



# Seattle City Employees' Retirement System

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

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## **Minutes, Thursday, January 11, 2024**

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

**SCERS Staff Present:** Jeff Davis, Paige Alderete, Jason Malinowski, Nina Melencio, Mengfei Cao, Ronda Iriarte

**Others Present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Kevin Balaod (With Intelligence), Elizabeth Paschke (ARSCE), Edie Jorgensen (ARSCE), Tom Mikesell (LEG)

### **Call to Order**

Sherri Crawford, Chair, 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 December 14, 2023 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$23,738,762.32
Office Payroll	526,765.92*
Admin Expenses	362,320.92
Investment Expenses	1,804,705.16
<b>Total Expenses – December 2023</b>	<b>\$26,432.554.32</b>

*\*Includes estimated benefit costs and 12/21/2023-12/31/2023 payroll*

Retirements, Withdrawals, Other Payouts – December 2023			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	25	\$67,868.77	\$604,963.51
Withdrawals	35	n/a	\$1,163,725.40

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

### **Deep Dive – Member Communications**

Paige Alderete presented the SCERS Member Communications Deep Dive. The overview included SCERS's mission, vision, and values; recap of 2023 working environment; member communication focus areas, results of the 2023 member satisfaction survey; and member communication goals for 2024. SCERS tracks progress over five key areas: 1) access to information, 2) clear and consistent communications, 3) pro-active and educational communications, 4) service request times, and 5) cross department and agency communications.

In 2023, SCERS continued its hybrid work environment with staff onsite at least two to three days per week. Members are being served both virtually and in-person. In July 2023, building management unlocked the front doors to the building for members to easily access SCERS during core business hours.

By the fall of 2023, most service request backlogs were reduced or eliminated. Because of the backlogs still being worked through most of last year, the turn-around times to complete service requests still were high in 2023. SCERS expects that the 2024 numbers will reflect faster service rates.

The use of the Member Self-Service Portal continues to be high. In 2023, total users were 8,829 and most of these users were active members. Website usage remains active with an accessibility rating of 92.6% and quality assurance rating of 98.2%. Both ratings are higher than the City's average. There was a significant spike in website visits during the summer of 2023, most likely from threat actors. Staff monitor the portal weekly for failed log in attempts and IP addresses from other countries. We are also towards the end of the process of completing an external review of overall security.

During 2023, SCERS conducted 15 seminars serving 310 members and provided information to new City employees at the monthly new employee orientation conducted by Seattle Human Resources.

SCERS conducted the annual member satisfactory survey to proactively receive feedback and suggestions for improvement from both Active and Retired members. A larger pool of members was used for the 2023 survey with the idea that we may receive a higher response rate, but the opposite occurred. Normally the response rate is 20-25%. For the active members the response rate was 17% for 2023 and the retired member response rate was 21%.

For active members, the 2023 survey showed a significant improvement in satisfaction across the board (up from 2021). For retired members, the satisfaction results decreased slightly, although remained relatively high. Generally, in the past, retirees have been more satisfied since the retirement process tends to give a lot of hand-holding due to the complexity of the process. Active members and retired members are now parallel in their satisfaction rates. For both active and retired members, the biggest area of improvement continues to be the speed in addressing service requests. SCERS will continue to focus on speed and responsiveness in 2024.

SCERS's member communication goals for 2024 include a focus on responsiveness, speed, and customer service; offering additional online resources and videos for members; coordinating with SDHR and other city departments to provide clarity on the citywide process for preparing for retirement; and continuing the Member Satisfaction Survey.

There was discussion on the Citywide coordination, managing the flow of paper, and the turnaround times for benefit estimates. The goal is to get the turnaround time for benefit estimates down to two to three weeks. Staff expect that will shift in the next few months as management work with staff to manage their queues more effectively.

Board members commended staff on the additional security testing and requested a report to the Board once it is completed.

### **Executive Director Update**

Jeff Davis stated that the City begins 2024 with a new City Council. SCERS's previous board chair, Teresa Mosqueda, has left her council position to be on the King County Council. SCERS's chair will be CM Dan Strauss. We have reached out to his staff to schedule similar onboarding sessions that all board members go through.

### **Adjourn Meeting**

<b><u>Motion:</u></b>	Upon motion by <u>Jamie Carnell</u> , seconded by <u>Maria Coe</u> , the Board of Administration voted to adjourn the meeting at 10:39 am. The motion passed unanimously (6-0).
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# Seattle City Employees' Retirement System

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

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## Minutes, Thursday, February 8, 2024

**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, Nina Melencio, Leola Ross, George Emerson, Mark Schimizze

**Others Present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Kevin Balaod (With Intelligence), "Chris", Nick Pealy (ARSCE), Andrew Robinson (FAS) Lindsay Saienni (Fin News), Tom Mikesell (LEG)

### Call to Order

Sherri Crawford, Chair, 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 January 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	\$22,271,898.73
Office Payroll*	261,618.10
Admin Expenses	306,086.38
Investment Expenses	0**
<b>Total Expenses – January 2024</b>	<b>\$22,839,603.21</b>

*\*Includes estimated benefit costs*

*\*\*No investment manager fees due to year end entries which reverse 1/1/2024*

<b>Retirements, Withdrawals, Other Payouts – January 2024</b>			
	<b>Count</b>	<b>Monthly Pension</b>	<b>Lump Sum Distribution</b>
Retirements	18	\$52,443.35	\$1,059,435.47
Withdrawals	9	n/a	\$291,450.07

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

### **2023 SCERS Progress Report**

Jeff Davis, Paige Alderete, and Jason Malinowski reviewed the 2023 SCERS Progress Report. The report provided an overview of SCERS's 2023 activities and how they align with the overarching goals established by the SCERS Board of Administration.

Investment performance has met or closely trailed each of the investment objectives in terms of total return net of investment manager fees. The return for the 30-year time period is 6.9%, which is higher than the current actuarial rate of return of 6.75%. The fund outperformed the reference passive benchmark by 1.0% for the 10-year period. Over a 5-year period, the fund slightly trailed the strategic policy benchmark by 0.2%.

In 2023, staff and NEPC conducted an asset-liability study that culminated in an updated strategic asset allocation that went into effect on December 31, 2023. The Investment Policy was updated to reflect the updated strategic asset allocation, to incorporate references to SCERS's liabilities, add Long-Term Fixed Income as a permissible asset class, align the environmental, social and governance (ESG) items with the latest ESG Policy, and clarify select asset class definitions, sectors, and indices.

