



## MINUTES

**Board Members Present:** Councilmember Tim Burgess; Robert Harvey; David Stewart; Glen Lee; Lou Walter; Sherry Crawford; Jean Becker

**SCERS Staff Present:** Cecelia M. Carter; Tony Smith; Ben Kalman; Jeff Davis; Claire Foster; Beverly Yapp; Lisa Carns

**Others Present:** Mike Monaco, Song Mondress Law Firm; Carlton Seu, Seattle City Attorney's Office; Tom Kirn, FAS; George Emerson, FAS; Steve Viney, Retiree; John Masterjohn, Retiree; Brenda Bauer, Retiree

Councilmember Burgess, Board Chair called the meeting to order at 9:01am.

**Public Comment:** No public comment

Councilmember Burgess announced the Board would go into executive session at the end of the meeting to discuss a personnel matter.

### Administrative Consent Agenda

#### Minutes:

Provided in the Retirement Board packet was the minutes from the March 14, 2013 Retirement Board regular meeting.

### Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals

Service	\$10,598,360.50
Beneficiary	\$906,551.49
Disability	\$74,781.64
Pension Payroll – PPE March 31, 2013	<b>\$11,579,693.63</b>

Office Payroll – PPE March 12 and 26, 2013 **\$97,793.95**

Vouchers Processed – March 31, 2013 **\$844,625.97**

- \*Expert and Consultant Services – \$64,247.10
- \*Investment Management Fees – \$649,092.10
- \*Interdepartmental Charges - \$99,845.96
- \*Miscellaneous - \$31,440.81

### Immediate Withdrawals of Contributions for the month of March 2013:

Member	Department Name	Position
Abramo, Allegra A	SPU	Planning and Dev Spec II
Benshoof, Kristin L	Parks	Naturalist
Born, Ashley	Seattle Center	Stage Tech
Dunham, Michael J	Library	Library Assoc I
Faletogo, Iosia M	City Light	Janitor
Hall, Jeffrey M	Seattle Center	Dining Room Attd
Hollingsworth, Raft T	Parks	Rec Leader
Kiros, Bereket	Seattle Center	Parking Attend Sr
Lux, Marleen T	Police	Mgmt Sys Anlyst
Poirier, David W	SPU	Scale Attendent
Sblendorio, Kristen A	SPU	Civil Eng Spec
Tafesse, Eskedar	Personnel	Admin Spec II
Thompson, Robert W	SPU	Mtc Labor

Bold entries above indicate refund payout made to beneficiary of a member dying while in active status.

**Withdrawals for a total of: \$271,962.89**

## Ratification of Service Retirements for the month of March

Retiree	RetireDt	Age	Years	Days	DeptName	Position
Brooks,Sandra M	2/5/2013	62	24	151	Parks	Admin Spec III
<b>Brunkel,Aleta G</b>	<b>2/6/2013</b>	<b>65</b>	<b>32</b>	<b>285</b>	<b>Human Services</b>	<b>Counslr</b>
Bullock, Ronald (Active Death)	12/17/2012 Death Date	59	32	205	Parks	Info Tech
Carter,Esther J	2/5/2013	60	14	254	Library	Library Assoc II
<b>Clemente Jr,Cesar Y</b>	<b>2/27/2013</b>	<b>58</b>	<b>34</b>	<b>13</b>	<b>Parks</b>	<b>Truck Driver</b>
Flemings, JoAnne M	2/5/2013	57	14	60	Vested	Vested
Freeman,Denise K	2/1/2013	58	18	302	Vested	Vested
Ganz,Jeff	2/9/2013	51	32	200	Vested	Vested
Hardgrove,David L	2/5/2013	60	31	262	City Light	Mat Suplr
Harris,Craig L	2/12/2013	62	7	256	Vested	Vested
<b>Haven,Douglas M</b>	<b>2/12/2013</b>	<b>64</b>	<b>34</b>	<b>172</b>	<b>City Light</b>	<b>Line C CC</b>
Hurford,Joyce A	2/15/2013	62	9	54	Vested	Vested
King,Sharon A	2/2/2013	56	27	275	SPU	Manager 2
<b>Lodge,Diane L</b>	<b>2/2/2013</b>	<b>62</b>	<b>34</b>	<b>351</b>	<b>SPU</b>	<b>Solid Wst Fld Rep II</b>
Morgan,Ross G	2/7/2013	66	28	235	City Light	Prot & Cntrl Elctn II
<b>Sabado Jr,Daniel T</b>	<b>2/13/2013</b>	<b>67</b>	<b>34</b>	<b>122</b>	<b>DoIT</b>	<b>Info Tech sys Anlyst</b>
Tong,Makiko I	2/5/2013	65	30	35	FAS	Info Tech Prof B
Vaughn,William S	2/2/2013	65	9	275	FAS	Strat Advr 2
Williams,Alvia N	2/13/2013	62	24	203	Civil Service	Paralegal
Woo,Dick	2/1/2013	58	8	205	Vested	Portability
Woo,James	2/12/2013	59	28	49	Personnel	Personnel Anlyst Sr, Comp
Yamamoto,Phillip J	2/2/2013	57	22	226	SPU	Accountant Principal

