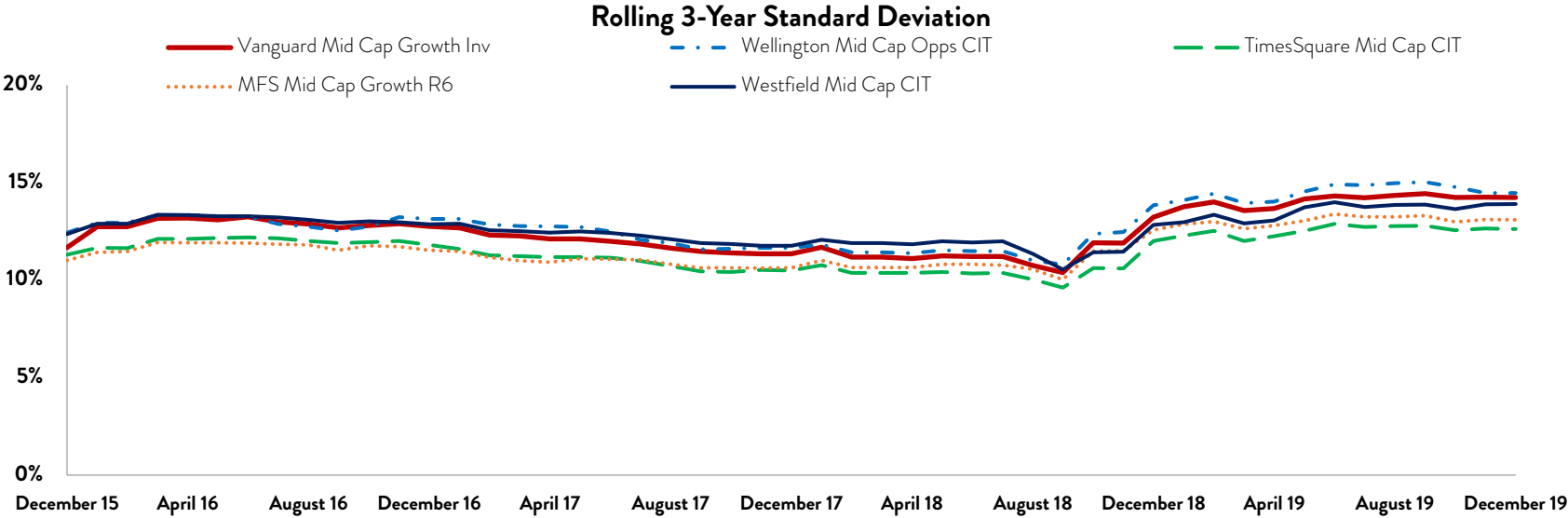


### Rolling 3-Year Tracking Error vs. Category Average



# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020



# Section 7

# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

### Section 7: Glossary

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#### **Investment Terms**

##### **Fixed Income:**

A fund that invests primarily in bonds and other fixed-income securities, often to provide shareholders with current income. Peer groups within this asset class may include, but are not limited to, Intermediate-Term, Money Market, Stable Value, Inflation-Protected, High Yield, Global, and others.

##### **Large Cap:**

A fund that invests in stocks of companies with large market capitalizations, typically starting at \$10 billion. Large Caps tend to be well-established companies, so their stocks typically entail less volatility and more current income than Small Caps, but also offer less potential for dramatic growth. A Large Cap fund may pursue an investment style such as growth, value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

##### **Mid Cap:**

A fund that invests in stocks of companies with medium market capitalizations, typically ranging between \$2 billion and \$10 billion. Mid Caps are often considered to offer more growth potential than Large Caps (but less than Small Caps) and less risk than Small Caps (but more than Large Caps). A Mid Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

##### **Small Cap:**

A fund that invests in stocks of companies with small market capitalizations, typically no higher than \$2 billion. Small Caps are often considered to offer more growth potential, but less current income than Large Caps and Mid Caps, and with more risk. A Small Cap fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group.

