



Seattle City Employees' Retirement System  
Board of Administration Meeting  
720 Third Avenue, 9<sup>th</sup> Floor (Pacific Building)  
(206) 386-1293

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Minutes of Thursday, November 13, 2014

**Board Members Present:** Nick Licata (Chair), Jean Becker (9:19 a.m.), Lou Walter, Robert Harvey, Jr., Sherri Crawford, Susan Coskey (by phone)

**SCERS Staff Present:** Ken Nakatsu, Jeff Davis, Jason Malinowski, Tony Smith, Jill Johnson, Tim Morrison, Nina Melencio

**Others Present:** Carlton Seu (City Attorney's Office), Mike Monaco (Song Mondress Law Firm), George Emerson (FAS), Tom Kirn (FAS), John Masterjohn (ARSCE), Florence Katz (SDHR), E. Sund (SCC), Jessica Wang (CBO)

Mr. Nick Licata, Committee Chair, called the meeting to order at 9:00 a.m.

Mr. Licata asked if there was anyone present who wanted to make a public comment.

There was no public comment.

**Administrative Consent Agenda**

**Minutes:**

Provided in the Retirement Board packet was the minutes from the October 30, 2014 Retirement Board regular meeting.

<b>Service</b>	\$11,641,377.71
<b>Beneficiary</b>	\$ 971,454.86
<b>Disability</b>	\$ 75,295.38
<b>Pension Payroll – PPE October 2014</b>	<b>\$12,644,127.95</b>
<b>Office Payroll – PPE October 3, 17, and 31, 2014</b>	\$230,741.41
<b>Vouchers Processed – October 2014</b>	
• Expert and Consultant Services	\$ 16,757.50
• Investment Management Fees	\$545,183.77
• Interdepartmental Charges	\$119,104.78
• Miscellaneous	\$ 4,319.35



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**Immediate Withdrawals of Contributions for the month of October 2014:**

<b>Member Name</b>	<b>Department Name</b>	<b>Position</b>
Allen,Joshua N	City Light	Lineworker
Bradshaw,Althea R	SDOT	Assoc Engineer
Brusher,Maria P	SPU	Mgmt Syst Anlyst, Sr.
Bufanda,Tyrone L	SDOT	Truck Driver
Bukacek, David J	SPU	Mgmt Syst Anlyst, Sr.
Clark,Taresha S	FAS	Cust Svc Rep
Davison,Shena	SDOT	Personnel Spec, Sr
Garrett,Marissa P	Parks	Rec Leader
Johnson,Duncan W	Parks	Lifeguard
Jones,Sativah A	HSD	Counselor
Keys,Barbara A	DPD	Mech Inspector Supv
Keys,Victor G	DPD	Mech Inspector Supv
Mayer,Aaron T	FAS	Warehouser, Sr
McCullah,Darnita S	SPU	Util Acct Rep Trne
Nair,Radhika Sasikumar	DPD	Plng & Dev Spec., Sr
Nguyen,Huey H	SPU	Coop Intern
Pasquan,Carrie J	SPD	Comm Dispatcher II
Phillips,Sheila M	City Light	Cust Svc Rep
Poyson,Rita D	Library	Coord Lib Tech
Reinstadler,Krystil M	SPD	Dispatcher I
Searing,Betsey L	City Light	Landscape Supv
Sheikh,Geni A	HSD	Reg. Nurse
Stephens, Elishia L	Neighborhood	Envrnmtl Field Spec
Stuker,Naomi C	Muni Court	Admin Spec II
Sutton,Gary L	FAS	Auto Mechanic
Van Moppesk Elizabeth L.	City Light	Strat Adv 3, Exempt
<b>Wilson, Jenelle R</b>	<b>DPD</b>	<b>Permit Tech</b>
<b>Wilson, Jerome R</b>	<b>DPD</b>	<b>Permit Tech</b>
<b>Wilson, Jordan E</b>	<b>DPD</b>	<b>Permit Tech</b>
Woolery,Michael L	SDOT	Traf Marking Lead Wkr

Bold entries (if any) above indicate refund payment made to beneficiary of a member dying while in active status.

**Withdrawals for a total of: \$1,267,650.20**



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c. Ratification of Service Retirements

The following list represents the retirements that have been processed since the last Retirement Board meeting.

