



Seattle Retirement

Seattle City Employees' Retirement System

Minutes, September 11, 2025

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

SCERS Staff Present: Jeff Davis, Paige Alderete, Jason Malinowski, Leola Ross, Mengfei Cao, Nina Melencio, Selam Teklemariam, George Emerson, Mark Schimizze, William Kee, Marlon Taylor

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Rose Dean (NEPC), KC Conners (NEPC), Joe Ebisa (With Intelligence), Elizabeth Paschke (ARSCE), Bill Schrier (ARSCE), Andrew Robinson (FAS)

Call to Order

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

Public Comment

Bill Schrier of ARSCE provided public comment. Mr. Schrier asked why, at the previous meeting, the board recommended that the City Council reduce the ARC (Actuarially Required Contribution), as it seems more logical to keep the contribution well above what is actuarially required to realize full funding. He will follow up with an email.

Jeff Davis responded, saying in the past, when the valuation report by the actuaries showed the ARC going down, but we have reason to believe there will be significant increase in next year, we recommend leaving the ARC at the same level. However, we generally recommend the ARC to reinforce its value and importance. We want the City and City Council to view it as something they need to fulfill as part of the obligation to the pension system. Straying away from that undercuts the value of the ARC.

Administrative Consent Agenda

Provided in the Retirement Board packet were the minutes from the July 10, 2025 Retirement board regular meeting, ratification of Retired Payroll, office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$23,437,318.03
Office Payroll*	671,755.58
Admin Expenses	1,078,079.88
Investment Expenses	724,663.72
Total Expenses – July 2025	\$25,911,717.21

The following items represent normal expenses:	
Pension Payroll	\$25,777,772.70
Office Payroll*	489,379.26
Admin Expenses	420,993.79
Investment Expenses	1,787,028.85
Total Expenses – August 2025	\$28,475,174.60

*Includes estimated benefit costs and 3 pay periods for July

Retirements, Withdrawals, Other Payouts – July 2025			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	18	\$53,874.08	\$382,480.25
Withdrawals	21	n/a	\$557,037.48

Retirements, Withdrawals, Other Payouts – August 2025			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	25	\$94,197.99	\$1,318,436.27
Withdrawals	37	n/a	\$1,232,895.66

Judith Blinder stated that she noticed typographical errors on the July 10, 2025 minutes and asked for them to be corrected in the approved version.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted and approved the Administrative Consent Agenda with revisions to the minutes as requested. The motion passed unanimously (6-0).

ESG Semi-Annual Update - Staff

Leola Ross presented the semi-annual Environmental, Social, and Governance (ESG) update and answered questions from committee members.

The fall update is focused on the climate positive action strategy. SCERS supports decarbonizing the real economy to safeguard its investment portfolio from the impact of climate change. Climate change poses a systemic risk to investment portfolios due to its profound and uncertain impact on the real economy. SCERS continues to be an active member of several organizations and recently added Climate Engagement Canada.

There are many companies that have weakened their climate targets or taken action that is inconsistent with their public climate commitments. Recent US federal policies pursued by the Trump administration have also increased the risk of unmitigated climate change.

SCERS joined 500 financial institutions in signing the 2024 Global Investor Statement to Government on the Climate Crisis. Shareholders have filed fewer resolutions in 2025 and support for environmental and social proposals has fallen

materially over the last 5 years. SCERS's investment managers continued to make new investments in energy-transition related technology, infrastructure, and efficiency.

Dr. Ross reviewed recent staff activity and industry developments.

Consultant ESG Presentation (NEPC)

Rose Dean and K.C. Connors of NEPC presented the ESG Annual Consultant Review and reviewed Impact Investing, NEPC ESG Ratings, and NEPC DEI Ratings.

NEPC is seeing increased legislation that is anti-ESG passed in many states and under consideration in others. However, they have not seen significant change in how clients are investing. None of NEPC's clients are changing their DEI or ESG initiatives. They do have two clients who are looking at reframing language without changing goals.