##### **International Stock:**

A fund that invests primarily in the stocks of companies located, or with revenues derived from, outside of the United States. An International fund may pursue an investment style such as Growth, Value, or a combination of the two (often referred to as Core or Blend) and be placed within a corresponding peer group. Additional peer groups may include, but are not limited to, Global, Emerging Markets, and others.

##### **Asset Allocation:**

A fund that pursues a method of investing by which the manager include a range of different investment classes such as bonds, stocks, cash, alternative investments, and others in their portfolios. Peer groups within this asset class may include, but are not limited to Conservative Allocation, Moderate Allocation, Aggressive Allocation, Target Date, Life Cycle and others.

##### **Growth (investment style):**

A fund that invests primarily in the stocks of companies appearing to have relatively high growth prospects relative to their asset class. These companies often pay relatively low current income as most earnings are reinvested in the pursuit of higher future growth. These companies may also trade at relatively high valuations (such as price-to-earnings or price-to-sales) as investors may be willing to pay a “premium” to benefit from the company’s expected future growth.

##### **Value (investment style):**

A fund that invests primarily in the stocks of companies appearing be attractively priced by assorted metrics (such as price-to-earnings, price-to-sales, dividend yield, and others). These companies typically distribute a greater portion of their cash flows to shareholders than growth companies and as such will typically pay higher current income.

##### **Blend/Core (investment style):**

A fund that incorporates a comparable amount of Growth and Value investment styles into its investment management.

# Spokane Employees' Retirement System

Mid Cap Growth Manager Search Report February 2020

## Operational Terms

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### **CUSIP:**

A nine character code that represents most securities, including the type of security. A CUSIP can be used to expedite settlement of securities transactions.

### **Expense Ratio:**

A measure of what it costs to operate an investment, expressed as a percentage of its assets or in basis points. These are costs the investor pays through a reduction in the investment's value.

### **Mutual Fund:**

An investment company that gathers money from individual investors for the purchase of securities, such as stocks, bonds, or cash equivalents. Investors own shares of the mutual funds but do not own the underlying securities. Shares of mutual funds can typically be redeemed on an end-of-day basis for the net asset value of the underlying securities, minus any applicable fees.

### **Redemption Fee:**

A fee collected by an investment company for selling out of a fund within a specified time period, typically 30 days. The fee is established to discourage short-term trading and is redistributed to any remaining fund investors.

### **Revenue Share:**

A portion of a fund's expense ratio that may be used to pay plan expenses for certain retirement plans.

### **Share Class:**

Some investment funds and companies offer more than one type or group of shares, each of which is considered a class (e.g., "Class A," "Advisor" or "Institutional" shares). For most investment funds each class has different fees and expenses but all of the classes invest in the same pool of securities and share the same investment objectives.

### **Ticker:**

A five-letter code, often used for trading purposes, that represents a particular mutual fund.



# Spokane Employees' Retirement System

## Mid Cap Growth Manager Search Report February 2020

### Statistical Terms

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#### **Batting Average:**

How frequently a fund outperformed its benchmark given a certain time period and periodicity of returns.

#### **Beta:**

A statistical measure of an investment's volatility and degree of co-movement relative to its benchmark. A beta of 1.0 implies that an investment has, or has exhibited the same degree of volatility as its benchmark and has tended to closely track the performance of its benchmark. A beta that is above (below) 1 implies that an investment has exhibited higher (lower) overall volatility than its benchmark. Beta is often viewed as indicative of an investment's sensitivity to "systematic" or market risk.

#### **R-Squared (R<sup>2</sup>):**

A statistical measurement of how much of an investment's returns are explained by another set of returns, typically that of a benchmark. An R<sup>2</sup> of 1.0 (0.0) implies that 100% (0%) of an investment's returns are explained by its benchmark and provides an indication as to what degree the investment might be expected to move in step with its benchmark.