For the month of March 2013: 66 new Members entered the System, 25 terminations, 21 Members retired in the System, 17 Members removed (\$25,506.42), 2 B/C expirations, 2 D/E Option, 3 Option F reductions, 1 pop-up from E to straight, 5 over 60% benefit, and one 19-B active death.

Mr. Glen Lee arrived at 9:04am

Mr. Bob Harvey commented on the Seattle Times article regarding the State retirement plan examining pensions that were boosted due to spiking. Mr. Harvey asked what reporting is being done and tracked on "spiking" within the SCERS plan. Ms. Carter expressed that the avenues for members to spike their final average salary are monitored however there are methods where a member can strategically affect their final average salary.

<b>Motion:</b>	Upon motion by Tim Burgess, seconded by Lou Walter, the Retirement Board approved the Administrative Consent Agenda. <ul style="list-style-type: none"> <li>•Minutes of the March 14, 2013, Board Meeting to include the correction of the columns in the ratification of service retirements section.</li> <li>•Ratification of Retirement Payroll, Office Payroll, Other Payments and Withdrawals</li> <li>•Ratification of Service Retirements for the month of March 2013</li> </ul>
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### Investment Committee Report

The Investment Committee met on March 28, 2013 at 12 noon at the Seattle City Employees' Retirement System Office, 720 Third Avenue, Suite 900 (Pacific Building). Committee members present: Lou Walter, Chair, Bob Harvey (via telephone), Glen Lee; David Stewart. Other Board members present: Jean Becker; Sherry Crawford.

Staff Present: Cecelia Carter, SCERS Executive Director; Tony Smith; Ben Kalman; Jeff Davis; Lisa Carns; Beverly Yapp. Others present: Carlton Seu, Seattle City Attorney's Office; Neil Rue, PCA; David Sancewich, PCA; Mike Moy, PCA; Andrew Bratt, PCA; Christy Fields, PCA; Austin Carmichael, PCA; John McCoy, Legislative Central Staff; George Emerson, FAS.

Mr. Tony Smith, SCERS Staff provided the Board with a brief overview of the items discussed at the Investment Committee on March 28, 2013:

**Core Real Estate Finalists Interviews:** The Investment Committee interviewed three managers for the Core Real Estate mandate at the Investment Committee on March 28, 2013. The finalists interviewed in alphabetical order were AEW Core Property Trust, Cornerstone Real Estate Advisors, LLC, and Heitman America Real Estate Trust. The finalists were chosen after an analysis of the RFP's was conducted by Pension Consulting Alliance and SCERS staff. PCA recommended the Investment Committee choose two of the three for the mandate allocation. In addition to the two selected, JP Morgan will continue as a core real estate manager. Each manager was asked the same seven questions by the Investment Committee and each were given 40 minutes for their presentation. After the presentations there was dialogue with each manager. The Investment Committee recommended to the Board for approval the selection of AEW Core Property Trust and Heitman America Real Estate Trust.

Councilmember Burgess asked what the goal is for the core real estate mandate. Mr. Smith responded that within the real estate asset class J.P. Morgan currently has a 70% concentration and the goal is to restructure the asset class and get J.P. Morgan down to 25%.

**Workout Portfolio and Other Assets Valuation:** Mike Moy from PCA presented an update regarding the Workout Portfolio and other legacy assets in the portfolio. In follow-up to their prior review at the January 31, 2013 Investment Committee Mr. Moy reported that the exact valuation of some of the assets is challenging. PCA recommended increasing the loss reserve to \$24,209,023. PCA also recommended writing off SchemaLogic. The research by PCA and Staff concluded the sale of SchemaLogic by the company management resulted in zero return to the equity stockholder. This dialogue further lead to discussion on SCERS investment in Epsilon Global Active Value Fund II. Ms. Carter updated the Board on recent developments from the fund and that legal counsel was reviewing this new information. Councilmember Burgess then asked for the date Epsilon was purchased. Ms. Carter, Executive Director responded stating the investment was purchased in two tranches 2003 and 2004.

