



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

Minutes of Thursday, July 9, 2015

Board Members Present: Nick Licata (Chair), Glen Lee, Jean Becker, Lou Walter, Robert Harvey, Jr. were in attendance; Susan Coskey attended via conference call; Sherri Crawford was not present.

SCERS Staff Present: Ken Nakatsu, Jeff Davis, Jason Malinowski, Tony Smith, Jill Johnson, Claire Foster, Kathy Weitz, Cynthia Scheiderer

Others Present: Carlton Seu (Seattle Attorney's Office), Mike Monaco (Song Mondress Law Firm), Erik Sund (City Council Central Staff), Chris Lodge (Vitech), Akio Tagawa (Linea), Crystal Roncek (SDHR), Tom Kirn (CBO), Theodore (Tad) Anderson (350.org), David Meadow (350.org), Valerie Schloreedt (350.org).

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.

Public Comment

Dr. Theodore (Tad) Anderson from 350.org provided information from a report created by Mercer. The Mercer study examines the economic implications of 4 different futures – ranging from a low-carbon future that largely preserves our current climate to high-carbon future, which is the path we're currently on.

David Meadows from 350.org presented details and statistics from the Mercer report. He indicated that the value of coal could drop precipitously, oil might as well, and that natural gas was expected to do a little better. In contrast, he said the Mercer report concluded that the value of renewable energy would increase and called for SCERS to do the right thing and move investments to renewables.

Valerie Schlerett from 350.org presented comments in support of the Mercer report. Fossil fuel subsidies amount to \$5.3 trillion per year. A board member asked what the dollar amount was for the US. Valerie will follow up on that. She indicated that government policies do have a big impact on fossil fuel consumption and mentioned that India was an example of a country which has made reforms.

Administrative Consent Agenda

Minutes:

Provided in the Retirement Board packet was the minutes from the June 11, 2015 Retirement Board regular meeting.

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

| | |
|--|------------------------|
| Service | \$12,228,828.34 |
| Beneficiary | \$ 934,157.51 |
| Disability | \$ 75,668.44 |
| Pension Payroll – PPE June | \$13,238,654.29 |
| Office Payroll – PPE June 2 and 16, 2015, and June 30, 2015 | \$ 228,722.24 |
| Vouchers Processed – June 2015 | |
| Expert and Consultant Services | \$ 151,271.00 |
| Investment Management Fees | \$ 751,869.78 |
| Interdepartmental Charges | \$ 115,817.07 |
| Miscellaneous | \$ 9,005.99 |

Immediate Withdrawals of Contributions for the month of June 2015:

| MEMBER | Department Name | Position |
|-----------------------------|------------------------|-----------------------------|
| Anderson, Christopher Duane | SPU | Manager 2 |
| Anderson, Troy N | SPU | Truck Driver |
| Andres, Matthew Bryan | SPU | Water Pipe Worker |
| Beckett, Jani A | SCL | Elecl Constr&Maint Supv |
| Black, Sara A | SDOT | Civil Engr Spec Supv |
| Boyd, Peter M | Parks | Maint. Laborer |
| Buddle, Aqua C | City Light | Personnel Spec, Sr |
| Chaussee, Michael W | Parks | Tree Trimmer |
| Duong, Anh | Library | Page |
| Edwards, Tyrell M | Parks | Rec Program Spec |
| Harvey, Elias W | SDOT | Constr & Maint Operator |
| Hayashi, Henry K | City Light | Electrician |
| Hoffman, Audrey E | SPU | Util Act Rep II |
| Miller, Neil P | FAS | Auto Mechanic Sr |
| Mitra, Tara Marie | FAS | Customer Service Rep, Sr |
| Palu, Penisimani | Parks | Laborer |
| Rexford, Laura Lee Larson | HSD | Registered Nurse Consultant |
| Ripley, Steve S | DoIT | Info Tech C |
| Sanchez, Albert L | DPD | Housing/Zoning Inspector |
| Schadt, Deborah L | Library | Librarian |
| Sherburne, Julianne T | QDRO | Ex-wife of Robert |
| Sherburne, Robert Scott | SDOT | Asphalt Raker, Sr |
| Speer, Rachel | SDOT | Civil Engr, Sr |
| Vallejo, Theodore | Parks | Painter |
| Van Der Verren, Maikel | SPD | Police Comm Dispatcher I |
| Van Wieringen, Rebecca Ann | SCL | Personnel Spec |
| Vlasaty, Christine M | Executive | Manager 3 |
| Wilson, William D | Muni Court | Admin Support Supv |
| Yussuf, Abdirahman Osman | City Light | Elecl Service Engineer |
| EMBER | Department Name | Position |
| Allyn, Kenneth F | DPD | Electrical Inspector, Sr |
| Anderson, Judith K | SPU | Drainage&Wstwrtr Worker |
| Asplund, Carol Lynn | DPD | Comm Service Rep |
| Barmore, Tyler Anthony | City Light | HVAC Tech |
| Beatty IV, Francis Charles | City Light | Line Worker |
| Berndt, Shawn J | Parks | Golf Course Groudkeeper |
| Birmann-Hamrel, Henriette | Sea Ctr | Usher |
| Bodovinitz, Steven J | Sea Ctr | Usher |
| Brown, Terrence J | FAS | Parking Meter Collector |