#### **Sharpe Ratio:**

A measure of risk-adjusted returns. The Sharpe Ratio is the ratio of an investment's excess return (typically versus its index or a "risk-free" investment such as Treasury Bills) relative to its standard deviation for the corresponding period. A high (low) Sharpe Ratio indicates that an investment has provided a high (low) amount of excess return relative to the amount of risk it has incurred in doing so.

#### **Standard Deviation:**

A statistical measurement of how an investment's returns have tended to fluctuate around their average. A higher standard deviation implies a broader range of returns relative to an average and thereby a higher degree of investment risk. Assuming a normal distribution, approximately 95% of an investment's returns should fall within two standard deviations of its average for the corresponding time period and periodicity.

#### **Tracking Error:**

Tracking error is a measurement of the volatility of the difference between an investment's returns versus those of its benchmark. Given a certain periodicity of returns (such as monthly or quarterly), tracking error measures the volatility of the difference of the investment's and the benchmark's periodic returns within a specified time period. Annualized tracking error above 6% is generally viewed as high.

#### **Up (Down) Capture Ratio:**

Up (down) capture compares an investment's upside (downside) performance relative to that of its benchmark when the benchmark was returning positive (negative). Up (down) capture is expressed in percentage terms. For example, an investment with 120% Up Capture has, in relative terms, provided 20% more returns than the benchmark in periods of rising markets.

**Spokane Employees' Retirement System (SERS)**  
**Board Meeting Minutes**  
**January 29, 2020**

The regular monthly meeting was called to order at 12:02 p.m. in the Council Briefing Center at City Hall.

**Present:** Mike Coster, Michael Cathcart, Jim Tieken, and Dean Kiefer

**Absent:** Mike Cavanaugh, Brian Brill, and J.D. Morscheck

**Staff:** Phill Tencick, Donald Brown, and Tim Szambelan

**Guests:** Joe Cavanaugh, Dave Hanshaw, Shae Blackwell, Richard Czernik, and Duane Studer

**Election of Chairperson**

Jim Tieken moved and Dean Kiefer seconded the motion to elect Mike Coster as Board Chairperson for the year 2020. The motion passed unanimously

**Minutes of the December 4, 2019 Meeting**

Jim Tieken moved and Dean Kiefer seconded the motion to approve the minutes of the December 4, 2019 meetings 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>
Kay F. Bisaro	66	01/08/2020	13.0	ST
Doris L. Stragier	60	01/11/2020	40.8	E
Anthony J. Titchenal	50	02/01/2020	21.9	ST
Allen R. Craft	63	02/06/2020	29.8	C-20
Gavin J. Cooley	61	02/08/2020	16.8	E
Alvin 'Ed' Kimbrel	65	02/15/2020	20.5	ST
James C. Kestell	63	03/03/2020	28.2	E
Curtis L. Lozier	65	04/02/2020	26.8	E

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

Withdrawals for January 2020

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Ray L. Cunneen	0.5	11/07/2019

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

Vesting

<i>Name</i>	<i>Department</i>	<i>Years of Service</i>
Barbara L. Ackerman	Civil Service	11.8
Kimberly A. Arredondo	Police - Radio	16.7
Brandon J. Blankenagel	Integrated Capital Management	11.5
James G. Caddey	Office of Performance Management	6.6
William A. Gagne	Worker's Compensation	19.5
Adam J. McDaniel	Council	5.7

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Doris L. Ibach	02/02/1994	91	09/14/2019	No Further Options
Mearl Holland	06/04/1985	97	11/14/2019	No Further Options
William J. Gibford	08/21/1991	80	11/26/2019	E Option Continues
Elizabeth F. Davidson	01/19/1991	88	12/12/2019	No Further Options
Florida M. Goodson	05/19/2004	94	12/20/2019	No Further Options
Jennifer A. Nist	02/17/2012	68	01/08/2020	No Further Options
Ronald E. Long	06/04/2004	77	01/13/2020	D Option Continues

Vesting and death information provided to the Board for review.