In 2023, SCERS received an unqualified opinion from auditors and reclaimed \$263,000 of \$352,000 from overpayments. The member services staff completed more services in 2023 than in 2022 and eliminated or reduced service request back-logs. Staff will be working in 2024 to reduce turnaround time.

Staff began an organization-wide Security Risk Assessment to ensure that SCERS is protecting its members' pensions and information which is critical given today's culture of cyber threats. Members have been active on the Member Self Service Portal and the SCERS website.

SCERS is also working on streamlining the retirement process Citywide with other departments and has been actively working with the City's project team on the WEvolve/Workday project.

Members of the Board congratulated Jason Malinowski, Leola Ross, and Mark Schimizze for their achievements during 2023. Mr. Malinowski, Chief Investment Officer, was awarded the 2023 CIO Industry Innovation Award in the Public Defined Benefit assets less than \$10 billion category. He was also nominated for Innovator of the Year by Institutional Investor and Idea of the Year by With Intelligence for SCERS's work on liability-aware investing. Dr. Ross, Deputy Chief Investment Officer, was named to the Principles for Responsible Investing (PRI) Infrastructure Advisory Council. Mr. Schimizze, Finance and Accounting Manager, completed a certificate course in Diversity, Equity, and Inclusion from the University of Washington.

### **Investment Committee Report – January 25, 2024**

Mr. Malinowski reported on the January 25, 2024 Investment Committee Meeting. Staff gave their annual presentation looking back at activity from the prior year and what the team is planning for in 2024. There were also two recommitments to existing managers that the Investment Committee considered.

Staff recommended a commitment of up to \$30 million to Horsley Bridge Venture 15 ("HB 15"), a venture capital fund-of-funds strategy. HB 15 would be SCERS's second fund investment with Horsley Bridge. Horsley Bridge expects HB 15 to be oversubscribed with investor demand that exceeds the maximum fund size, in which case SCERS's allocation is expected to be approximately \$25 million. NEPC concurred with this recommendation.

Ms. Blinder commented that investing in a fund-of-funds for venture capital is desirable given the improved diversification that it provides.

**Motion:** Upon motion by Jamie Carnell, seconded by Joseph Hoffman, the Board of Administration accepted the Investment Committee's recommendation to commit up to \$30 million to Horsley Bridge Venture 15 LP, pending satisfactory legal review. The motion passed unanimously (6-0).

Staff recommended a commitment of up to \$20 million to Stonepeak Infrastructure Fund V LP ("Stonepeak V"), a North American-focused core-plus strategy. Stonepeak V would be SCERS's fifth fund investment with Stonepeak. NEPC concurred with this recommendation and has rated Stonepeak V a 1, its highest rating.

**Motion:** Upon motion by Judith Blinder, seconded by Kimberly Loving, the Board of Administration accepted the Investment Committee's recommendation to commit up to \$20 million to Stonepeak Infrastructure Fund V LP, pending satisfactory legal review. The motion passed unanimously (6-0).

#### **Administrative Committee Report – January 25, 2024**

Ms. Alderete reported on the January 25, 2024 Administrative Committee meeting. The committee reviewed and discussed the board self-evaluation questions and reviewed the timeline for the Executive Director Evaluation.

The Investment Advisory Committee charter was reviewed and approved by the committee. It is SCERS' practice to review all policies and charters every three years for potential revisions. There were no changes to the Investment Advisory Committee charter.

**Motion:** Upon motion by Joseph Hoffman, seconded by Maria Coe, the Board of Administration accepted the Administrative Committee's recommendation to reaffirm the Investment Advisory Committee Charter. The motion passed unanimously (6-0).

#### **Executive Director Update**

Mr. Davis stated that the onboarding process with CM Strauss has begun and should be completed soon.

In 2024, SCERS will have a Trustee Election for an Active Member Seat which is currently filled by Ms. Crawford.

NCPERS annual conference will be in Seattle on May 19-23, 2024. All board members are encouraged to attend as well as staff. Mr. Malinowski will be hosting a panel with other pension systems from the Pacific Northwest.

#### **Adjourn Meeting**

**Motion:** Upon motion by Joseph Hoffman, seconded by Maria Coe, the Board of Administration voted to adjourn the meeting at 10:36 am. The motion passed unanimously (6-0).



# Seattle City Employees' Retirement System

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

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## **Minutes, Thursday, March 14, 2024**

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

**SCERS Staff Present:** Jeff Davis, Paige Alderete, Jason Malinowski, Leola Ross, Mengfei Cao, Nina Melencio, George Emerson, Michiko Togashi, Mark Schimizzé, Selam Teklemariam, Katie Lac

**Others Present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Cyril Espanol (Journalist), "Venessa", Edie Jorgensen (ARSCE), Kate Hoffman (LEG), Elizabeth Paschke (ARSCE)

### **Call to Order**

Dan Strauss, Chair, called the meeting to order at 10:00 am

### **Public Comment**

There was no public comment.

### **Administrative Consent Agenda**

The following items represent normal expenses:	
Pension Payroll	\$23,531,737.58
Office Payroll*	230,081.86
Admin Expenses	730,639.10
Investment Expenses	556,465.77
<b>Total Expenses – February 2024</b>	<b>\$25,050,400.61</b>

*\*Includes estimated benefit costs*

<b>Retirements, Withdrawals, Other Payouts – February 2024</b>			
	<b>Count</b>	<b>Monthly Pension</b>	<b>Lump Sum Distribution</b>
Retirements	23	\$63,260.97	\$1,498,738.15
Withdrawals	32	n/a	\$1,000,112.62

**Motion:** Upon motion by Joseph Hoffman, seconded by Maria Coe, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (6-0).

### **ESG Semi-Annual Update - Staff**

Leola Ross presented the semi-annual Environmental, Social, and Governance (ESG) update which included updates on SCERS's climate and diversity, equity, and inclusion (DEI) positive action strategies.

#### ***(10:02 am – Sherri Crawford arrived at the meeting)***

Dr. Ross provided an update on the climate positive action strategy. Staff continues to actively engage with multiple companies, including Southern Company and Paccar. Several asset managers left or otherwise altered their involvement with the Climate Action 100+ collective engagement in February 2024. Staff is meeting with SCERS's investment managers who left Climate Action 100+, including BlackRock, PIMCO, and JP Morgan, to understand their motivation and how they will engage with companies separate from the collective. The U.S. Securities and Exchange Commission adopted rules requiring companies to report climate-related risks. SCERS had provided comments to the SEC in June 2022 in support of its proposal for improved climate disclosure.