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| EMBER | Department Name | Position |
|--------------------------|------------------------|--------------------------|
| Buntin, Harvey | DPD | Manager 2 |
| Burwell, Jared R | Parks | Inst Maint Worker |
| Castillo, Jesus A | SPU | Water Pipe Worker |
| Crane, Pamela Margaret | Sea Ctr | Usher |
| Creighton, Carolyn T | HSD | Admin Spec I |
| De Oro, Carlos Alberto | HSD | Admin Support Asst |
| Del Rio, Edgar | City Light | Civil Engr, Asst I |
| Desmond, Donald A | SPU | Water Pipe Worker |
| Efange, Kayla Martinique | HSD | Personnel Spec, Sr |
| Enciso, Melissa Elaine | SDOT | Admin Spec II |
| Germano, Philip | Muni Court | IT Tech B |
| Gilliam, Jesse Malone | Legislative | Legislative Asst |
| Han, Margaret | Parks | Laborer |
| Harvey, Russell William | HSD | Fin Anlyst, Sr |
| Hembree, Kenneth Brian | SDOT | Drainage&Wstwr Worker |
| Herndon, Amy | Arts & Cult | Admin Staff Asst |
| Holmberg, Aaron James | SPU | Water Pipe Worker |
| Jackson, Jelani Leif | Parks | Rec Attendant |
| Jones, Diane L | Parks | Aquatic Control Coord |
| Koski, Allan W | City Light | Elecl Engr Asst I |
| Mathur, Tej S | City Light | Mech Egnr Sr |
| Morrow, Sean P | SPU | Labor Relation Coord |
| Orsi, Catherine A | DPD | Pln Development Spec, Sr |
| Pettengill, Diane | FAS | Graphic Arts Designer |
| Puloka, Joshua Daniel | Parks | Laborer |
| Reese, Antoinette | HSD | Program Intake Rep |
| Sammons, Sylvia Ann | City Light | Proj Fund & Agmt Coord |
| Sandidge, Michael O | City Light | Executive 2 |
| Schirato, Leeanne Star | Legislative | Exec Asst |
| Scott, Joanne | HSD | Grants & Contract Spec |
| Spoor, Paul William | Parks | Lifeguard |
| Tomko, Linda Marie | Muni Court | Admin Spec I |
| Triplett, David M | Sea Ctr | Security Officer |
| Tucker, David | SPU | Civil Engr, Spec Assoc |
| Yee, Darryl C | Parks | Rec Attendant |
| Zubenkova, Darja | HSD | Counselor |

