



# Seattle City Employees' Retirement System

**Board of Administration Meeting**  
Pacific Building, 720 3<sup>rd</sup> Avenue, Suite 900, Seattle, WA  
(206) 386-1293

## Minutes, Thursday, June 13, 2024

**Board Members Present:** Dan Strauss (Chair), Judith Blinder, Maria Coe, Sherri Crawford, Jamie Carnell, Kimberly Loving

**SCERS Staff Present:** Jeff Davis, Paige Alderete, Jason Malinowski, Nina Melencio, George Emerson, Leola Ross, Mark Schimizza

**Others Present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Julie Smith (Milliman), Nick Collier (Milliman), Sam Benscoter (Tacoma ERS), Cyril Espanol (With Intelligence), Lindsay Saienni (Fin News), Elizabeth Paschke (ARSCE), Andrew Robinson (FAS), Anthony Dozier (SHR), Catherine Marx (Tacoma ERS), Tom Mikesell (LEG), Alexandria Zhang (CBO), Edie Jorgensen (ARSCE), Kate Hoffman (LEG)

### Call to Order

Dan Strauss, Chair, called the meeting to order at 10:01 am.

### Public Comment

There was no public comment.

### Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the May 9, 2024 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

<b>The following items represent normal expenses:</b>	
Pension Payroll	\$24,061,010.40
Office Payroll*	444,972.81
Admin Expenses	496,295.45
Investment Expenses	2,517,160.28
<b>Total Expenses – May 2024</b>	<b>\$27,619,438.94</b>

*\*Includes estimated benefit costs*

<b>Retirements, Withdrawals, Other Payouts – May 2024</b>			
	<b>Count</b>	<b>Monthly Pension</b>	<b>Lump Sum Distribution</b>
Retirements	30	\$85,936.65	\$1,158,426.24
Withdrawals	42	n/a	\$1,062,725.83

**Motion:** Upon motion by Dan Strauss, seconded by Judith Blinder, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (6-0).

### **2024 Valuation Study and Actuarial Contribution Rate (ARC)**

Nick Collier and Julie Smith from Milliman presented the 2024 Actuarial Valuation Report as of January 1, 2024 and answered questions from the Board.

The funding ratio increased from 75.7% in 2023 to 75.8% as of January 1, 2024. The employer actuarially required contribution (ARC) for 2025 is unchanged from the 2024 rate of 15.17%. The total actuarial contribution rate is 24% as of January 1, 2024.

The actuarial valuation of assets is \$4.14B, up from \$3.9B last year. The market value of assets is \$4.01B, up from \$3.64B last year. There remains a deferred loss due to investment performance in 2022. There were no changes to the assumptions.

Ms. Blinder expressed disappointment that the City Council did not accept the Board's recommendation last year to maintain the contribution rate at a level higher than the ARC. Mr. Davis stated that short of a compelling reason, the Board recommends the ARC.

Mr. Strauss will abstain from voting because he chairs the City's Finance Committee. He will also abstain from the upcoming SCERS Budget motion.

**Motion:** Upon motion by Dan Strauss, seconded by Jamie Carnell, the Board of Administration accepted the January 1, 2024 Actuarial Valuation Report as presented by Milliman and recommends the City of Seattle set the rate of 15.17% as the employer contribution for 2025. The motion passed 5-0-1 with Dan Strauss abstaining.

### **Investment Committee Report – May 30, 2024**

Jason Malinowski reported on the May 30, 2024 Investment Committee Meeting. This meeting was the final step for the Investment Consultant search. NEPC and Meketa were the finalists. Both presented to the committee and answered questions. There are a lot of similarities between the two firms. Ultimately, the committee recommended NEPC.

Ms. Carnell and Ms. Blinder commended the investment team in selecting the finalists. Mr. Strauss stated that the process demonstrated good governance.

**Motion:** Upon motion by Dan Strauss, seconded by Judith Blinder, the Board of Administration accepted the Investment Committee's recommendation to contract with NEPC as the general investment consultant effective June 30, 2024, for a five-year term, pending satisfactory legal review. The motion passed unanimously (6-0).

## **Administrative Committee Report – May 30, 2024**

Paige Alderete reported on the May 30, 2024 Administrative Committee meeting.

The committee reviewed the board's self-evaluation results. Ms. Blinder stated that she was happy when she saw the scoring. She has observed more engagement by board members and sees the board evolving every year.

Ms. Alderete presented SCERS's proposed 2025-2026 budget. The budget for 2025 is \$15.36M and 2026 is \$15.89M. The increases are primarily due to a proposed \$8.0M pension system upgrade project placeholder (spread evenly across both years) and rising central cost allocations from the City. Staff will be coming to a future Administrative Committee meeting with options analysis for the pension system upgrade project.

SCERS will be reducing staffing levels from 30.5 FTE to 30.0 FTE with the elimination of an existing vacant Retirement Specialist position. In 2025, the .5 FTE Member Services Representative position will be increased to a full-time position. Key values are making sure members receive best in class service.

Mr. Strauss will abstain from voting on the motion since he heads the City's Finance Committee.

**Motion:** Upon motion by Dan Strauss, seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee's recommendation to accept the 2025-2026 Seattle City Employees' Retirement System budget, including any future internal service fund rate updates, for submission to the City Budget Office. The motion passed 5-0-1 with Dan Strauss abstaining.

## **Executive Director Update**

Mr. Davis reported that Sherri Crawford was re-elected to the Board as an Active Member trustee. There was a good participation rate in the voting this year. It has been slowly increasing over the past few years. The trend is going towards more members voting online.

**Motion:** Upon motion by Dan Strauss, seconded by Jamie Carnell, the Board of Administration appointed Sherri Crawford to the Active Member seat of the Board of Administration for a three-year term (July 1, 2024 – June 30, 2027). The motion passed 5-0-1 with Sherri Crawford abstaining.

As discussed during the May 2024 Administrative Committee, Mr. Davis and Ms. Loving reported on the transfer of the Deferred Compensation function from SDHR to SCERS.

The three-person Deferred Compensation unit will be moving to SCERS in January 2025. There will not be a heavy impact on SCERS's operations since most of the work is done by the Deferred Compensation record keeper (currently Nationwide). A separate City ordinance would enact the change.

Mr. Strauss asked if this was a typical practice with other cities. Ms. Alderete responded that staff have done an informal review and have seen many different arrangements. Efficiencies would be gained for members and the focus would be on financial security. Moving Deferred Compensation to SCERS would streamline and improve member experience.

Ms. Carnell stated that, from a City perspective, this move has been talked about for a while. Ms. Loving said the move would be a very responsible business decision.

Mr. Davis reviewed the upcoming agenda items that are listed on the consent agenda. At the June Investment Committee meeting there will be a deep dive on real estate and the quarterly performance review. The results of

the security assessment will be presented at the June Administrative Committee meeting. At the July Board of Administration meeting, CliftonLarsonAllen will present their audit report.

**Good of the Order**

There were no items for the Good of the Order.

**Adjournment**

Mr. Strauss adjourned the meeting at 11:00 am.