Mr. Malinowski provided an update on the DEI positive action strategy. SCERS joined the Thirty Percent Coalition and the Institutional Allocators for Diversity, Equity, & Inclusion (IADEI). The Thirty Percent Coalition works to increase gender, racial, and ethnic diversity on board and in senior leadership across the United States. IADEI seeks to drive DEI within institutional investment teams and portfolios and across the investment management industry. Mr. Malinowski began participating in the Investment Diversity Advisory Council's mentorship program where senior investment professionals are paired with mid-career professionals from historically underrepresented groups.

Staff attended and presented at several ESG industry conferences during Q4 2023 and Q1 2024.

### **Investment Committee Report – February 29, 2024**

Mr. Malinowski reported on the February 29, 2024 Investment Committee meeting. The committee members were joined by the Investment Advisory Committee (IAC). The IAC shared their annual report for 2023, which included strategic guidance and recommendations for 2024.

NEPC reviewed the portfolio's performance through December 31, 2023. The portfolio returned 11.5% for 2023, which was in line with the strategic policy benchmark.

### **Administrative Committee Report – February 29, 2024**

Paige Alderette reported on the February 29, 2024 Administrative Committee meeting.

The committee worked to finalize the annual board self-evaluation questions. It has been streamlined to make it more concise.



The enhanced benefit estimate tool is now available in the Member Self-Service Portal for active and deferred members. The previous tool only provided an unmodified benefit amount. The enhanced tool now includes most benefit options, portability, and adding a spouse's date of birth which would make the estimate more accurate.

### **Executive Director Update**

Mr. Davis reported that there will be a trustee election this year for an active member seat currently held by Ms. Crawford. A notice of election will be posted on SCERS's webpage after the Board meeting, on the MSS Portal, and on member statements. The notice will also be posted in the Daily Journal of Commerce.

Due to some conflicts with Mr. Strauss's schedule, Mr. Davis asked if Investment Committee and Administrative Committee chairs were amenable to start the Investment Committee at 11:00 am rather than noon; and Administrative Committee at 1:00 pm rather than 2:00 pm. Ms. Crawford, chair of the Investment Committee, and Ms. Blinder, chair of the Administrative Committee, were fine with the time change.

Mr. Strauss stated that he wants to bring different cultural norms from his other committees to the Board of Administration meetings.

- Board members attending virtually are asked to raise their hand if you would like to speak,
- There will be a roll call at the beginning of agenda, and
- If board members are already downtown, Mr. Strauss encourages them to attend the meeting in person.

### **Closed Session for Quasi-judicial Matter and Potential Litigation – Review of Disability Retirement Application**

The Board entered into Closed session for Quasi-judicial Matter and Potential Litigation at 11:06 am for approximately 30 minutes to review a Disability Retirement Application.

The Board returned to public session at 11:20 am.

**Motion:** Upon motion by Joseph Hoffman, seconded by Jamie Carnell, the Board of Administration affirmed the conclusion of the independent medical examination and did not approve the retirement disability application of Marc Troy. The motion passed 6-0-1 with Mr. Strauss abstaining.

### **Adjourn Meeting**

**Motion:** Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration voted to adjourn the meeting at 11:23 am. The motion passed unanimously (7-0).



# Seattle City Employees' Retirement System

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

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## Minutes, Thursday, April 11, 2024

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

**SCERS Staff Present:** Jeff Davis, Paige Alderete, Nina Melencio, Mark Schimizzze, Mengfei Cao, George Emerson

**Others Present:** Gavin Parr (MMPL), Gary Smith (City Attorney's Office), Arora Muskan (Markets Group), Elizabeth Paschke (ARSCE), Nick Pealy (ARSCE), Andrew Robinson (FAS), Zack Cziryak (Fin News)

### Call to Order

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

### Public Comment

There was no public comment.

### Administrative Consent Agenda

**Motion:** Upon motion by Maria Coe, seconded by Kimberly Loving, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (5-0).

### Investment Committee Report – March 28, 2024

Jeff Davis reported on the March 28, 2024 Investment Committee Meeting.

There were three agenda items for the meeting which included an update on the investment consultant search, a deep dive on core fixed income and long-term fixed income, and presentation from PIMCO on the Economic Outlook for 2024.

There were seven (7) responses to the RFP. The panel evaluated and selected Meketa, NEPC, RVK, and Verus to move on to the next round. Site visits and operational due diligence calls have been scheduled.

### Administrative Committee Report – March 28, 2024

Paige Alderete reported on the March 28, 2024 Administrative Committee meeting.

The committee reviewed the Executive Director's 2023 accomplishments and 2024 goals which is part of the Executive Director evaluation process led by the Administrative Committee. SCERS is in the process of implementing a call center for the Member Services team. The call center puts the team on the City's foundational platform. Staff expects to bring the valuation report to the board at the June meeting and the audit report at the July meeting.

Staff are in the midst of conducting a gap analysis to move the Pension Administration System to Vitech's new cloud model. Once the analysis is completed, staff will report back to the Administrative Committee.

There were two motions. The first was to reappoint Keith Traverse to the Investment Advisory Committee. The second motion was to reappoint Mr. Traverse as Chair of the Investment Advisory Committee.

**Motion:** Upon motion by Joseph Hoffman, seconded by Jamie Carnell, the Board of Administration accepted the Administrative Committee's recommendation to reappoint Keith Traverse to the Investment Advisory Committee for a three-year term commencing May 13, 2024. The motion passed unanimously (5-0).

**Motion:** Upon motion by Joseph Hoffman, seconded by Maria Coe, the Board of Administration accepted the Administrative Committee's recommendation to reappoint Keith Traverse as Chair of the Investment Advisory Committee for a three-year term commencing May 13, 2024. The motion passed unanimously (5-0).

### **Executive Director Update**

Mr. Davis reported that the Active Member Trustee Candidacy Period begins April 11<sup>th</sup> and ends at 5:00 pm on April 25, 2024. The information on how to apply will be on the SCERS website, the Member Self-Service Portal, the member statements, and a broadcast email will be sent from the Mayor's office.

Board members will receive a link to complete the 2023 Executive Director Evaluation survey. Survey results will be reviewed by the Administrative Committee at their April meeting. Board members will also be receiving a link to complete the Board Self-Evaluation.

### **Good of the Order**

The Good of the Order agenda item has been added to future Board of Administration meeting agendas. This is an opportunity for trustees to comment on topics that are good of the order for the Board.

### **Adjourn Meeting**

**Motion:** Upon motion by Joseph Hoffman, seconded by Maria Coe, the Board of Administration voted to adjourn the meeting at 10:09 am. The motion passed unanimously (5-0).