Councilmember Burgess stated he would like to know what PCA thinks of the new developments; however at this time he would prefer following the recommendations outlined in PCA's memo dated March 28, 2013.

Also during this discussion on the workout portfolio, Ms. Carter updated the Board on a request by MKA offering investors the opportunity to "abandon" their interest in the fund. This is offered to investors for tax purposes. Since SCERS is a public pension trust, the tax implications realized by abandoning one's interest is a moot point. Therefore in consultation with legal counsel, SCERS staff recommends SCERS not abandon its interest in MKA at this time.

**Investment Accounting Summary Report for February 2013:** As of February 28, 2013, the Total Portfolio had a market value of \$2.012 billion. Staff reported that the restructuring of the Non-U.S. Equity Portfolio had been completed during the month and that the composition will now be in line with the MSCI ACWI Ex-US IMI Net Dividend Index. During the transition, Research Affiliates and PIMCO were funded for the Active Developed Markets mandate, BlackRock was retained for the Passive Developed Markets mandate, the DFA International Value Portfolio was liquidated, and the DFA International Small Company Portfolio was reduced. With the exception of the Private Equity, the Total Portfolio asset classes were within acceptable ranges from their target weights. During the month, SCERS received \$1.5 million in distributions from its Private Equity managers. As of the report date, the funded status of the plan stood at 66.05% on a marked-to-market basis.

**Motion:** Upon motion by Tim Burgess, seconded by Lou Walter, the Retirement Board approved the selection of AEW Core Property Trust and Heitman Real Estate Investment Firm for the Core Real Estate mandate as recommended by the Investment Committee.

**Motion:** Upon motion by Tim Burgess, seconded by Jean Becker, the Retirement Board accepted the Investment Committee consent agenda as submitted.

The Board requested follow-up from PCA regarding the Epsilon workout portfolio adjustment.

**Executive Director Report:**

Ms. Carter reported Retiree, Brenda Bauer sent a letter to the Board concerning her prior service credit. Ms. Bauer was present at the meeting and asked the Board if they had any questions regarding the letter and documents she provided. There were no questions from the Board. Councilmember Burgess stated the Board would review her letter of petition in Executive Session.

Ms. Carter announced the 2013 Active Seat (currently held by Ms. Jean Becker) Trustee election is open for nominations. The nomination period opened on April 11, 2013 at 8am and will close on April 18, 2013 at 5pm.

Mr. Jeff Davis, SCERS Staff provided the Board with the below Operations update:  
The data for the City CAFR was sent to FAS.

The Milliman Actuarial reporting is in progress. The second round of data will be sent to Milliman April 11, 2013.  
The CliftonLarsonAllen Financial 2012 Audit is in progress. The last of the financial information will be forwarded to CliftonLarsonAllen by April 12, 2013. The audit report will be presented to the Board earlier than last year.

Mr. Davis reported that the retirement estimate target turnaround has been 6-8 weeks. Staff has reduced the target to 4-6 weeks. The staff will re-evaluate reducing the turnaround target after working within the new Oracle environment. Staff has also eliminated the restriction of only allowing one retirement estimate per person per year but will evaluate and reserve the right to limit estimates for those who abuse it.

Mr. Davis reported management is looking to make use of Microsoft Sharepoint as a common location for staff to have access to current versions of templates, procedures, letters, and other helpful information. Also, reviewing Sharepoint as a place to log and track member inquiries and requests.

The initial review of buyback types is completed. Management will address any outstanding action items, update templates as needed, write-up procedures, and bring any issues requiring policy guidance back to the Board.

Mr. Davis reported that he is compiling the cash management data elements and will work on the proof of concept model next week.

The communication audit is underway. Staff has looked at all types of communications to members or potential members (letters, forms, statement, emails, website). The plan is to evaluate and revise communications based on usefulness, timeliness, accuracy and clarity. Mr. Davis met with and received a proposal from a communication consultant. Phase one will include document review, data gathering which will include a member survey, stakeholder and staff interviews and work flow evaluation. Presentation of findings to the department and the Board is targeted for June/July. The findings will inform the scope of what is implemented in Phase II.

Mr. Walter had questions regarding the communication audit surrounding the selection of the communication consultant. Mr. Davis responded that Mr. Walter is welcomed to be involved with the process.

