



Seattle City Employees' Retirement System

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

Minutes, Thursday, August 8, 2024

- Board Members Present:** Dan Strauss (Chair), Sherri Crawford, Judith Blinder, Maria Coe, Joseph Hoffman, Jamie Carnell, Kimberly Loving
- SCERS Staff Present:** Jeff Davis, Paige Alderete, Jason Malinowski, Nina Melencio, Mark Schimizza, Ronda Iriarte, Selam Teklemariam, Leola Ross, Mengfei Cao
- Others Present:** Mike Monaco (MMPL), Joe Levan (City Attorney's Office), Joe Ebisa (With.Intelligence), Andrew Robinson (FAS), Elizabeth Paschke (ARSCE)

Call to Order

Sherri Crawford called the meeting to order at 10:00 am.

Public Comment

There was no public comment.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the July 11, 2024 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$24,046,298.80
Office Payroll*	870,012.13
Admin Expenses	324,951.84
Investment Expenses	599,953.65
Total Expenses – July 2024	\$25,851,216.42

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – July 2024			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	18	\$47,712.18	\$1,279,027.53
Withdrawals	17	n/a	\$551,842.66

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

(10:02 am – Dan Strauss arrived to the meeting)

SCERS 2023 Annual Report to Members - Staff

Paige Alderete and Mark Schimizzze presented the 2023 Annual Report to Members which provides a summary of SCERS's financial health, investment performance, and key accomplishments for the last calendar year. The original annual report was over 100 pages of data. Staff condensed the data to make it easier for members to understand.

As part of SCERS's defined benefit pension plan, retirees do not bear the risk of outliving their retirement benefits or that investment performance will reduce their retirement income. Benefits paid to retirees was \$249 million in 2023 compared to \$234 million in 2022. In 2023, the fund had 21,103 members up from 20,308 in 2022.

By the end of 2023, SCERS was managing \$4 billion in investments, a \$371.6 million increase from 2022. Funding status is steadily increasing. The funding status as of 2023 was 75.8%, up from 75.7% in 2022. Over the last five years, SCERS's investments have performed similar to the benchmark that reflects the target strategic allocation. SCERS plans on being full funded by 2042.

SCERS completed over 14,700 service requests for members in 2023. SCERS conducted its annual member satisfaction survey in 2023 to gauge satisfaction with SCERS's services and identify areas for improvement. Survey results show improvement in active member satisfaction but indicates the need for SCERS to continue focusing on its customer service, addressing service request backlogs, and reducing turn-around times in 2024.

Mr. Strauss expressed concern about the funding sources chart that shows an investment loss in 2022. This chart is confusing and may cause concern in members. Mr. Strauss asked that staff address this and that the vote to accept the Annual Report be pushed to the September board meeting.

Ms. Alderete agreed that staff will re-work the annual report and will bring it back to the Board in September.

Motion: Upon motion by Dan Strauss, seconded by Jamie Carnell, the Board of Administration moved to review a revised SCERS 2023 Annual Report to Members at the September 12, 2024 Board of Administration meeting. The motion passed unanimously (7-0).

Investment Committee Report – July 25, 2024

Jason Malinowski reported on the July 25, 2024 Investment Committee meeting. There were no voting items at this meeting.

Staff presented an Infrastructure Deep Dive and a Private Equity Deep Dive. There was significant discussion on Global Infrastructure Partners (GIP) being acquired by BlackRock. Staff and NEPC concluded that SCERS

should proceed with the commitment to GIP V that had been approved by the Board in December 2023. NEPC led a liquidity environment discussion that described creative ways that private equity managers are trying to create liquidity.

Mr. Strauss expressed appreciation for the deep dives since it helps him with his role as budget chair.

Administrative Committee Report – July 25, 2024

Paige Alderete reported on the July 25, 2024 Administrative Committee.

The primary topic was the Pension Administration System (PAS) update. The PAS contract is expiring and staff reviewed an analysis of SCERS's three options.

Based on analysis, there is no compelling reason to change vendor. The new system, V3locity, will be more dynamic and can offer more options. Staff anticipate the change to be an 18-to-24-month project and are in the process of doing a gap analysis.

The Q2 2024 operational statistics were also reviewed and was updated to show the prior year for comparison based on Committee feedback. The most significant finding was that turnaround times for service requests have significantly decreased in 2024. For benefit estimates, it took 88 days to produce an estimate in Q2 2023. In 2024, it takes an average of 23 days.

Ms. Crawford and Ms. Blinder congratulated staff on the improvement to the turnaround times.

Executive Director Update

Jeff Davis reviewed the upcoming agenda items. The August Investment Committee meeting includes a Credit Fixed Income Deep Dive and a potential manager recommitment. The August Administrative Committee meeting has been cancelled. At the September Board of Administration meeting, we will have the semi-annual ESG update and NEPC will do their yearly ESG presentation.

Good of the Order

There were no items for the Good of the Order.

Adjourn Meeting

Motion: Upon motion by Dan Strauss, seconded by Sherri Crawford, the Board of Administration voted to adjourn the meeting at 10:35 am. The motion passed unanimously (7-0).