# Seattle City Employees' Retirement System

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

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## Minutes, Thursday, May 9, 2024

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

**SCERS Staff Present:** Jeff Davis, Paige Alderete, Jason Malinowski, Leola Ross, Mengfei Cao, Nina Melencio

**Others Present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Joe Ebisa (With Intelligence), Edie Jorgensen (ARSCE), Elizabeth Paschke (ARSCE), Nick Pealy (ARSCE), Andrew Robinson (FAS), Lindsay Saienni (Fin News)

### Call to Order

Dan Strauss, Chair, 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 April 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	\$23,183,386.57
Office Payroll*	409,680.77
Admin Expenses	316,677.75
Investment Expenses	883,630.76
<b>Total Expenses – April 2024</b>	<b>\$24,793,375.85</b>

*\*Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – April 2024			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	31	\$98,386.51	\$223,399.46
Withdrawals	18	n/a	\$389,391.96

**Motion:** Upon motion by Dan Strauss, seconded by Sherri Crawford, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (5-0).

### **Investment Committee Report – April 25, 2024**

Jason Malinowski reported on the April 25, 2024 Investment Committee meeting.

There were two educational items on the agenda. The Chief Investment Officer of NEPC gave a presentation on Artificial Intelligence (AI) and its potential impact on investments. Staff provided a primer on SCERS's investment beliefs with the goal of supporting strategic continuity and providing the Investment Committee an opportunity to give feedback.

Mr. Malinowski previewed the agenda for the May 30, 2024 Investment Committee (IC) meeting. The IC will be holding interviews for the investment consultant finalists. Staff will provide the committee evaluations of each finalist but will not be making a specific recommendation. The selection will be made by the committee. Each finalist will give a presentation on their organization and service model with an opportunity for the committee to ask questions. The Investment Advisory Committee will also be present during this meeting.

### **Administrative Committee Report – April 25, 2024**

Paige Alderete reported on the April 25, 2024 Administrative Committee (AC) meeting.

Ms. Alderete presented SCERS's Q1 2024 operational statistics, including total retirements, payouts, expenditures, and services completed by type. Turn-around times for completing estimate requests are down.

The 2019-2024 Strategic Plan was reviewed for updates. Overall, it was found by staff and the AC to still be relevant and aligned with SCERS's values. Staff proposed and the AC approved the following changes:

- Revising the investment return objective under Strategic Goal 1 to align with the language from the updated investment policy that was approved in 2023.
- Adding an objective to Strategic Goal 1 to be fully funded by 2042. There was a friendly amendment to revise the metric language to, "monitor the annual employer contribution with the objective that it meets or exceeds the actuarially required rate."
- Removing the objective under Strategic Goal #2 to implement a pension administration system. The objective was met in 2019 when staff implemented the new system.

**Motion:** Upon motion by Sherri Crawford, seconded by Jamie Cernel, the Board of Administration accepted the Administrative Committee's recommendation to approve SCERS Strategic Plan as amended. The motion pass unanimously (5-0).

### **Executive Director Update**

Jeff Davis announced that there are three candidates for the Active Member Trustee Seat:

- Stephen Brantzeg
- Sherri Crawford
- Anika Klix

Elections will be held from May 9, 2024 through 5:00 pm (PST) on June 3, 2024. Members will receive ballots through the mail which gives them the opportunity to vote by mail or online. The results of the election will be announced at the June 13, 2024 Board of Administration meeting.

### **Good of the Order**

Mr. Strauss asked trustees if they had anything for the good of the order.

Nick Pealy of ARSCE requested that the City Council enhance the COLA for retirees. Mr. Strauss stated that the good of the order is reserved for board members and, in the future, please reserve comments for the Public Comment section of the agenda.

### **Adjourn Meeting**

<b><u>Motion:</u></b>	Upon motion by <u>Dan Strauss</u> , seconded by <u>Judith Blinder</u> , the Board of Administration voted to adjourn the meeting at 10:26 am. The motion passed unanimously (5-0).
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# Seattle City Employees' Retirement System

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

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## **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 Schimizze

**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.

The following items represent normal expenses:	
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.

<b><u>Motion:</u></b>	Upon motion by <u>Dan Strauss</u> , seconded by <u>Judith Blinder</u> , 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.
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## **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.

<b><u>Motion:</u></b>	Upon motion by <u>Dan Strauss</u> , seconded by <u>Jamie Carnell</u> , the Board of Administration appointed <u>Sherri Crawford</u> 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.
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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.



# Seattle City Employees' Retirement System

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

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## Minutes, Thursday, July 11, 2024

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

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

**Others Present:** Mike Monaco (MMPL), Joe Levan (City Attorney's Office), Brittany Smith (CliftonLarsonAllen), Joe Ebisa (With Intelligence), Elizabeth Paschke (ARSCE), Andrew Robinson (FAS)

### Call to Order

Dan Strauss, Chair, 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 June 13, 2024 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$23,326,343.20
Office Payroll*	\$445,573.04
Admin Expenses	\$173,981.92
Investment Expenses	\$2,111,703.86
<b>Total Expenses – June 2024</b>	<b>\$26,057,602.02</b>

*\*Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – June 2024			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	27	\$95,756.46	\$1,578,442.19
Withdrawals	31	n/a	\$731,356.51

**Motion:** Upon motion by Dan Strauss, seconded by Jamie Carnell, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (7-0).

### **Final Audit Report – Staff and CliftonLarsonAllen**

Brittany Smith of CliftonLarsonAllen (CLA) presented SCERS's 2023 Final Audit Report for the year ending December 31, 2023. Ms. Alderete thanked Brittany, the CLA team, and the SCERS teams for another smooth audit. This year there were changes to audit standard that added additional audit requirements around Information Technology (IT).

SCERS received an unmodified opinion in its audit, which is the best opinion you can get on financial statements. There were also no material audit adjustments, significant deficiencies, or material weaknesses.

Mr. Strauss asked when the last time there was a deficiency and what it was. Ms. Smith responded that the most recent deficiency was in 2020 and it was related to alternative investments. The valuations of alternative investments are available several months after year-end, so SCERS had historically incorporated their September 30<sup>th</sup> valuations in the year-end financial statements to meet the City's timing requirements. The difference between the September 30<sup>th</sup> and final December 31<sup>st</sup> valuations had not been material to SCERS's financials in the past, but it did end up being material in 2020 and required a late journal entry. Afterwards, SCERS developed a process to prevent this issue in the future.

