Seattle Retirement
Seattle City Employees' Retirement System

Investment Committee Meeting

Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, October 30, 2025

IC Members Present: Sherri Crawford (Chair), Judith Blinder, Maria Coe, Joseph Hoffman, Jamie Carnell

IAC Members Present: Dwight McRae

SCERS Staff Present: Jeff Davis, Jason Malinowski, Leola Ross, Paige Alderete, George Emerson, Mengfei Cao

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Rose Dean (NEPC), Daniel Hennessy (NEPC), Phillip Nelson (NEPC), Thao Nguyen (NEPC), Andrew Robinson (FAS), Joe Ebisa (With Intelligence), Ben Sheng (Money Media), Brett Johnson (PEI), Veronica Tapia

Call to Order

Sherri Crawford, Chair, called the meeting to order at 11:00 am.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the September 25, 2025 Investment Committee Meeting.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee approved the minutes from the September 25, 2025 Investment Committee Meeting. The motion passed unanimously (5-0).

NEPC Market Outlook

Phillip Nelson, of NEPC, presented NEPC's market outlook and answered questions from the committee members.

Mr. Nelson discussed the market impact of the government shutdown, weakening US dollar, artificial intelligence, and the Fed rate cuts. NEPC recommends their clients stick to their strategic asset allocation and maintain sufficient liquidity for cashflow needs.

Ms. Blinder asked about the price of oil. Mr. Nelson responded that it is a puzzle that the oil price has been falling despite a reasonably strong economy. He suggested that it may be due to a supply and demand imbalance.

Private Markets Benchmark Recommendation

Staff recommended changing benchmarks for the private market asset classes effective January 1, 2026. The recommended benchmarks come from a recent release by MSCI of Private Capital Closed-End Fund Indexes that are constructed from the fund universe tracked by MSCI for their investor clients. The MSCI indexes included in this recent release are frozen, meaning that they will not be subject to future revision, which is an important feature for performance reporting.

Jason Malinowski revisited the concept of a benchmark, the reason to change, and compared the annualized performance for the existing and recommended benchmarks. The reason for changing the Private Equity and Infrastructure benchmarks is to move from custom indexes maintained by SCERS's custodian to standardized indexes maintained by a prominent index vendor. The same fund universe underlies both the existing and recommended indexes. The reason for changing the Real Estate benchmark is to improve alignment between the benchmark and SCERS's real estate portfolio in terms of strategy composition and risk/return profile.

Mr. Hoffman asked whether other benchmarks had been considered and how staff became comfortable with the newly launched benchmark. Mr. Malinowski explained that MSCI had released unfrozen indexes in early 2024, so the frozen versions represent the new development. Mr. Malinowski further stated that Cambridge is the other prominent private market index provider, but their indexes rely on managers' self-reported performance, which introduces selection bias.

NEPC concurred with this recommendation. Rose Dean, of NEPC, stated that this is an improvement for existing benchmarks and could reduce unnecessary tracking error between SCERS's portfolio and the benchmark.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee recommends that the Board of Administration adopt effective January 1, 2026 the MSCI Global Private Equity Closed-End Fund Index (Frozen; USD) as the Private Equity benchmark, the MSCI Global Private Infrastructure Closed-End Fund Index (Frozen; USD) as the Infrastructure benchmark, and a blend of 70% NCREIF ODCE Index and 30% MSCI Global Private Real Estate Closed-End Fund Index (Frozen; USD) as the Real Estate benchmark.

Cost Effectiveness and Fee Study

Jason Malinowski presented the Cost Effectiveness and Fee Analysis which detailed the investment costs incurred across the portfolio and evaluated their cost effectiveness. SCERS's accounting team works closely with BNY in tracking investment manager costs including management fees, performance fees, and fund expenses. SCERS then submits this cost data to an annual survey conducted by CEM Benchmarking.

Investment-related costs for 2024 were $29.1 million (0.71% of fund assets), including $26.6 million (0.65%) in investment manager fees and $2.5 million (0.06%) in other costs. SCERS investment-related costs are modestly higher than the median US public pension. Over the last ten years, SCERS has outperformed on a net-of-fees basis the Reference Passive Benchmark that represents an investable portfolio that is available at a very low cost.

Ms. Dean of NEPC stated that fees are an important consideration to long-term portfolio performance. SCERS closely considers fees when evaluating new managers and strategies.

Adjourn Meeting

Motion:	Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee voted to adjourn the meeting at 12:29 pm. The motion passed unanimously (5-0).