Expenditure Summary Report – November 2019

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

Jim Tieken moved and Dean Kiefer seconded the motion to approve the November 2019 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – November 2019 & December 2019

The monthly investment reports were presented to the Board for review. The estimated market value of the SERS portfolio on November 30, 2019 was \$311.5 million with an estimated monthly rate of return of 1.8%. The estimated market value of the SERS portfolio on December 31, 2019 was \$317 million with an estimated monthly rate of return of 2.1%.

### Monthly Cash Reconciliation

The monthly cash reconciliation reports for December 2019 and January 2020 were presented to provide the Board with additional insight into the ongoing liquidity and cash position of the plan.

### **Other Business**

#### Investment Advisory Committee Update

Mr. Tencick presented the Investment Advisory Committee minutes.

Dean Kiefer moved and Jim Tieken seconded the motion to acknowledge the minutes of the January 21, 2019 SERS Investment Advisory Committee Meeting. The motion passed unanimously.

#### Annual Board Agenda

Mr. Tencick distributed a draft annual agenda to the Board.

#### SB 5240 Update

Mr. Tencick updated the Board on the SB 5240. By law, open bills are reintroduced in the second year of the legislative biennium. No action is expected on the bill and will be monitored by staff.

### **Morrison Street MSDO LPA Amendment & Liquidity Window**

Jim Tieken moved and Dean Kiefer seconded the motion to approve the LPA Amendment and redeem 25% of the current holdings. The motion passed unanimously.

### **Multiple Employer Plan Amendments**

Dean Kiefer moved and Jim Tieken seconded the motion to approve the Multiple Employer Plan Amendments as presented. The motion passed unanimously.

### **Other Business**

Mr. Joe Cavanaugh inquired about the open position on the Board recently vacated by Mike Cavanaugh. Mike Coster informed the Board that he and Jim Tieken would be meeting soon and more information will follow.

There being no other business, the meeting adjourned at 12:33 p.m.

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**Phillip Tencick, Retirement Director**

# SERS Retirement Transaction Report

## March 2020

### Retirements

	<b>Name</b>	<b>Age</b>	<b>Retirement Date</b>	<b>Years of Service</b>	<b>Department</b>	<b>Option</b>
1	Paul D. Charbonneau	65	03/03/2020	30.8	Water	E
2	Craig A. Moss	61	03/03/2020	21.5	Parks & Recreation	D
3	Allen L. Pope	65	03/03/2020	31.4	Parks & Recreation	E
4	Keith E. Fisher	66	04/04/2020	29.5	Solid Waste	E
5	Marvin D. Tucker (vested)	50	06/01/2020	18.2	Police	C-20
	Retirements YTD	10				
	2019 Total Retirements	69				

### Withdrawals

	<b>Name</b>	<b>Years of Service</b>	<b>Department</b>	<b>Termination Date</b>
1	Ryan M. Brett	3.2	Solid Waste Management	09/27/2019
2	Steven A. Amundson	0.8	Solid Waste Management	12/28/2019

### Vesting

	<b>Name</b>	<b>Department</b>	<b>Years of Service</b>
1	Michael L. Greene	Golf	13.1
2	Benhamin T. Stuckart	Council	8.0
3	Matt E. Gibson	Public Facilities District	20.7
4	Theresa M. Sanders	Mayor	10.5
5	Nicole M. Bond	CD/HS Operations	3.6

### Deaths

	<b>Name</b>	<b>Date Retired</b>	<b>Age</b>	<b>Date of Death</b>	<b>Information</b>
1	Travis Wilbourn	07/07/2012	69	01/31/2020	D Option Continues
2	James M. Bias	01/08/2013	69	02/24/2020	E Option Continues

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100  
 2019 EXPENDITURE SUMMARY REPORT  
 DECEMBER 31, 2019