Also, prior to the implementation of the Pension Administration System (PAS), there were a number of findings on manual processes and calculations. Mr. Davis added that CLA has been auditing SCERS for a while and has been able to see the progression from before PAS and after it was implemented.

Ms. Smith stated that it has taken a lot of effort on SCERS to get to this point. There have been many improvement recommendations in the management letter that have been addressed by SCERS over the years. Several were closed this year. There was only one improvement recommendation this year and it was related to an incorrect projection calculation by the actuary for a handful of members. It was immaterial to SCERS's financials, but it will also be reported in CLA's annual audit of the GASB 67/68 audit on the prior year's census data.

Ms. Blinder asked what changes they could expect to see in the upcoming years. Ms. Smith replied that the biggest impact will be the implementation of the City's Workday timekeeping system. CLA has been working with SCERS, providing suggestions on how to prevent potential problems.

Ms. Alderete stated that SCERS has been working closely with the Workday team. They have gotten to a place where SCERS's "no go" issues have been addressed, although there will be many workarounds at go-live. Ms. Carnell added that SCERS is a top priority integration, and she appreciates the partnership between SCERS and the City. Mr. Strauss stated that all big system implementations have problems, and it won't be perfect at go-live.

Mr. Strauss congratulated SCERS on a job well done for the 2023 audit.

**Motion:** Upon motion by Dan Strauss, seconded by Sherri Crawford, the Board of Administration accepted the 2023 Year-End Audited Financial Statements as presented by Seattle City Employees' Retirement System Staff and CliftonLarsonAllen, LLP. The motion passed unanimously (7-0).

### **Credited Interest**

Jeff Davis presented on Credited Interest. The new credited interest rate for contributions after December 31, 2011 is calculated by taking the average daily rate of the thirty-year treasury bond. The credited interest rate is 5.75% for all employee contributions made before 2012. The 2025 credited interest rate is 4.39% up from 3.62% the previous year.

Ms. Carnell asked if there was a downside of the credited interest rate being higher or lower. Mr. Davis responded that it has minimal impact on a member's retirement benefit and slightly more of an impact on members who withdrawal their contributions.

Mr. Strauss stated that he needs more information and abstained from the vote. He asked to see more historical data and documentation in the future.

**Motion:** Upon motion by Dan Strauss, seconded by Joseph Hoffman, the Board of Administration set the 2025 credited interest rate on all employee contributions into the pension after December 31, 2011 at 4.39%. The motion passed 6-0-1 with Mr. Strauss abstaining.

### **Investment Committee Report – June 27, 2024**

Jason Malinowski reported on the June 27, 2024 Investment Committee meeting.

NEPC reviewed the first quarter performance report. For the one-year period ending March 31, 2024, the fund returned 11.3% net of fees.

Staff presented the annual deep dive on the Real Estate asset class and NEPC provided the market review. Staff presented an educational review on real estate secondaries that coincided with a manager recommendation. Ms. Carnell and Mr. Strauss expressed appreciation for the deep dive. Ms. Coe added that the deep dive helps the Board make informed decisions.

Staff recommended to the Investment Committee a commitment of up to \$20 million to Brookfield Real Estate Secondaries LP, a global diversified real estate secondaries fund. The Investment Committee accepted the recommendation.

**Motion:** Upon motion by Dan Strauss, seconded by Sherri Crawford, the Board of Administration accepted the Investment Committee's recommendation to commit up to \$20 million to Brookfield Real Estate Secondaries LP, pending satisfactory legal review. The motion passed unanimously (7-0).

### **Administrative Committee Report – June 27, 2024**

Paige Alderete reported on the June 27, 2024 Administrative Committee meeting.

In July, the City issued retroactive payments for all employed between 2023 and mid-2024. The incoming work from these retros will be a significant for the SCERS Members Services Team. There are approximately 300

members who retired in 2023 and 2024 who will need their benefit reviewed and potentially recalculated to account for these retroactive payments.

Claire Foster, SCERS's IT Business & Applications Manager presented the results of a department-wide security and risk assessment conducted by an outside third party, Linea Secure. SCERS received a "cyberscore" of 621, which reflects the solid controls and procedures SCERS has in place and is the highest first round score of all public funds that Linea Secure has assessed.

There is always room for improvement, including:

- Comprehensive set of policies and plans due to different vendors
- Fleshing out SCERS specific incident response plan
- Consolidating supply chain risks and management practices; working with Vitech about their vulnerability program

SCERS will prioritize the incident response and disaster recovery plan and will begin doing more periodic cyber assessment of existing vendors.

Ms. Blinder gave kudos to staff for doing such good work and receiving a high score for a first-time assessment. Mr. Davis noted that there are no requirements to do a security assessment, but this reflects the dedication of the SCERS team to be proactive when it comes to security.

### **Executive Director Update**

Mr. Davis reviewed upcoming agenda items. The July Investment Committee meeting includes an Infrastructure Deep Dive and, tentatively, a deep dive on Private Equity. For the July Administrative Committee, there will be a Q2 2024 operations update and a review on the Pension Administration System future planning. The August Board of Administration meeting will include the 2023 SCERS Annual Report.

### **Good of the Order**

There were no items for the Good of the Order.

### **Adjourn Meeting**

**Motion:** Upon motion by Dan Strauss, seconded by Judith Blinder, the Board of Administration voted to adjourn the meeting at 10:54 am. The motion passed unanimously (7-0).



# Seattle City Employees' Retirement System

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

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## 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 Schimizzze, 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
<b>Total Expenses – July 2024</b>	<b>\$25,851,216.42</b>

*\*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 Sherri 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 Schimizze 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).



# Seattle City Employees' Retirement System

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

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### Minutes, Thursday, September 12, 2024

**Board members present:** Dan Strauss (Chair), Judith Blinder, Maria Coe, Sherri Crawford, Joseph Hoffman, Jamie Carnell, Kimberly Loving

**SCERS Staff Present:** Jeff Davis, Paige Alderete, Jason Malinowski, Leola Ross, Mengfei Cao, Nina Melencio, Ronda Iriarte, Selam Teklemariam, George Emerson

**Others Present:** Mike Monaco (MMPL), Gary Smith, Lily Fayerweather (NEPC), Will DuPree (NEPC), Elizabeth Paschke (ARSCE), Rose Dean (NEPC), Andrew Robinson (FAS), Joe Ebisa (With.Intelligence), Thao Nguyen (NEPC), Lindsay Saienni (Fin News), Edie Jorgensen (ARSCE)

#### Call to Order

Dan Strauss, Chair, 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 August 8, 2024 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$24,711,922.16
Office Payroll*	441,645.84
Admin Expenses	392,127.27
Investment Expenses	1,256,376.60
<b>Total Expenses – August 2024</b>	<b>\$26,802,071.87</b>

*\*Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – August 2024			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	26	\$77,278.68	\$1,460,169.99
Withdrawals	33	n/a	\$1,301,613.41

**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 (7-0).

### **SCERS 2023 Annual Report to Members - Staff**

Paige Alderete reported on the changes made to the 2023 Annual Report to Members based on Board feedback at the August Board meeting.