Mr. Davis reported the new system RFP selection process has been modified with agreement from the responding consultants. There will be formal consultant presentations from the responding consultants scheduled for early May.

Ms. Claire Foster provided the Board with the below IT update:

The Port Retirement Information System to Oracle is making good progress. The proof of concept is complete and the development (design and coding) is underway. There is some analysis work to complete before finalizing the project schedule but based on current estimates, the target cutover is scheduled for June/July timeframe.

Ms. Foster reported that Mr. Bryant Bradbury with Financial and Administrative Services delivered his operations assessment on March 20<sup>th</sup>. The report spoke to best practices and included recommendations. Some of the recommendations have been implemented. The significant infrastructure recommendations will require additional planning.

Ms. Foster also reported that Crystal Roncek, Deferred Compensation Coordinator for City Personnel is assisting SCERS with the market place survey. The goal is to complete the survey in early June and present findings to the Board at the June 13<sup>th</sup> meeting.

Mr. Walter questioned staff about SCERS' overall filing system and asked if there was a back-up to records. Staff responded there is data back-up. Mr. Walter further questioned if there was a policy in place to protect the physical files. Ms. Carter responded there are no duplicate hard-copy files.

### **New Business**

Governance Committee Report: Ms. Becker reported the Governance committee has met several times over the last three months in efforts to develop Policy Charters for the following:

1. Board

2. Board Chair
3. Board Secretary
4. Board Treasurer
5. Executive Director
6. Administrative Committee

Ms. Becker stated that the Charters presented to the Board today for final approval are:

1. Board
2. Board Chair
3. Executive Director
4. Board Secretary
5. Board Treasurer

Ms. Becker asked the Board if there were any questions or concerns about the Charters submitted. Ms. Becker and Mr. Monaco noted that the changes from the prior meeting were just to clarify minor expectations within the Charters.

Mr. Walter proposed language be included to cover training for Board members at a later date. Ms. Becker responded she would follow-up and will ensure language pertaining to Board training is included.

Ms. Becker requested the Board to accept and approve the Charters presented at the meeting (charters attached).

There was discussion about the Executive Director being the spokesperson for bills passed and legal notifications. The Executive Director is responsible for serving in this role and for notifying the Board immediately on these matters.

Ms. Becker reported the Governance Committee is working on the Investment Committee and the Administrative Committee charters. It was also noted the Secretary and Treasurer Charters duties were from the Seattle Municipal Code.

Ms. Becker stated that the Charters would be an ongoing process and requested the Board members to continue to provide feedback.

Councilmember Burgess thanked the Governance Committee for their work on developing the charters.

The Board questioned how the charters would be organized. Ms. Carter, SCERS Executive Director responded the charters would be included as part of the April 11, 2013 minutes, a policy book would be created, the charters would be posted on the Seattle City Employees' Retirement System website and emailed to each Board member.

**Motion:** Upon motion by Jean Becker, seconded by Bob Harvey, the Retirement Board accepted and approved the following Charters as recommended by the Governance Committee:

1. Board of Administration
2. Board Chair
3. Executive Director
4. Secretary
5. Treasurer

Councilmember Burgess announced at 10:01am the Board would go into executive session to discuss Retiree, Ms. Brenda Bauer's request and personnel matter until 11am. The public will be notified if the session ends early or is extended.

Mr. Carlton Seu announced at 11am that the Executive Session was extended to 11:20am.

Executive Session ended at 11:19am.  
There were no motions.

#### **Adjournment**

**Motion:** Upon motion by Lou Walter, seconded by David Stewart, the Retirement Board voted to adjourn the meeting at 11:19a.m.

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David L. Stewart, Secretary



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**TITLE:** Board of Administration Charter

**EFFECTIVE DATE:** April 11, 2013

**BOARD ADOPTION:** April 11, 2013

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## **INTRODUCTION**

The Board is responsible for overseeing the management of the business and affairs of the Seattle City Employees' Retirement System (SCERS) in accordance with applicable laws.

The Board shall exercise all of the powers and perform all duties prescribed by law with respect to the investment of public trust and retirement funds, including but not limited to RCW 35.39.060 and SMC 4.36.130.

The Board may delegate any of its powers and duties as deemed necessary for efficient administration and when consistent with the Seattle Municipal Code, the Revised Code of Washington, and other applicable laws.