Retiree	RetireDt	Age	Yrs	Days	DeptName	Position
Adams, Virginia L	10/8/2014	65	8	247	Vested	Vested
Artman, Edward R	9/10/2014	68	12	171	InfoTech	Info Tech Prof A
Bautista, Alan R	10/8/2014	63	16	156	City Light	Carpenter
<b>Beach, Vernon G</b>	<b>10/2/2014</b>	<b>68</b>	<b>30</b>	<b>250</b>	<b>DPD</b>	<b>Manager 2</b>
Bell, Patricia L	9/3/2014	67	11	315	Human Svcs	Volunteer Program Coordinator
Brandt, Kandy B	9/15/2014	70	10	201	Vested	Vested
Bush, Norma J	10/6/2014	65	11	353	Vested	
<b>Buster, Lloyd M</b>	<b>10/2/2014</b>	<b>64</b>	<b>34</b>	<b>253</b>	<b>PublicUtil</b>	<b>Watershed Inspector</b>
Butler, John W	9/24/2014	68	16	60	Muni Court	Court Cashier Supervisor
Diga, Elmer D	9/24/2014	54	22	335	Parks Dept	Maintenance Laborer
Fischer, Michael J	9/22/2014	52	26	191	Vested	Vested
Fox, Thomas P	9/10/2014	67	8	37	PublicUtil	Manager 3
Greer, Mitchell S	9/10/2014	62	20	156	InfoTech	
Hammerbeck, Rodney	9/3/2014	68	24	286	Parks Dept	Sr. Carpenter
Honeycutt, Linda	10/8/2014	64	1	316	Human Svcs	Financial Analyst
Hunter-Willis, Elizabeth A	10/8/2014	54	26	56	Parks Dept	Special Event Scheduler
Kilpatrick, Lynne M	9/14/2014	53	20	118	Vested	Vested
Little Sr., John J	10/8/2014	69	20	232	PublicUtil	Drainage/Wastewater Coll Worker
<b>Lui, Georgiana P</b>	<b>10/2/2014</b>	<b>63</b>	<b>30</b>	<b>108</b>	<b>SDHR</b>	<b>Benefits Assistant</b>
Martin, Kimball C	10/2/2014	62	5	263	Vested	
Miles, Shirley A	9/10/2014	66	16	225	SDOT	Admin Staff Analyst
Munkberg, Shirley A	10/1/2014	66	2	355	Vested	
Newson, Donna M	9/4/2014	66	29	293	PublicUtil	HR Specialist
Nguyen, Vung	9/10/2014	62	7	115	Parks Dept	Facilities Maint. Wkr
Nielsen-Johnson, Peggy A	9/10/2014	68	14	78	SDOT	Sr. PR Specialist
<b>Nishimura, Joy S</b>	<b>10/2/2014</b>	<b>58</b>	<b>36</b>	<b>261</b>	<b>DPD</b>	<b>Sr. Electrical Inspector</b>
Pavel, Ward B	9/10/2014	54	25	1	PublicUtil	Manager 1, Utils
Quiggle, Dee Dee L	10/8/2014	61	30	57	FAS	Manager 2
Robertson, Loretta H	9/18/2014	62	25	85	Police	Data Technican
Robinson, Donna M	10/8/2014	63	24	131	Law Dept	Legal Asst, Sr
Sherrell, Felicia D	10/8/2014	57	15	271	City Light	Admin Support Supervisor
Sparrman, Goran G	10/2/2014	59	2	364	SDOT	Executive 3
<b>Timmen, Linda L</b>	<b>10/8/2014</b>	<b>67</b>	<b>28</b>	<b>142</b>	<b>Police</b>	<b>Admin Spec I</b>
Turner, Yvonne M	10/3/2014	66	25	58	Sea Center	



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White,Robert A	9/10/2014	63	41	151	Muni Court	Strat Advisor 3
Williamson,Rosanne M	10/8/2014	52	29	30	PublicUtil	Water Pipe Worker
Wong,Joe M	10/8/2014	61	23	247	SDOT	Parking Pay Stat Tech
Wong,Kenneth M	10/8/2014	66	41	31	SDOT	Civil Engineering Spec, Asst III

For the month of October 2014: 56 new Members entered the System, 27 terminations, 38 Members retired in the System, 14 Members removed (\$18,267.55), 3 D/E Option, 3 F Option, and 7 over 60% benefit.

**Motion:**

Upon motion of Lou Walter, seconded by Robert Harvey, Jr., the Retirement Board of Administration approved the Administrative Consent Agenda unanimously (5-0).

- Minutes of the October 9, 2014 Board Meeting
- Ratification of Retirement Payroll, Office Payroll, Other Payments and Withdrawals
- Ratification of Service Retirements for the month of October 2014

**Recommendation from NEPC to Place PIMCO on Watch Status**

The concern is a significant change of managerial structure. One of PIMCO's mandates (Pathfinder) has been on watch status from SCERS since January 2014. NEPC believes it is prudent to put the entire firm on watch and monitor the situation. Members of the SCERS Investment Staff will be visiting PIMCO the first week in December.

**Motion:**

Upon motion of Nick Licata, seconded by Robert Harvey, Jr., the Retirement Board of Administration approved the recommendation of NEPC to place PIMCO on watch status unanimously (5-0).