The funding sources chart was deleted based on initial feedback. This information is also included in other sections of the report. For next year's (2024) Annual Report to Members, staff will focus on enhancing the report.

Board members expressed appreciation for the relative brevity of the report and for making updates based on Board feedback.

**Motion:** Upon motion by Dan Strauss, seconded by Jamie Carnell, the Board of Administration accepted the SCERS 2023 Annual Report to Members as presented by Seattle City Employees' Retirement System Staff. The motion passed unanimously (7-0).

### **ESG Semi-Annual Review - Staff**

Jason Malinowski and Leola Ross presented the semi-annual Environmental, Social, and Governance (ESG) update which included updates on SCERS's climate and diversity, equity, and inclusion (DEI) positive action strategies.

Dr. Ross provided an update on the climate positive action strategy. Shareholder support for climate and environmental proposals has fallen significantly over the past several years. Staff continues to actively engage with multiple companies, including Southern Company and Paccar. Mr. Strauss encouraged Dr. Ross to meet with Seattle City Light about climate topics.

Mr. Malinowski provided an update on the DEI positive action strategy. SCERS joined a draft sign-on letter organized by the Diverse Investing Collective calling on the top 20 largest investment management firms to be more transparent about the gender and racial make-up of their investment teams. Staff followed up with SCERS-invested managers.

In July 2024, Chairman Jim Jordan and Subcommittee Chairman Thomas Massie of the US House of Representatives Judiciary Committee sent a letter to over 130 members of Climate Action 100+, including SCERS. The letter stated that the activity of Climate Action 100+ was in violation of anti-trust laws and wanted members to withdraw from Climate Action 100+. SCERS sent a response which provided background on SCERS and our ESG policy.

Ms. Loving asked what plans are on the horizon for the DEI positive action strategy. Mr. Malinowski replied that SCERS started this effort in 2022 and are learning best practices across the institutional investor community. Ms. Loving stated that she would welcome any opportunity to be engaged personally in work in this area.

## **ESG Annual Consultant Review – NEPC**

Lily Fayerweather and Will Dupree of NEPC presented the ESG Annual Consultant Review and answered questions from the committee members.

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.

NEPC began providing manager ESG ratings in 2018 that continue to evolve to reflect industry best practices and are extension of their existing due diligence process.

NEPC began providing manager DEI Ratings in 2022, scoring managers according to their firm commitment to DEI. DEI is a key component for how NEPC does business internally and externally. There is empirical evidence that diverse groups improve decision making and profitability which leads to better outcomes and lower personnel turnover.

NEPC has completed ESG and DEI assessments for all their public Focused Placement List (FPL) managers.

## **Investment Committee Report – August 29, 2024**

Jason Malinowski reported on the August 29, 2024 Investment Committee meeting.

NEPC reviewed the second quarter performance report. For the one-year period ending June 30, 2024, the fund returned 9.3% net of fees, outperforming the Strategic Policy Benchmark by 0.2%. The funded status is estimated at 75.9% on an actuarial basis and 80.4% on a market basis where the liabilities are valued based on NEPC's current capital market assumptions.

Staff presented the annual deep dive on Credit Fixed Income. Staff and NEPC recommended a commitment of up to \$40 million to Arcmont Direct Lending Fund V. The Investment Committee approved the recommendation which will be brought to the full Board at its October meeting.

## **Executive Director Update**

Jeff Davis reviewed the upcoming agenda items. The September Investment Committee meeting includes a Public Equity Deep Dive. The September Administrative Committee meeting will include interviews for the finalists for the Actuarial Services and the Auditing Services searches. At the October Board of Administration, the Administrative Committee will recommend its selections. Also, our attorneys will provide the Board's annual legal training.

Ms. Alderete gave an update on Workday's, the City's new timekeeping system, impact on SCERS. The Workday implementation has been mixed. SCERS's integration files are coming through and the Workday team has been responsive. Staff have not received the payroll integration file since payroll is still processing. That is the most critical integration. There have been unanticipated data issues with the integration files that have already been received. SCERS's ability to serve members is dependent on departments' ability to completely and accurately report employment and payroll data.

Ms. Alderete personally thanked Ms. Carnell and Ms. Loving for their leadership and partnership on this project. Ms. Carnell asked that SCERS raise awareness directly to her for issues so that she can ensure that SCERS is getting the support it needs as a critical interface.

## **Closed Session for Quasi-judicial Matter and Potential Litigation – Review of Disability Retirement Applications**

The Board entered into Closed Session for Quasi-judicial Matter and Potential Litigation at 11:28 am for approximately 30 minutes to review Disability Retirement Applications.

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

**Motion:** Upon motion by Dan Strauss, seconded by Kimberly Loving, the Board of Administration affirmed the conclusion of the independent medical examination and approved the retirement disability application of Jennifer Spears. The motion passed unanimously (7-0).

**Motion:** Upon motion by Dan Strauss, seconded by Kimberly Loving, the Board of Administration affirmed the conclusion of the independent medical examination and did not approve the retirement disability application of Lowrie Longacres. The motion passed unanimously (7-0).

### **Good of the Order**

There were no items for the Good of the Order.

### **Adjourn Meeting**

The meeting adjourned at 11:50 am.



# Seattle City Employees' Retirement System

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

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### Minutes, Thursday, October 10, 2024

**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, Mengfei Cao, George Emerson, Nina Melencio, Selam Teklemariam, Ronda Iriarte, Mark Schimizze

**Others Present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Kevin Balaod (With Intelligence), Elizabeth Paschke (ARSCE), Lindsay Saienni (Fin News), Andrew Robinson (FAS)

#### Call to Order

Sherri Crawford, Chair, 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 September 12, 2024 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$24,555,652.93
Office Payroll*	436,299.57
Admin Expenses	155,477.52
Investment Expenses	2,643,660.86
<b>Total Expenses – September 2024</b>	<b>\$27,792,090.88</b>

*\*Includes estimated benefit costs*

<b>Retirements, Withdrawals, Other Payouts – September 2024</b>			
	<b>Count</b>	<b>Monthly Pension</b>	<b>Lump Sum Distribution</b>
Retirements	21	\$76,202.33	\$901,803.56
Withdrawals	18	n/a	\$1,097,801.25

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

### **Board Training – Fiduciary Responsibility/Personal Liability - MMPL**

Mike Monaco, of MMPL, provided an update to the Board’s training on Fiduciary Responsibility and Personal Liability and highlighted some issues through the lens of fiduciary litigation issues.