## **DUTIES AND RESPONSIBILITIES**

### Overall Policies and Procedures Regarding Board Member Conduct

1. The Board shall establish charters describing the roles of:
  - a. The Board;
  - b. The Chair (Seattle City Council, Finance and Budget Chair);
  - c. The Secretary (City Personnel Director);
  - d. The Treasurer (City Department of Finance Director);
  - e. Committees of the Board; and
  - f. The Executive Director.
  
2. The Board shall adopt such other policies necessary to guide the conduct of its affairs. All Board actions and policies will be in accordance with and reflect the requirements that members of the Board: (a) act prudently in managing the assets and operations of SCERS, including but not limited to ensuring due diligence in all investment and management decisions; (b) comply with their fiduciary responsibilities of loyalty to all participants and beneficiaries of SCERS; (c) comply with the City of Seattle Ethics Code and otherwise avoid conflicts of interest that would interfere with the performance of their duties as members of the Board; and (d) comply with all applicable provisions of the Municipal Code, the Revised Code of Washington, and other applicable laws.
  
3. A Board Member shall not: (a) have any interest, direct or indirect, in making of any investments from the Retirement System, or in the gains or profits accruing therefrom; (b) directly or indirectly, for himself or as an agent or partner of others, borrow any of its funds or deposits or in any manner use Retirement System funds other than to direct payment of proper Retirement System expenses; or (c) become an endorser or surety or become in any

4. manner an obligor for Retirement System funds. The Board shall seek to ensure that each of these restrictions is also followed by all employees of the Retirement System.
5. The Board shall take prompt and appropriate disciplinary and/or corrective action to address any Board Member's violation of the standards of conduct established by the Board or applicable law. Depending on the circumstances, disciplinary and/or corrective actions may range from a notice or reprimand to the Board Member involved to seeking the removal of such Board Member. Whenever necessary to seek correction of the conduct, the Board will seek the assistance of legal counsel and any relevant enforcement authorities.
6. The Board will review, consider, and make final contract award selections; approve key provisions, terms, and conditions of contracts; and approve the award of contracts for external money managers, investment consultants, actuaries, outside legal counsel, and other professional advisors. For any given contract award, modification, or extension, the Board may delegate signing authority to the Executive Director. Legal review by the City Attorney's office or outside counsel for compliance with applicable city, state, and federal requirements and Board policies is required for all such contracts. The Executive Director may approve no-cost time extensions for which the service provider is eligible under the original contract terms.
7. In emergency situations only, the Board Chair – or in the Board Chair's absence the longest-serving Board Member available – may provide authorization to the Executive Director to act on behalf of the Board, following consultation with and approval by the City Attorney's office and/or outside legal counsel. An emergency situation is one in which a significant risk of loss to the fund exists and the need for action is so severe and urgent that immediate action is required before a Board meeting can reasonably be convened to address the issue.

#### Strategic Policy and Planning

The Board is responsible for establishing the mission, vision and values of the Retirement System and conducting an annual strategic planning assessment to identify its strategic priorities for the near and long term. The strategic plan will be the foundation of budgets prepared by the Executive Director.

#### Investment Policies and Strategy

The Board is responsible to establish, periodically review, and amend the investment philosophy and policy for the overall Retirement System and the investment policies for each asset class held by SCERS. At a minimum, these policies shall include appropriate provisions to address asset allocation, proxy voting, performance goals, performance measurement, and portfolio rebalancing.

The Board will ensure that an asset / liability valuation study is conducted at least every 7 years.

The Board will regularly monitor the performance of SCERS' investments relative to comparable asset classes, comparable funds, and the Retirement System's investment policies.

The Board will regularly evaluate the funded status of SCERS over the immediate, intermediate, and long term periods, and consider strategies to improve that status.

### Financial and Accounting Policy

The Board shall ensure that appropriate financial and accounting policies, external review processes, and internal controls are in place to safeguard the assets of SCERS.

The Board shall ensure that internal and external audits are conducted in respect of SCERS to assess that:

- a) SCERS's assets are safeguarded and controlled;
- b) SCERS' investment transactions are in accordance with applicable laws and the policies of the Board; and
- c) SCERS' financial, human, and physical resources are managed economically and efficiently and that SCERS' operations are carried out effectively.

An independent financial audit will be conducted annually.

### Operations

The Board shall have the authority to evaluate and approve changes to the organizational structure of SCERS.

The Board shall approve the biennial operating budget and related work plans, performance measures, and targets.

The Board shall ensure that an effective process of enterprise risk management is in place and approve key risk management plans, including a disaster recovery plan.