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

Withdrawals for a total of: \$1,939,263.73

c. Ratification of Service Retirements

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

| Retiree | RetireDt | Age | Years | Days | DeptName | Position |
|------------------------|-----------|-----|-------|--------|------------|----------------------------|
| Ahern,Nancy | 6/3/2015 | 57 | 13 | 229.35 | PublicUtil | Executive3 |
| Alpers,Robert J | 5/20/2015 | 61 | 34 | 195.42 | PublicUtil | Mgmt Sys Anlyst,Sr |
| Banks,Pamela J | 6/3/2015 | 56 | 30 | 313.61 | Parks Dept | StratAdvsr2 * |
| Benefiel,Larry A | 6/2/2015 | 65 | 25 | 323.92 | SDOT | Admin Spec I-BU |
| Brown,Frank H | 6/3/2015 | 60 | 21 | 83.21 | FIRE | Info Technol Prof B |
| Brown,Patricia K | 6/3/2015 | 62 | 15 | 221.14 | SDOT | Radio Dispatcher |
| Burkhalter,Charles H | 6/8/2015 | 66 | 10 | 195.17 | Vested | Elecl Engr,Assoc |
| Carlos,Muriel F | 6/3/2015 | 65 | 24 | 56.12 | Police | Pol Data Tech,Sr |
| Dawson,Bonita L | 5/26/2015 | 62 | 7 | 79.21 | Police | Pol Data Tech |
| Dizon,Rolando S | 5/12/2015 | 61 | 12 | 141.36 | City Light | Janitor,Lead-FAS/CL |
| Dong,Vinh Lien Wayne | 6/2/2015 | 66 | 32 | 200.68 | City Light | Civil Engrng Spec,Assoc |
| Floyd,Patricia E | 6/1/2015 | 65 | 2 | 21 | Vested | |
| Gregory,Roberta S | 6/3/2015 | 62 | 5 | 20.6 | Sea Center | Laborer |
| Gruber,Candace J | 5/20/2015 | 62 | 7 | 46.56 | Vested | Elecl Svc Rep,Sr * |
| Hamilton,Avonelle K | 6/1/2015 | 65 | 10 | 154.32 | Vested | Zoo Keeper |
| Hardi,Teresita T | 6/3/2015 | 66 | 32 | 123.76 | Muni Court | Admin Spec II-MC |
| Herzfeld,Rebecca R | 6/3/2015 | 60 | 37 | 253.82 | LegCtyCncl | StratAdvsr-Legislative * |
| Hinson,Thomas M | 6/3/2015 | 66 | 13 | 247.53 | PublicUtil | Civil Engrng Spec Supv |
| Johnson,Mary A | 6/3/2015 | 65 | 8 | 291.05 | Human Svcs | Plng&Dev Spec II |
| Jongjitirat,Dheeraporn | 6/3/2015 | 59 | 33 | 269.21 | City Light | Elecl Engr,Assoc |
| Kaizen,Donald C | 5/28/2015 | 62 | 8 | 87.86 | Vested | |
| Knopf,Wayne L | 6/3/2015 | 56 | 36 | 113.62 | City Light | Pwr Structs Mechanic |
| Kopp,Edward R | 6/3/2015 | 69 | 21 | 280.04 | City Light | Elec-Con(OI)Wkg CC-C Coord |
| Leahy,Robert E | 6/3/2015 | 61 | 34 | 147.54 | SDOT | Bridge Op |
| Lynn,Michele R | 5/28/2015 | 53 | 22 | 34 | City Light | StratAdvsr2,Utills-BU |
| McGowan,Gordon H | 6/3/2015 | 64 | 15 | 158.72 | Sea Center | Janitor-SC/Parks/SPU |
| Mead,Mark C | 6/3/2015 | 57 | 14 | 302.07 | Parks Dept | Manager2,Parks&Rec |
| Mercury,Laurel J | 6/3/2015 | 65 | 24 | 57.69 | Parks Dept | Admin Spec I-BU |
| Milt,Gordon W | 6/3/2015 | 62 | 26 | 3.5 | City Light | Cblspl CC-Net Area |
| Moody,Effie K | 5/9/2015 | 62 | 15 | 141.21 | City Light | Real Property Agent,Sr |
| Movius,Denise M | 5/9/2015 | 62 | 9 | 34 | FAS | Executive3 |
| OBriant,Charles | 6/3/2015 | 57 | 16 | 45.45 | Sea Center | Capital Prjts Coord |
| Pendergrass,Bonnie B | 6/3/2015 | 68 | 15 | 30.77 | Sea Center | Capital Prjts Coord,Chief |
| Petilla,Juanito C | 6/3/2015 | 65 | 20 | 123.76 | Sea Center | Elctn |
| Plunkett,Mark D | 6/3/2015 | 60 | 20 | 127.96 | Parks Dept | Publ Ed Prgm Supv |
| Ringnalda,Ronald J | 5/27/2015 | 59 | 17 | 74.48 | SDOT | Constr&Maint Equip Op |
| Russell,Debra A | 6/3/2015 | 63 | 5 | 0.24 | PublicUtil | Executive2 |
| Rutherford,Jain E | 6/1/2015 | 59 | 6 | 21.15 | Vested | |
| Smart,Dawn H | 5/9/2015 | 65 | 11 | 117.8 | Vested | StratAdvsr1,General Govt |