Mr. Monaco reviewed three points:

- SCERS assets are held in trust and subject to fiduciary responsibility. SCERS Board members are clearly trustees with fiduciary responsibility.
- The duty of prudence regarding plan investments follows the “modern portfolio or “prudent investor” rule. Trustees have the responsibility to act with prudence.
- Prudence is more about process rather than results. If you have a prudent process, but some investment turned out poorly, that is not a fiduciary breach. Conversely, you can have a breach by not having a prudent process, even if the results were positive.

Over the last several years there has been litigation of cases involving fees in private plans. This is less of a concern at SCERS since the system, as part of its investment beliefs, has a process in place to control and evaluate costs, and choose investments with a consideration of the fees involved.

### **Board Training – Open Public Meetings Act/City Ethics – City Attorney’s Office**

Gary Smith, of the City Attorney’s Office, provided a refresher training on the Open Public Meetings Act (OPMA) and the City’s Ethics Code.

The City’s Ethics Code prohibits participation in a matter in which there is a financial interest by the Board member, an immediate family member, someone living with the board member, or an individual seeking employment or has an arrangement concerning future employment.

A primary purpose of the OPMA is to provide transparency to the public related to the City’s business. SCERS’s Board of Administration and its committees are subject to the OPMA. All meetings are open to the public, except for executive sessions. Meetings must have a quorum. Final action must always take place in an open public meeting even if deliberations occurred during executive session.

There are newer provisions that require minutes to be taken and public comment to be allowed at regular meetings during which any final action is taken during the meeting.

### **Investment Committee Report – September 26, 2024**

Jason Malinowski reported on the September 26, 2024 Investment Committee meeting. Staff presented the annual deep dive on Public Equity.

Staff and NEPC recommended to commit up to \$20 million to Sculptor Real Estate Fund V (“Sculptor V”), a sector diversified non-core real estate strategy that is primarily focused on the United States. Sculptor V is managed by Sculptor Capital Management, which was recently acquired by Rithm Capital. SCERS had previously committed \$17.5 million to Sculptor Real Estate Fund IV. The Investment Committee approved the recommendation.

Ms. Blinder asked why staff were comfortable with the acquisition by Rithm. Mr. Malinowski responded that the original founder of Sculptor brought instability, and he is now out of the firm completely.

The other motion was covered at the August 29, 2024 Investment Committee meeting. Staff and NEPC recommended a commitment of up to \$40 million to Arcmont Direct Lending Fund V (“DLF V”), a private credit strategy focused on lending to European middle-market companies. DLF V is managed by Arcmont Asset Management Limited, a UK-based asset manager.

Arcmont was acquired by Nuveen in 2023. After due diligence, staff see the acquisition as a positive so are comfortable moving ahead with the motion at this time.

**Motion:** Upon motion by Sherri Crawford, seconded by Kimberly Loving, the Board of Administration accepted the Investment Committee’s recommendation to commit up to \$40 million to Arcmont Direct Lending V, pending satisfactory legal review. The motion passed unanimously (6-0).

**Motion:** Upon motion by Sherri Crawford, seconded by Jamie Carnell, the Board of Administration accepted the Investment Committee’s recommendation to commit up to \$20 million plus applicable management fees to Sculptor Real Estate Fund V, pending satisfactory legal review. The motion passed unanimously (6-0).

#### **Administrative Committee Report – September 26, 2024**

Paige Alderete reported on the September 26, 2024 Administrative Committee meeting.

The September Administrative Committee was an extended meeting for the committee to interview finalists for the Actuarial Services Consultant and Auditing Services Consultant RFPs. Both contracts start January 1, 2025.

Staff were pleased with the number of proposals received for both RFPs. The finalists interviewed for the Actuarial Services Consultant contract were GRS and Milliman. The finalists interviewed for the Auditing Services Consultant contract were CliftonLarsonAllen and Eide Bailly. Ms. Alderete noted that all the finalists were capable and the cost proposals were within a reasonable range.

After interviews and discussion, the committee recommended Milliman for the Actuarial Services Consultant contract and CliftonLarsonAllen for the Auditing Services Consultant contract.

**Motion:** Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee’s recommendation to contract with Milliman as the Actuarial Services Consultant effective January 1, 2025 for a five-year term, pending satisfactory legal review. The motion passed unanimously (6-0).

**Motion:** Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee’s recommendation to contract with CliftonLarsonAllen as the Auditing Services Consultant effective January 1, 2025 for a five-year term, pending satisfactory legal review. The motion passed 5-0-1 with Jamie Carnell abstaining.



### **Executive Director Update**

Jeff Davis reviewed the upcoming agenda items. The October Investment Committee meeting includes an Overlay deep dive. At the October Administrative Committee, staff will present the results of the employee satisfaction survey, an update on SCERS's modernization, and an Investment Advisory Committee reappointment.

The November Administrative Committee has been canceled.

### **Good of the Order**

There was nothing for the Good of the Order.

### **Adjourn Meeting**

**Motion:** Upon motion by Sherri Crawford, seconded by Maria Coe, the Board of Administration voted to adjourn the meeting at 10:54 am. The motion passed unanimously (6-0).



# Seattle City Employees' Retirement System

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

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## Minutes, Thursday, November 14, 2024

**Board Members Present:** Sherri Crawford (Chair), Judith Blinder, Joseph Hoffman, Kimberly Loving

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

**Others Present:** Mike Monaco (MMPL), Gary Smith (Cit Attorney's Office), Andrew Robinson (FAS), Elizabeth Paschke (ARSCE), Joe Ebisa (With.Intelligence), Mary Ellen Cagnassola (With.Intelligence)

### Call to Order

Sherri Crawford, 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 October 10, 2024 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$23,442,646.83
Office Payroll*	441,766.14
Admin Expenses	369,280.16
Investment Expenses	367,508.30
<b>Total Expenses – October 2024</b>	<b>\$24,621,201.43</b>

*\*Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – October 2024			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	26	\$94,408.27	\$724,566.58
Withdrawals	15	n/a	\$546,992.86

**Motion:** Upon motion by Sherri Crawford, seconded by Kimberly Loving, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (4-0).