An Internal Operations Audit will be conducted at least every 5 years.

### Key Appointments

The Board shall have the authority to:

- a. Establish any committees that it considers necessary and appropriate pursuant to the Seattle Municipal Code, the Revised Code of Washington, and other applicable laws;
- b. Appoint, evaluate and remove committee members;
- c. Appoint, evaluate and remove the Executive Director;
- d. Appoint, evaluate annually, and remove members of the Investment Advisory Committee for the non-voting advisory positions as called for in SMC 4.36.140; and
- e. Appoint, evaluate and remove external money managers, investment consultants, actuaries, auditors, outside legal counsel, and other professional advisors to the retirement system.

### Stakeholder Communications

The Executive Director shall serve as the spokesperson for SCERS, subject to the direction of the Board, except in circumstances where the Board decides otherwise.

The Board shall seek to ensure that appropriate communications are made to City employees and other stakeholders regarding SCERS and members' benefits under the Retirement System, including (a) timely, clear notices to members and prospective members regarding their benefits and prospective benefits under the Retirement System, (b) timely, clear notice of significant changes or events in the Retirement System, and (c) communications as needed to other interested parties. With regard to communications to members and prospective members of the Retirement System, the Board shall seek to ensure that key communications are made available in a variety of ways, including but not limited to website information; individual communications such as email and/or written correspondence; and any other appropriate communication methods.

#### Advice and Counsel

The Board and individual Members shall be available to provide advice and counsel to the Executive Director, as required.

#### Reporting and Monitoring

The Board shall ensure that the necessary reporting and monitoring practices are established to provide the Board with the information it requires to effectively oversee the operations of SCERS and meet all legal requirements.

The Board shall, among other things:

- a. Regularly monitor compliance with the investment policies, standards, and procedures established by the Board;
- b. Regularly review the investment performance of SCERS;
- c. Regularly review the performance of key operations, including but not limited to the timeliness of retirement benefit estimates, the accuracy of benefit payment calculations, and the quality of membership information services;
- d. Evaluate annually the performance of the Executive Director;
- e. Discuss annually the performance of the Board; and
- f. Ensure that monitoring mechanisms are in place to make certain that SCERS operates within applicable laws and regulations.

#### **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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**TITLE:** Board Chair Charter

**EFFECTIVE DATE:** April 11, 2013

**BOARD ADOPTION:** April 11, 2013

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## **INTRODUCTION**

The position of Chair of the Board of Administration (Board) is promulgated by authority of section 4.36.130 of the Seattle Municipal Code.

4.36.130E "The Chair of the Finance and Budget Committee of the City Council shall be ex officio chair, the Personnel Director ex officio Secretary, and the Director of Finance ex officio Treasurer of the Board."

## **DUTIES AND RESPONSIBILITIES**

The Chair will exercise the powers and will perform the duties and functions specified below, in addition to those specified in the Charter of responsibilities of the Board as a whole:

1. Recommend to the Board the members and chairs to serve on each Committee;
2. Preside at meetings of the Board, ensuring that such meetings are conducted in an efficient manner and in accordance with open public meeting laws and agreed-upon Rules of Order, including setting the dates and times of meetings; however, in the absence of the Board Chair, the longest serving Board Member will preside.
3. Ensure coordination of meetings, agendas, schedules, and presentations in consultation with the Executive Director;
4. Serve as spokesperson for SCERS in situations where the Board so decides, or designate another Board member to do so;
5. In the case of a Board vacancy under Seattle Municipal Code 4.36.130D, in consultation with the other Board members, interview prospective candidates to fill the vacancy, discuss with them the needs of the Board, time commitment and responsibilities, and make a recommendation to the Seattle City Council for their approval.
6. Carry out other functions and duties as prescribed by the Board.

## **CHARTER 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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**TITLE:** Treasurer of the Board Charter

**EFFECTIVE DATE:** April 11, 2013

**BOARD ADOPTION:** April 11, 2013

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## **INTRODUCTION**

The position of Treasurer of the Board of Administration (Board) is promulgated by authority of section 4.36.130 of the Seattle Municipal Code.

4.36.130E "The Chair of the Finance and Budget Committee of the City Council shall be ex officio chair, the Personnel Director ex officio Secretary, and the Director of Finance ex officio Treasurer of the Board."