	2018 ACTUAL	2019 BUDGET	DECEMBER ACTUAL EXPENDITURES	2019 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>OPERATING EXPENDITURES</b>						
Departmental Salaries	299,596.89	320,122.00	39,921.03	308,884.99	11,237.01	96.5%
Departmental Benefits	62,942.31	65,681.00	5,923.36	61,457.99	4,223.01	93.6%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(19,374.47)	(10,000.00)	(4,423.88)	(21,009.35)		
Postage/Supplies/Other	1,970.14	5,950.00	135.68	1,217.16	4,732.84	20.5%
State Audit Charges	12,444.28	15,000.00	2,017.38	11,146.55	3,853.45	74.3%
Contractual Services	132,743.15	175,000.00	11,929.49	133,696.37	41,303.63	76.4%
Travel	7,873.31	15,000.00	669.80	3,489.45	11,510.55	23.3%
Registration/Schooling	8,575.00	16,000.00	-	810.00	15,190.00	5.1%
Other Dues/Subscriptions/Membership	1,709.60	2,500.00	200.00	2,273.80	226.20	91.0%
Other Miscellaneous Charges	1,383.13	3,800.00	55.00	3,135.88	664.12	82.5%
Amortization	17,649.00	-	17,649.00	17,649.00	(17,649.00)	
<b>TOTAL OPERATING EXPENDITURES</b>	<b>527,512.34</b>	<b>619,053.00</b>	<b>74,076.86</b>	<b>522,751.84</b>	<b>85,291.81</b>	<b>84.4%</b>
<b>INTERFUND EXPENDITURES</b>						
Interfund - Office Performance Mgmt Services	-	800.00	4,189.36	4,189.36	(3,389.36)	523.7%
Interfund - Centralized Purchasing	506.33	1,241.00	10.65	1,251.65	(10.65)	100.9%
Interfund - Centralized Accounting	1,958.16	2,080.00	(63.60)	2,016.40	63.60	96.9%
Interfund - Risk Management	790.00	584.00	-	584.00	-	100.0%
Interfund - Worker's Compensation	109.00	122.00	-	122.00	-	100.0%
Interfund - Reprographics	6,719.51	5,000.00	1,331.47	9,376.27	(4,376.27)	187.5%
Interfund - IT	15,824.72	13,108.00	1,931.44	12,896.37	211.63	98.4%
Interfund - IT Replacement	2,066.04	1,965.00	327.50	1,965.00	-	100.0%
Interfund - My Spokane	476.90	643.00	(8.42)	609.90	33.10	94.9%
<b>TOTAL INTERFUND EXPENDITURES</b>	<b>28,450.66</b>	<b>25,543.00</b>	<b>7,718.40</b>	<b>33,010.95</b>	<b>(7,467.95)</b>	<b>129.2%</b>
<b>TOTAL ADMINISTRATIVE EXPENDITURES</b>	<b>555,963.00</b>	<b>644,596.00</b>	<b>81,795.26</b>	<b>555,762.79</b>	<b>77,823.86</b>	<b>86.2%</b>

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100  
 2019 EXPENDITURE SUMMARY REPORT  
**DECEMBER 31, 2019**