Ms. Loving stated that she was acutely aware of the environment surrounding Diversity, Equity, and Inclusion (DEI). She asked how the Board can monitor and build trust with NEPC on this topic. Ms. Connor replied that NEPC continues to track DEI-related data and will share more information following the meeting.

NEPC began providing manager ESG ratings in 2018 that continue to evolve to reflect industry best practices and are an extension of their existing due diligence process. NEPC began providing manager DEI Ratings in 2022, scoring managers according to their firm commitment to DEI. NEPC has completed ESG and DEI assessments for all their public Focused Placement List (FPL) managers.

Investment Committee Report – July 31, 2025 and August 28, 2025

Jason Malinowski reported on the July 31, 2025 and August 28, 2025 Investment Committee meetings.

At the July Investment Committee meeting, staff presented the annual Core Fixed Income and Long-Term Fixed Income deep dives. Staff and NEPC provided a benchmarking primer which included an introduction to benchmarks, characteristics that make a good benchmark, SCERS total portfolio benchmarks, and asset class benchmarks.

At the August Investment Committee meeting, staff provided the annual Investment Risk Review. NEPC reviewed SCERS's investment performance for Q2 2025. The portfolio returned 11.0% for the 1-year period ending June 30, 2025.

Administrative Committee Report – July 31, 2025

Paige Alderete reported on the July 31, 2025 Administrative Committee meeting. There was no meeting on August 28, 2025.

Staff reviewed Q2 2025 operational statistics. The statistics were similar to last year. The member services team continues to improve service time, and the budget is on track with expenditures.

Joseph Boateng rolled off the Investment Advisory Committee at the end of his term. SCERS staff solicited potential replacements. Keith Traverse, chair of the Investment Advisory Committee, and Jeff Davis interviewed two finalists. Both Mr. Traverse and Mr. Davis agreed that Lauren Thompson would be a good fit. Ms. Thompson has both private industry and public pension experience. She is currently Director of Investments at Corient. Prior to moving back to the Seattle area, Ms. Thompson was the Assistant CEO and Head of Investments at Santa Barbara County Employees' Retirement System, a \$3.5 billion public pension plan.

<u>Motion:</u>	Upon motion by <u>Sherri Crawford</u> , seconded by <u>Judith Blinder</u> , the Board of Administration accepted the Administrative Committee's recommendation to appoint <u>Lauren Thompson</u> to the Investment Advisory Committee for a three-year term. The motion passed unanimously (6-0).
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Executive Director Update

Mr. Davis congratulated Maria Coe for passing the NCPERS exam to earn the prestigious Accredited Fiduciary designation. She was one of 11 public pension trustees and staff who earned the designation this year. Ms. Coe highly recommended the program to her fellow board members.

Mr. Davis reviewed the upcoming agenda items. The September Investment Committee meeting includes a Credit Deep Dive and potential recommendation of a credit manager. Staff are still working on agenda items for the September Administrative Committee. At the October Board meeting, staff will present the 2024 Annual Report.

Closed Sessions for Quasi-judicial Matter and Potential Litigation for a Member Appeal

The Board entered closed session at 11:09 am for the discussion of a quasi-judicial matter and potential litigation. The closed session is expected to last until 11:30 am when the Board will return to open session.

Closed session was extended for 15 minutes at 11:30 am.

The Board returned to open session at 11:46 am.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration granted Member Kofoed's appeal to purchase Family Medical Leave time; denied Member Kofoed's appeal to purchase time loss hours related to a Labor & Industries determination; and denied Member Kofoed's appeal to reduce the amount of his Option F reduction. The motion passed unanimously (6-0).

Good of the Order

There were no items for the Good of the Order.

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Jamie Carnell, the Board of Administration voted to adjourn the meeting at 11:47 am. The motion passed unanimously (6-0).