**Extension of Contracts between SCERS and PIMCO, Pugh, Reams Asset, and Western Asset (SCERS' Staff)**

Some of the contracts have been in place since 2006. Although the proposal is to extend the contracts through January 1, 2017, the contracts allow SCERS to cancel at any time. The asset liability study will be completed early in 2015. Extending the contracts will give staff time to consider how to structure fixed income.

**Extension of Contract between SCERS and PIMCO**

**Motion:**

Upon motion of Nick Licata, seconded by Robert Harvey, Jr., the Retirement Board of Administration approved the extension of the contract between SCERS and PIMCO through January 1, 2017 unanimously (5-0).

**Extension of Contract between SCERS and Pugh Capital**

**Motion:**

Upon motion of Lou Walter, seconded by Nick Licata, the Retirement Board of Administration approved the extension of the contract between SCERS and Pugh Capital through January 1, 2017 unanimously (5-0).



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**Extension of Contract between SCERS and Reams Asset**

**Motion:** Upon motion of Lou Walter, seconded by Nick Licata, the Retirement Board of Administration approved the extension of the contract between SCERS and Reams Asset through January 1, 2017 unanimously (5-0).

**Extension of Contract between SCERS and Western Asset**

**Motion:** Upon motion of Lou Walter, seconded by Nick Licata, the Retirement Board of Administration approved the extension of the contract between SCERS and Western Asset through January 1, 2017 unanimously (5-0).

**Administrative Committee Report:**

Mr. Jeff Davis gave an update of the October 30, 2014 Administrative Committee meeting which focused on developing a “dashboard” of performance metrics for the Board.

The committee will meet again on November 20<sup>th</sup> and will be presented with an updated version.

Mr. Walter has been to several Administrative Committee meetings and stated that the dashboard is looking quite nice and appreciates the work the committee is doing.

**Investment Committee Report**

Mr. Anthony Smith summarized the October 30, 2014 Investment Committee meeting including the timeline of events for the asset/liability study starting this month at the November 20, 2014 Investment Committee meeting with a risk tolerance discussion and wrapping up with a final recommendation by March 2015.

The discussion also included NEPC recommendation that PIMCO be placed on “watch”.

Mr. Don Stracke of NEPC presented at the Investment Committee meeting NEPC’s approach to Impact Investing.

**Investment Accounting Summary Report – October 31, 2014**

- As of October 31, 2014, the Total Portfolio had a market value slightly greater than \$2.3 billion. The change in market values of the plan’s asset classes generally moved in line with the markets.
- The Portfolio’s change in market value increased 1.25% in October, resulting in a 4.68% increase year-to-date. The funded ratio was 68.21% as of the end of October.
- We received distributions of approximately \$568k from private-equity investments and paid capital calls totaling \$3.1 million, including the first capital calls from Adams Street for \$2.7 million. We also received approximately \$236k from real estate investments.

**Executive Director Report**

Mr. Nakatsu reiterated that NEPC will begin to gauge the Board’s tolerance for risk at the November 20, 2014 Investment Committee meeting.



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The November 20<sup>th</sup> Investment Committee will also consider NEPC's report on whether fossil fuel divestiture is prudent. Representatives from 350.org and a fossil free index had approached Mr. Licata this past summer about exploring divestiture.

Any action needs to be reflected in the upcoming asset/liability study. We asked NEPC to research the issue and provide advice.

**SCERS' Work Plan**

Mr. Nakatsu referred the Board to a copy of the Work Plan in their packet. The format has been revised slightly. Changes have been highlighted in yellow. There is a board election next year for Sherri Crawford's position.

The Pension Administration System (PAS) has been split into two phases, development and selection.

Some of the written communication for the Customer Service Improvement plan has slipped a little due to the focus in training.

Jason Malinowski will work with NEPC to rewrite the Investment Policies.

We have updated the Performance Evaluations Forms. It will begin in December and finish in February.

**SCERS Operations/Finance**

Mr. Jeff Davis updated the Board on the training and development of the Retirement Specialists.

He also stated that the RFP for the PAS will be going out this month and that by April that we should have someone on contract.

COLA adjustments are being completed this month for payroll for retirees

***The Board of Administration entered into Executive Session at 9:29 a.m. for 20 minutes to discuss ongoing litigation.***

***Executive session ended at 9:49 a.m. and the meeting was resumed in public session at 9:50 a.m.***

**Motion:** Upon motion of Lou Walter, seconded by Nick Licata, the Retirement Board of Administration moved to conclude the Petters Bankruptcy matter by entering into the final settlement agreement offered by the Bankruptcy Trustee unanimously (5-0).

**Adjournment**

**Motion:** Upon motion of Lou Walter, seconded by Nick Licata, the Retirement Board of Administration voted unanimously (5-0) to adjourn the meeting.

The meeting adjourned at 9:51 a.m.

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Susan Coskey, Secretary