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| | | | | | | |
|---------------------|----------|----|----|--------|------------|---------------------------|
| Tharp,Carol J | 6/2/2015 | 67 | 8 | 342.49 | Library | Library Assoc I |
| Tigre,Margaret G | 6/3/2015 | 69 | 24 | 231.17 | PublicUtil | Util Svc Rep |
| Tredick,Karen D | 5/9/2015 | 57 | 16 | 26.1 | Vested | Rights-Of-Way Maint Wkr * |
| Valentino,Josette L | 6/3/2015 | 68 | 31 | 111.18 | Parks Dept | Admin Staff Asst |
| Ward,Patricia | 6/3/2015 | 58 | 30 | 39.78 | Parks Dept | Gardener,Sr |
| White,Marilyn J | 6/3/2015 | 59 | 35 | 324.44 | City Light | Plng&Dev Spec,Supvsng-BU |
| Wilson,Laurene E | 6/3/2015 | 71 | 14 | 355.58 | Police | Identification Data Spec |

For the month of June 2015: 54 new Members entered the System, 42 terminations, 46 Members retired in the System, 15 Members removed (\$27,122.05), 4 D/E Option, 1 F Option, and 3 over 60% benefit.

Mr. Walter asked that SCERS staff identify those retirees who are eligible for the ‘two times match’ option by “bolding” the names in the list of retirees and, also, to examine the information see if the trend is increasing at the City.

Motion: Upon motion by Robert Harvey, seconded by Nick Licata, the Retirement Board of Administration approved the Administrative Consent Agenda. The motion passed unanimously (6-0).

- Minutes of the June 11, 2015 Board Meeting
- Ratification of Retirement Payroll, Office Payroll, Other Payments and Withdrawals
- Ratification of Service Retirements for the month of June 2015

Retirement Benefits Appeal – Dean Rowe

Dean Rowe introduced himself and provided an overview of his appeal.

Mr. Rowe worked at Seattle City Light from 1982 – 1991 and returned in 1994. In 2002, Mr. Rowe decided to re-deposit (buy back) service credit. The total amount eligible for buy-back was 7 years + 44 days. Mr. Rowe decided to and arranged to buy back three years.

In November, 2011, Mr. Rowe decided to pay off the rest of his three year buy-back initiated in 2002. Mr. Rowe was provided a payoff amount and paid the balance off.

Mr. Rowe received a retirement estimate dated 3/26/2012 that indicated the service credit he purchased was 7 years + 44 days. Mr. Rowe called SCERS and said he was assured that the figures provided on 3/26/2012 were correct and that his total earned service credit was 24 years + 25 days. Mr. Rowe convinced himself that he must have paid the entire 7 years + 44 days, rather than only 3 years and began making plans for retirement in January, 2015.

On August 14, 2014, Mr. Rowe had an accident and was told he could not work for approximately six months. Since it was close to his retirement date, he contacted SCERS to begin the retirement process and received another estimate which was based on having 26.52 years of service on November 3, 2014.

Mr. Rowe’s last day of employment was December 2, 2014. On January 12, 2015, Mr. Rowe stated that he received a letter indicating that there was a mistake and his service credits were 21.72 years, 4.8 years less than expected.

Mr. Rowe stated that he met with Tim Morrison, Jeff Davis, and Lee Brunk on March 5, 2015 about his retirement benefit and to ask if he could buy back the rest of his retirement. He was told he could not do a buy back at this point according to the retirement plan rules.

Mr. Rowe said he had made a lot of retirement decisions based on his original estimate and would have done things differently had he been provided the final estimate based on 21.72 years. Mr. Rowe would like some type of compensation but is not sure what that should be.

Executive Session

The Board of Administration entered into Executive Session at 9:25 a.m. for 10 minutes to discuss Dean Rowe's appeal.

Executive Session was closed and the Board re-entered into regular session at 9:35 a.m.

Motion: Upon motion by Nick Licata, seconded by Bob Harvey, the Board of Administration moved to allow Mr. Rowe to buy back additional service credit, based on his employment history that he would have been eligible to purchase prior to retiring. The motion passed unanimously (6-0).