### **Investment Committee Report – October 31, 2024**

Jeff Davis reported on the October 31, 2024 Investment Committee meeting. Staff presented the deep dive on the Overlay program and the 2023 Cost Effectiveness and Fee Analysis. SCERS's overall investment-related costs are comparable to other similarly sized public funds. SCERS has outperformed the Reference Passive Benchmark over the last 10 years, which suggests there is value for the cost.

Staff have recently been notified that NEPC is being acquired by Hightower Advisors, a wealth management firm. Hightower is acquiring 80% of NEPC with the remaining 20% to be held by NEPC partners. SCERS staff will review the acquisition and provide their thoughts at the November Investment Committee meeting.

### **Administrative Committee Report – October 31, 2024**

Paige Alderete reported on the October 31, 2024 Administrative Committee meeting. Staff presented the results of the 2024 Staff Satisfaction Survey and presented a deep dive on SCERS Modernization efforts.

Overall staff satisfaction increased from 2023 to 2024 with a response rate of 90%, which is the highest rate since implementing the survey. A continuing theme for improvement is career advancement. SCERS is a small department and there are limited advancement opportunities.

Over the last decade, the Pension Administration System and Member Self-Service Portal have been the biggest projects for SCERS's modernization efforts. Going forward, staff have three goals for its customer service modernization: reduce paper mailing, improve the Member Self-Service Portal, and expand online education opportunities.

Mr. Davis presented the motion for the reappointment of Dwight McRae to the Investment Advisory Committee (IAC). IAC terms are for three years. Joseph Boateng has chosen to exit the IAC at the end of his term on December 31, 2024.

**Motion:** Upon motion by Sherri Crawford, seconded by Kimberly Loving, the Board of Administration accepted the Administrative Committee's recommendation to reappoint Dwight McRae to the Investment Advisory Committee for a three-year term commencing December 31, 2024. The motion passed unanimously (4-0).

### **Executive Director Update**

Mr. Davis reviewed upcoming agenda items. At the November Investment Committee, Joseph Boateng will be recognized and thanked for his service to SCERS. Staff will provide their assessment of the Hightower acquisition of NEPC and do an Investment Operations Review. NEPC will report on the third quarter's performance.

The November Administrative Committee meeting has been cancelled.

At the December Board of Administration meeting staff will present 2025 Board Educational opportunities and there will be some appeals from members on overpayments.

### **Good of the Order**

There were no items for the Good of the Order.

## **Adjourn Meeting**

**Motion:** Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration voted to adjourn the meeting at 10:12 am. The motion passed unanimously (4-0).



# Seattle City Employees' Retirement System

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

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## Minutes, Thursday, December 12, 2024

**Board Members Present:** Judith Blinder (Chair), Maria Coe, Joseph Hoffman, Kimberly Loving

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

**Others Present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Joe Ebisa (With.Intelligence), Elizabeth Paschke (ARSCE), Andrew Robinson (FAS), Edie Jorgensen (ARSCE)

### Call to Order

Judith Blinder, Chair, 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 November 14, 2024 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$23,817,643.63
Office Payroll*	438,558.75
Admin Expenses	497,125.86
Investment Expenses	1,445,215.46
<b>Total Expenses – November 2024</b>	<b>\$26,198,543.70</b>

*\*Includes estimated benefit costs*

<b>Retirements, Withdrawals, Other Payouts – November 2024</b>			
	<b>Count</b>	<b>Monthly Pension</b>	<b>Lump Sum Distribution</b>
Retirements	24	\$74,262.89	\$514,973.33
Withdrawals	21	n/a	\$595,876.03

**Motion:** Upon motion by Judith Blinder, seconded by Joseph Hoffman, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (4-0).

### **Investment Committee Report – November 21, 2024**

Jason Malinowski reported on the November 21, 2024 Investment Committee meeting. The Investment Advisory Committee also joined the meeting. Joseph Boateng of the IAC announced he would be leaving after his term expires at the end of 2024. Mr. Boateng was recognized for his 17 years of service to SCERS.

NEPC provided the Q3 2024 performance report. The fund returned 17.1% over the last year.

In October, Hightower's acquisition of NEPC was announced. Staff provided their view and concerns. Specifically, the acquisition may increase team turnover and may deprioritize consulting clients. Staff will closely monitor NEPC but does not feel there is a need to make a change now. Ms. Coe appreciated the transparency of staff's review.

Staff reviewed the investment operations framework and surveyed peers on their operations. The IC was joined by BNY who talked about their custodian bank services.

### **Executive Director Update**

Mr. Davis reviewed upcoming agenda items. At the January 2025 Board meeting staff will report on the overhead methodology in splitting overhead costs with SCERS and Deferred Compensation. At the January Investment Committee meeting staff will present the results of the investment consultant evaluation, report on the risk management framework, and potentially have an infrastructure manager selection. At the January Administrative Committee, there will be a deep dive into member communications and the results of the 2024 Retired and Active Member Satisfaction survey.

SCERS values board education which is one of the strategic plan goals. The 2025 training opportunities for the Board was provided in the board packet. Mr. Davis will review with board members at their one-on-one check-in.

Ms. Blinder stated that she is not in a good position to do a lot of traveling and most of the opportunities are in person. She would welcome other suggestions regarding virtual learning or opportunities that are in Seattle. Mr. Davis replied that staff will work to find opportunities for virtual learning.

### **Executive Session – Actual or Pending Litigation/Quasi-judicial matter**

The Board entered a closed session for approximately 30 minutes to discuss a quasi-judicial matter and actual or pending litigation with legal counsel at 10:08 am.

It was announced at 10:36 am that the Board will be another 20 minutes. At 10:53 am it was announced that the Board will be another 10 minutes. The Board entered regular session at 10:57 am.

**Motion:** Upon motion by Judith Blinder, seconded by Kimberly Loving, the Board of Administration voted to waive the overpayment to John Rice if Seattle City Employees' Retirement System staff determines that documentation supports the claim of financial hardship presented. The motion passed unanimously (4-0).

**Motion:** Upon motion by Judith Blinder, seconded by Kimberly Loving, the Board of Administration voted to grant Kathleen Thompson's appeal to waive the overpayment made to her due to financial hardship. The motion passed unanimously (4-0).

### **Good of the Order**

There was nothing for the Good of the Order.

### **Adjourn Meeting**

**Motion:** Upon motion by Judith Blinder, seconded by Joseph Hoffman, the Board of Administration voted to adjourn the meeting at 11:01 am. The motion passed unanimously (4-0).