	2018 ACTUAL	2019 BUDGET	DECEMBER ACTUAL EXPENDITURES	2019 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>PENSIONS</b>						
Pensions-Annuity Benefit Payments	26,202,801.23	28,000,000.00	2,361,166.73	27,788,707.57	211,292.43	99.2%
Pensions-Disability Payments	125,328.48	140,000.00	9,548.30	124,164.02	15,835.98	88.7%
Pensions-Survivor Annuity Benefits Payments	1,981,214.54	2,100,000.00	197,543.64	2,142,992.75	(42,992.75)	102.0%
<b>TOTAL PENSIONS</b>	<u>28,309,344.25</u>	<u>30,240,000.00</u>	<u>2,568,258.67</u>	<u>30,055,864.34</u>	<u>184,135.66</u>	99.4%
Refunds	554,422.11	1,000,000.00	22,466.79	544,437.91	455,562.09	54.4%
<b>TOTAL EXPENSES</b>	<u><u>29,419,729.36</u></u>	<u><u>31,884,596.00</u></u>	<u><u>2,672,520.72</u></u>	<u><u>31,156,065.04</u></u>	<u><u>717,521.61</u></u>	97.7%
<b>INVESTMENT EXPENSE*</b>						
Advisory Technical Service	436,405.71	500,000.00	79,331.94	446,741.55	53,258.45	89.3%

\* 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  
 2020 EXPENDITURE SUMMARY REPORT  
**JANUARY 31, 2020**

	2019 ACTUAL	2020 BUDGET	JANUARY ACTUAL EXPENDITURES	2020 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>OPERATING EXPENDITURES</b>						
Departmental Salaries	308,884.99	329,274.00	21,606.90	21,606.90	307,667.10	6.6%
Departmental Benefits	61,457.99	63,101.00	5,041.77	5,041.77	58,059.23	8.0%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(21,009.35)	(10,000.00)	-	-		
Postage/Supplies/Other	1,217.16	5,200.00	-	-	5,200.00	0.0%
State Audit Charges	11,146.55	15,000.00	-	-	15,000.00	0.0%
Contractual Services	133,696.37	175,000.00	-	-	175,000.00	0.0%
Travel	3,489.45	15,000.00	-	-	15,000.00	0.0%
Registration/Schooling	810.00	16,000.00	-	-	16,000.00	0.0%
Other Dues/Subscriptions/Membership	2,273.80	2,500.00	-	-	2,500.00	0.0%
Other Miscellaneous Charges	3,135.88	2,300.00	55.00	55.00	2,245.00	2.4%
Amortization	17,649.00	-	-	-	-	
<b>TOTAL OPERATING EXPENDITURES</b>	<b>522,751.84</b>	<b>623,375.00</b>	<b>26,703.67</b>	<b>26,703.67</b>	<b>606,671.33</b>	<b>4.3%</b>
<b>INTERFUND EXPENDITURES</b>						
Interfund - Office Performance Mgmt Services	4,189.36	389.00	389.00	389.00	-	100.0%
Interfund - Centralized Purchasing	1,251.65	516.00	129.00	129.00	387.00	25.0%
Interfund - Centralized Accounting	2,016.40	1,917.00	479.25	479.25	1,437.75	25.0%
Interfund - Risk Management	584.00	586.00	-	-	586.00	0.0%
Interfund - Worker's Compensation	122.00	134.00	-	-	134.00	0.0%
Interfund - Reprographics	9,376.27	5,000.00	-	-	5,000.00	0.0%
Interfund - IT	12,896.37	39,237.00	-	-	39,237.00	0.0%
Interfund - IT Replacement	1,965.00	1,827.00	-	-	1,827.00	0.0%
Interfund - My Spokane	609.90	580.00	-	-	580.00	0.0%
<b>TOTAL INTERFUND EXPENDITURES</b>	<b>33,010.95</b>	<b>50,186.00</b>	<b>997.25</b>	<b>997.25</b>	<b>49,188.75</b>	<b>2.0%</b>
<b>TOTAL ADMINISTRATIVE EXPENDITURES</b>	<b>555,762.79</b>	<b>673,561.00</b>	<b>27,700.92</b>	<b>27,700.92</b>	<b>655,860.08</b>	<b>4.1%</b>