## **DUTIES AND RESPONSIBILITIES**

In addition to those specified in the Charter of responsibilities of the Board as a whole, the Treasurer will have the following powers and duties:

1. Act as custodian of the Retirement System and with the approval of the Board of Administration: (a) cause securities of SCERS to be registered in the name of a nominee, provided that adequate records are maintained to identify the actual owner, (b) authorize that SCERS securities be held in the custody of the Federal Reserve system, a depository trust company, or a bank, as contemplated by RCW 35.39.070, and (c) that pending transmission to the Retirement System, Retirement System funds be held in a clearing account with the Federal Reserve system, a depository trust company, or a bank, as contemplated by RCW 35.39.070.
2. Direct the deposit of Retirement System funds in banks licensed and organized to do business under Washington state law.
3. Direct that payments from the Retirement System be made by check, or by warrants duly issued by the Director of Finance.

## **CHARTER 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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**TITLE:** Secretary of the Board Charter

**EFFECTIVE DATE:** April 11, 2013

**BOARD ADOPTION:** April 11, 2013

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### **INTRODUCTION**

The position of Secretary of the Board of Administration (Board) is promulgated by authority of section 4.36.130 of the Seattle Municipal Code.

4.36.130E "The Chair of the Finance and Budget Committee of the City Council shall be ex officio chair, the Personnel Director ex officio Secretary, and the Director of Finance ex officio Treasurer of the Board."

### **DUTIES AND RESPONSIBILITIES**

In addition to those specified in the Charter of responsibilities of the Board as a whole, the Secretary will have the power and responsibility to ensure that adequate practices and procedures are in place in order to:

1. Record and publish minutes of Board of Administration meetings;
2. Create and publish the Annual Report of the Retirement System; and
3. Maintain the official records of the Retirement System.

### **CHARTER 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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**TITLE:** Executive Director Charter

**EFFECTIVE DATE:** April 11, 2013

**BOARD ADOPTION:** April 11, 2013

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## **INTRODUCTION**

The Executive Director is the senior executive of the Seattle City Employees' Retirement System. In addition to the duties and authorities referenced herein, when deemed necessary for efficient administration, the Board of Administration (Board) may delegate authority to the Executive Director consistent with the Board's policies and the Seattle Municipal Code.

## **DUTIES AND RESPONSIBILITIES**

### 1. Operations

The Executive Director has all powers and authority normally vested in similar positions in other City departments to include, but not be limited to, the hiring and firing of staff, and the commitment of funds necessary to the efficient conduct of SCERS business. In carrying out these duties, the Executive Director must ensure compliance with Board policies and directives, and applicable federal and state laws and regulations.

The Executive Director shall be responsible for managing the day-to-day operations of SCERS, delegating to officers and senior staff as the Executive Director deems appropriate, provided that such delegation is consistent with the organizational structure and policies approved by the Board.

The Executive Director shall have the authority to make all necessary operational expenditures, consistent with operating budgets, policies, and internal controls established by the Board, the Seattle Municipal Code, and all other applicable laws.

The Executive Director shall develop and recommend to the Board:

- Appropriate business plans and performance metrics; and
- A biennial budget for SCERS consistent with the Board's strategic plan and City policy and practice.

The Executive Director shall approve the divisional business plans of senior staff, as appropriate.

### 2. Finance and Accounting

The Executive Director shall ensure the appropriate financial and internal controls are in place to protect the assets of the Retirement System.

The Executive Director shall:

- Maintain books of account for SCERS and prepare financial statements;
- Maintain records of the investments held by SCERS;
- Ensure that an independent financial audit is conducted annually;
- Ensure that an asset and liability valuation study is performed at least every 7 years; and
- Ensure that an operational audit is carried out at least every 5 years

### 3. Contracts

All contracts, both competitive and sole source, must be processed according to applicable City policy and must meet applicable filing and/or approval requirements established by the City Contracting department.

In emergency situations only, the Executive Director is authorized to act on behalf of the Board to modify, extend, terminate, or otherwise take action with respect to Board-approved contracts. Emergency situations are those in which a significant risk of loss to the fund exists and the need for action is so severe and urgent that immediate action is required before a Board meeting can reasonably be convened to address the issue. The Executive Director will consult with and obtain approval of the City Attorney's office and/or outside legal counsel, and obtain approval of the chair of the Board (or, in the absence of the chair of the Board, the most senior member of the Board who can be reached) in advance of any such action. The Executive Director will report on any such matters at the next Board meeting.

Contracts pertaining to the day-to-day operations of the Retirement System (e.g., leases, personal services contracts, interdepartmental agreements, memoranda of understanding, and procurement and maintenance agreements) shall be consistent with City practices and executed by the Executive Director. The Executive Director shall exercise his/her discretion regarding the need for legal and Board review of such contracts.

