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**TITLE:** Investment Advisory Committee Charter

**EFFECTIVE DATE:** December 10, 2015

**BOARD ADOPTION:** December 10, 2015

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## **INTRODUCTION**

Revised Code of Washington (RCW) 35.39.080 requires that a city responsible to manage an employees' retirement system for non-public-safety employees "shall appoint an investment advisory committee consisting of at least three members who are considered experienced and qualified in the field of investments." RCW 35.39.090 requires that, in addition to its other powers and duties, such an investment advisory committee shall: (1) make recommendations as to general investment policies, practices, and procedures to the Board of Administration (Board) of the Seattle City Employees' Retirement System (SCERS); (2) review the investment transactions of the Board annually; and (3) prepare a written report of its activities during each fiscal year, to be submitted to the Board within 30 days after the end of each fiscal year and upon request.

The Board has established an Investment Advisory Committee to perform the functions required by law and to otherwise assist it and the Investment Committee in the investment functions of SCERS.

## **STRUCTURE**

The Investment Advisory Committee (IAC) shall be composed of at least three members appointed by the Board. Members shall be considered experienced and qualified in the field of investments with a background that may include: (1) investment management; (2) academic experience in economics, finance or a related field; or (3) investment audit or compliance.

In accordance with RCW 35.39.100, during the term of his or her appointment, an Investment Advisory Committee member and his or her immediate family may not be employed by any financial services firm doing business with SCERS such as, but not limited to: investment brokerages, mortgage servicing firms, investment management companies or consulting firms. The appointed Investment Advisory Committee member will be required to sign a statement stating he or she understands this requirement.

A newly-appointed member of the Investment Advisory Committee shall serve an initial term of three years from the date of his/her appointment, and may be reappointed by the Board to one or more succeeding terms of three years each. In the absence of action by the Board to the contrary, a member of the Investment Advisory Committee whose term has expired may continue on the Committee until the Board acts to extend or terminate that member's appointment. The Board may terminate the appointment of an Investment Advisory Committee member or replace such a member at any time, in its sole discretion.

The Board will appoint a Chair and, if it deems appropriate, a Vice Chair from among the Investment Advisory Committee members.

## SELECTION PROCESS

The Board may choose to add new members to the Investment Advisory Committee at any time, in its sole discretion, but must do so if there are fewer than three members. The Board may recruit and select individuals with particular expertise in strategic areas or on issues of interest to the Board. The process for selecting new members is as follows:

- 1) Interested candidates will complete and submit an application form found on SCERS's website. Staff will maintain an ongoing log of all candidates.
- 2) At such time as the Board chooses to add new members, the Administrative Committee will review with Staff the candidate log. The Administrative Committee will evaluate application materials and deliberate. At its discretion, the Administrative Committee may choose to conduct interviews. These activities may be conducted in executive session.
- 3) The Administrative Committee will recommend one or more individuals, subject to review and ratification by the Board. Candidates who are not selected may be given future consideration.

## DUTIES AND RESPONSIBILITIES

Responsibilities of Investment Advisory Committee members shall include the following:

- 1) **Meetings with the Investment Committee** – Members are expected to attend the February, May, August and November Investment Committee meetings to review SCERS's investment performance for the prior quarter and conduct any other Investment Committee business. Investment Advisory Committee members are also welcome to join other Investment Committee meetings, particularly if an agenda item is within their area of expertise.
- 2) **Preparation of Annual Report** - The Investment Advisory Committee will also work with SCERS Staff to review the Committee's activities including analysis and recommendations regarding SCERS's investment policies, practices and annual performance for the past year, and draft its annual report as required by RCW 35.39.090. The Annual Report must be submitted to the Board no later than 30 days following the end of the fiscal year. A member of the Investment Advisory Committee will present its Annual Report at the February Investment Committee meeting.
- 3) **Ad Hoc Requests** - In addition to the items described above, Investment Advisory Committee members may be asked either collectively or individually to consult from time to time on specific matters, including investment proposals, policies and practices.

It is the intention of the Board that, in advance of scheduled meetings, the Investment Advisory Committee members will be provided with relevant information so that it may provide well-informed analysis and recommendations to Board members and/or SCERS Staff.

## SCOPE OF ADVISORY FUNCTIONS

Investment Advisory Committee members serve in an advisory capacity only and, as such, are not authorized to enter into any contracts or commitments on behalf of SCERS, the City of Seattle, or any agency thereof.

In accordance with RCW 35.39.110, no member of the Investment Advisory Committee is liable for the negligence, default, or failure of any other person or other member of the Committee to perform the

duties of his or her office, and no member of the Committee may be considered or held to be an insurer of the funds or assets of SCERS, nor shall any member be liable for actions performed with the exercise of reasonable diligence within the scope of his or her duly authorized activities as a member of the Committee.

The sole compensation that Investment Advisory Committee members shall receive for their services is \$100.00 for attendance at each meeting set pursuant to the "Duties and Responsibilities" section of this Charter.

**POLICY REVIEW**

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

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Charter Adopted	12/12/2013
Revised	12/10/2015