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

	2019 ACTUAL	2020 BUDGET	JANUARY ACTUAL EXPENDITURES	2020 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
<b>PENSIONS</b>						
Pensions-Annuity Benefit Payments	27,788,707.57	30,000,000.00	2,366,432.14	2,366,432.14	27,633,567.86	7.9%
Pensions-Disability Payments	124,164.02	140,000.00	9,548.30	9,548.30	130,451.70	6.8%
Pensions-Survivor Annuity Benefits Payments	2,142,992.75	2,300,000.00	168,897.67	168,897.67	2,131,102.33	7.3%
<b>TOTAL PENSIONS</b>	<u>30,055,864.34</u>	<u>32,440,000.00</u>	<u>2,544,878.11</u>	<u>2,544,878.11</u>	<u>29,895,121.89</u>	7.8%
Refunds	544,437.91	1,000,000.00	1,869.81	1,869.81	998,130.19	0.2%
<b>TOTAL EXPENSES</b>	<u><u>31,156,065.04</u></u>	<u><u>34,113,561.00</u></u>	<u><u>2,574,448.84</u></u>	<u><u>2,574,448.84</u></u>	<u><u>31,549,112.16</u></u>	7.5%
<b>INVESTMENT EXPENSE*</b>						
Advisory Technical Service	446,741.55	500,000.00	5,753.03	5,753.03	494,246.97	1.2%

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

SERS Schedule of Cash and Investments  
January 31, 2020

2/27/2019

	Type		Allocation		
			Target	Current	Diff.
Cash Held by Treasurer	Cash	\$ 131,023			
US Bank	Short-term Inv	113,198			
<b>Total Cash</b>		<b>244,221</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.1%</b>
Sterling Capital	Total Return	25,912,359			
<b>Total Total Return</b>		<b>25,912,359</b>	<b>10.0%</b>	<b>8.2%</b>	<b>-1.8%</b>
Hotchkis & Wiley	High Yield - Mutual Fund	13,691,285			
<b>Total High Yield</b>		<b>13,691,285</b>	<b>5.0%</b>	<b>4.4%</b>	<b>-0.6%</b>
Polar	LLC	7,288,163			
Castine Capital II	Ltd Partnership	8,091,262			
Post Limited Term High Yield	Ltd Partnership	6,510,979			
Rimrock Low Volatility	Ltd Partnership	10,152,524			
<b>Total Absolute Return</b>		<b>32,042,928</b>	<b>8.0%</b>	<b>10.2%</b>	<b>2.2%</b>
<b>Total Capital Preservation</b>		<b>71,890,793</b>	<b>23.0%</b>	<b>22.9%</b>	<b>-0.1%</b>
Hotchkis & Wiley	LC Value - Mutual Fund	16,346,606			
MFS Growth	LC Growth - Mutual Fund	17,830,448			
Fidelity S&P 500 Index	LC Core - Mutual Fund	30,888,935			
<b>Total US Large Cap</b>		<b>65,065,989</b>	<b>21.0%</b>	<b>20.7%</b>	<b>-0.3%</b>
Sterling	MC Value	4,912,593			
Vanguard MC Growth	MC Growth - Mutual Fund	4,651,069			
Fidelity MC Index	MC Core - Mutual Fund	4,577,668			
Champlain	SC Core	6,751,617			
Phocas	SC Value - Mutual Fund	3,982,093			
Bridge City	SC Growth	5,959,066			
Fidelity SC Index	SC Core - Mutual Fund	934,235			
<b>Total US Small/Mid Cap</b>		<b>31,768,341</b>	<b>11.0%</b>	<b>10.1%</b>	<b>-0.9%</b>
<b>Total US Equities</b>		<b>96,834,330</b>	<b>32.0%</b>	<b>30.8%</b>	<b>-1.2%</b>
Artisan	SMID Value - Mutual Fund	22,490,473			
Euro Pacific	LC Blend - Mutual Fund	22,405,330			