### 4. Investment Implementation

The Executive Director is authorized to implement investment transactions consistent with contracts, policies, and directives adopted by the Board and all applicable legal requirements. In the absence of an emergency situation as defined herein, the authority of the Executive Director to approve or execute investment transactions will be limited to specific powers granted by the Board with each contract or transaction. In addition, the Executive Director is authorized to monitor the actions by any external fund manager to ensure compliance with the terms and conditions of the contract between the manager and the Retirement System.

### 5. Real Estate and Partnerships

The Executive Director will have full authority to approve annual budgets and annual business plans related to real estate and partnerships provided the budgets and plans are consistent with the provisions of existing agreements and prudent business practices. Business Plan approval by the

Executive Director contemplates sales, financing, and capital recommendations made by SCERS' advisors, unless decisions involve capital amounts in excess of \$500,000, which require Board approval.

## 6. Legal Actions

### *General Matters*

When the Retirement System or Board is named as a defendant in a legal action or finds it necessary to initiate legal action to protect the interest of its beneficiaries, directions to the City Attorney and/or outside legal counsel must be approved by the Board in advance of any official action. In emergency situations only, the Executive Director is authorized to act on behalf of the Board with the advice and approval of the City Attorney's office and/or outside legal counsel, subject to approval of the chair of the Board (or, in the absence of the chair of the Board, the most senior member of the Board who can be reached) in advance of any such action. Emergency situations are those in which a significant risk of loss to the fund exists and the need for action is so severe and urgent that immediate action is required before a Board meeting can reasonably be convened to address the issue. The Executive Director will report on any such matters at the next Board meeting.

### *Class Action Lawsuits*

The Executive Director is authorized to join class action lawsuits on behalf of the Retirement System so that it may share in any distribution from the lawsuit, unless he/she determines that legal action by the Board, independent of a class action lawsuit, is advisable following consultation and approval of the City attorney's office and/or outside legal counsel.

## 7. Risk Management

The Executive Director shall ensure that an enterprise risk management system is developed and implemented to mitigate the organizational risks faced by SCERS. This shall include appropriate internal controls to manage day-to-day business risks as well as disaster recovery plans to enable restoration of business functions after an unforeseen event.

## 8. Human Resources

The Executive Director shall:

- Recruit, hire, and retain personnel necessary to effectively manage SCERS and develop the necessary training and development policies and programs, and
- Determine appropriate levels of compensation for SCERS staff within City policies.

## 9. Stakeholder Communications

The Executive Director will serve as the spokesperson for SCERS, subject to the direction of the Board, unless the Board decides otherwise.

The Executive Director shall recommend a communications policy to the Board for approval.

The Executive Director shall prepare and recommend for Board approval an annual report on the operations of SCERS.

The Executive Director shall, subject to the direction of the Board as to timing and subjects of such reports, offer at least annually to present a report on the status of the Retirement System to the City Council and to the Mayor.

#### 10. Reporting and Monitoring

The Executive Director shall ensure that the Board is provided with relevant, appropriate and timely information to enable it to properly carry out its trustee, monitoring, and oversight responsibilities.

The Executive Director shall, on a regular and periodic basis, monitor and report on:

- New or emerging policy or operational issues;
- Performance of investment targets and funding ratios – at least monthly;
- Performance of key operations, including metrics for membership services, employee vacancies, retirement system trends – at least monthly; and
- Status of Strategic Plan initiatives including budget, schedule and completed milestones – at least monthly.

#### 11. Leadership

The Executive Director shall provide executive leadership to SCERS in setting and achieving its mission and goals, and shall manage SCERS in accordance with the parameters and guidelines established by the Board. In doing so, the Executive Director shall solicit advice and counsel from the Board, as necessary and appropriate.

#### 12. Policy Analysis

The Executive Director shall provide support to the Board in establishing the policies of the Board. This shall involve working with the Board to continually identify issues requiring Board policy, conducting the necessary analysis of such issues, and providing clear and well-supported policy recommendations for Board approval.

#### 13. Investment Policies

The Executive Director shall develop, review, and recommend to the Board and/or appropriate Committees the investment philosophy and policies to guide the management of SCERS funds overall, and for each asset category.

Within the policy parameters approved by the Board, the Executive Director shall recommend investment options for each asset category in which SCERS invests.

#### **POLICY REVIEW**

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