Final Audit Report

Jeff Davis reported that the completed audit report was emailed to all board members and was also included in the board packet. The report was discussed in the previous Board Administration meeting June 11, 2015.

Motion: Upon motion by Lou Walter, seconded by Nick Licata, the Board of Administration accepted the 2014 Year-End Audited Financial Statements as presented by Staff. The motion passed unanimously (6-0).

Credit Interest Report

Jeff Davis presented the 2016 credit interest recommendation for member contributions made after 2011. Mr. Davis explained the algorithm used and the rationale for the staff recommendation. The staff recommendation for the 2016 rate is 2.95%.

Motion: Upon motion of Nick Licata, seconded by Glen Lee, the Board of Administration set the 2016 credit interest on all employee contribution received into the pension trust after December 31, 2011 at 2.95%. The motion passed (4-1-1), 1 nay (Lou Walter), 1 abstained (Susan Coskey)

Administrative Committee Report:

Ken Nakatsu stated that SCERS has selected Vitech Systems Group as the apparent successful vendor for software and implementation services for the Pension Administration System (PAS).

Jeff Davis and Claire Foster provided an overview of the business drivers and RFP selection process.

Chris Lodge, Vitech VP, presented an overview of the company, the project, and the V3 product.

The board asked questions about user licenses, training, disaster recovery and member portal security. The Board discussed whether there needed to be approval from someone at the City to move retirement data off city premises. Mike Monaco clarified that SCERS is the data custodian and has authority to make the decision. Mr. Harvey and Ms. Coskey wanted SCERS to work in full partnership with DoIT and were assured that SCERS had DoIT and FAS staff integrally involved with the project. Board members had additional questions and in the interest of time, they were asked to submit their questions to SCERS staff by Friday, July 17. Claire Foster agreed to be the SCERS staff contact for questions.

Motion: Upon motion by Glen Lee, seconded by Nick Licata, the Board of Administration approved the selection of Vitech, Inc. as SCERS's Pension Administration System vendor, contingent upon the successful negotiation and execution of an agreement with Vitech, Inc. The motion passed unanimously (6-0).

Executive Director Recruitment

Jean Becker reported that Susan Coskey will lead the recruitment for an Executive Director for SCERS. The next Administrative Committee meeting on July 23 will begin the search process.



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Lou Walters departed at 10:35 a.m.

Investment Committee Report – June 25, 2015

Tony Smith summarized the June Investment Committee meeting.

The Investment Committee decided not to hedge foreign currencies. Mr. Smith also reported that analysis was done on the SCERS's real estate portfolio. He indicated we are underweight overall on real estate (we have 10.6% and the target is 12.0%), and NEPC recommended that we allocate additional assets to non-core real estate, ultimately having a 70/30 split between core and non-core, respectively.

Regarding investment performance, the Plan was about even with both the Policy Benchmark and the median public plan return for Q1 2015. Year-to-date through early July, the public part of the Plan is still slightly ahead of the Public Market Index. On other matters, Pathfinder was liquidated and we had net capital calls of approximately \$4.2M in private equity. SCERS's funding ratio is essentially unchanged from April, currently at 69.02%. June's performance is looking down slightly.

Motion: Upon motion by Nick Licata, seconded by Glen Lee, the Board of Administration adopted the real estate pacing plan as recommended by the Investment Committee and authorized staff to evaluate non-core real estate managers for possible incorporation into SCERS's portfolio. The motion passed unanimously (5-0)

Susan Coskey departed at 10:40 a.m.

Executive Director Report

Ken Nakatsu indicated the search for an Executive Director had started and covered updates to the work plan.

Jeff Davis covered the Dashboard. Jean Becker reported that San Jose contacted SCERS about the dashboard. Jean Becker and Jeff Davis did a call with San Jose to share some information with them because they were really interested in it.

There will be more retirement seminars for City employees.

Staff is working with DoIT to make the phone system more efficient.

Tim Morrison has taken another position with the City so Cynthia Scheiderer is filling this position on a temporary basis.

Adjournment

Motion: Upon motion of Nick Licata, seconded by Jean Becker, the Retirement Board of Administration voted to adjourn the meeting. The motion passed unanimously (4-0).

The meeting adjourned at 10:48 a.m.

Susan Coskey, Secretary