Fidelity International	LC Index - Mutual Fund	-			
<b>Total International Large Cap</b>		<b>44,895,803</b>	<b>15.0%</b>	<b>14.3%</b>	<b>-0.7%</b>
Trivalent	SC Value - Mutual Fund	12,623,001			
<b>Total International Small/Mid</b>		<b>12,623,001</b>	<b>4.0%</b>	<b>4.0%</b>	<b>0.0%</b>
Vanguard EM Index	EM - Mutual Fund	444,014			
ABS Emerging Markets	Ltd Partnership	8,747,017			
<b>Total Emerging Markets</b>		<b>9,191,031</b>	<b>3.0%</b>	<b>2.9%</b>	<b>-0.1%</b>
<b>Total International Equities</b>		<b>66,709,835</b>	<b>22.0%</b>	<b>21.2%</b>	<b>-0.8%</b>
Weatherlow Offshore	Ltd Partnership	16,962,237			
Royalty Opportunities I	Ltd Partnership	1,936,087			
Royalty Opportunities II	Ltd Partnership	2,533,589			
<b>Total Long Biased</b>		<b>21,431,913</b>	<b>7.0%</b>	<b>6.8%</b>	<b>-0.2%</b>
Metropolitan Real Estate Partners	Ltd Partnership	160,996			
Morrison Street Fund V	LLC	2,272,843			
Morrison Street Debt Opportunities	LP	4,097,494			
Morgan Stanley Prime	LLC	7,322,492			
Principal (REITs)	REITs	12,922,323			
<b>Total Real Estate</b>		<b>26,776,148</b>	<b>9.0%</b>	<b>8.5%</b>	<b>-0.5%</b>
Contrarian Capital Fund I	Ltd Partnership	9,034,988			
Beach Point	Ltd Partnership	11,570,328			
<b>Total Opportunistic Credit</b>		<b>20,605,316</b>	<b>7.0%</b>	<b>6.6%</b>	<b>-0.4%</b>
Contrarian EM Credit	LLC	5,615,872			
OrbiMed II	Ltd Partnership	4,532,979			
<b>Total Special Opportunities</b>		<b>10,148,851</b>	<b>0.0%</b>	<b>3.2%</b>	<b>3.2%</b>
<b>Total Cash and Investments</b>		<b>\$ 314,397,186</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>
	Monthly Contributions	1,621,159			
	Monthly Pension	\$ (2,546,748)			
	As of December 31, 2019	<b>\$ 317,006,154</b>			
	Estimated Rate of Return	-0.5%			
<b>Abs. Return and Total Return FI Equity and Special Situations</b>	Thesis 2017.1	<b>57,955,287</b>	<b>18.0%</b>	<b>18.4%</b>	<b>0.4%</b>
	Thesis 2017.3	<b>173,693,016</b>	<b>54.0%</b>	<b>55.2%</b>	<b>1.2%</b>

## Cash Recon - Feb

Date	Transactions	Sources	Uses	Balance
<b>1/23/2020</b>	<b>Beginning Balance</b>			<b>1,787,713.82</b>
1/28/2020	Trust Fees	-	(24,342.50)	<b>1,763,371.32</b>
1/30/2020	Sale - Vanguard EM Equity	800,000.00		<b>2,563,371.32</b>
1/31/2020	Distribution - Morrison Street MSDO	95,223.99		<b>2,658,595.31</b>
1/31/2020	Pension Payments		(2,546,747.92)	<b>111,847.39</b>
2/3/2020	Payroll Contributions	816,548.36		<b>928,395.75</b>
2/3/2020	Interest	1,350.90		<b>929,746.65</b>
2/14/2020	Distribution - Morrison Street V	357,581.79		<b>1,287,328.44</b>
2/18/2020	Payroll Contributions	801,180.12		<b>2,088,508.56</b>
<b>2/26/2020</b>	<b>Ending Balance</b>	<b>2,871,885.16</b>	<b>(2,571,090.42)</b>	<b>2,088,508.56</b>
	<u>Upcoming</u>			
2/27/2020	Sale - MFS Growth	500,000.00		
2/28/2020	February Pension Payments		(2,579,519.29)	