



Seattle City Employees' Retirement System

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

Board of Administration Members:

Teresa Mosqueda, Chair
Glen Lee
Bobby Humes
TBD
Sherri Crawford
Robert Harvey, Jr.
Lou Walter

SCERS Staff:

Jeff Davis, Executive Director
Paige Alderete, Chief Finance/Operations Officer
Jason Malinowski, Chief Investment Officer
Tony Smith, Deputy Chief Investment Officer
Jill Johnson, Investment Officer
Cecelia Chen, Investment Officer
Claire Foster, IT Manager
Ronda Iriarte, Member Services Manager
Mark Schimizza, Finance and Accounting Manager
Nina Melencio, Office Administrator

Legal:

Mike Monaco, Mondress | Monaco | Parr | Lockwood PLLC
Gary Smith, Seattle City Attorney's Office

Minutes, Thursday, January 9, 2020

Board Members Present: Lou Walter (Chair), Sherri Crawford, Bobby Humes, Robert Harvey, Jr. (via conference call)

SCERS Staff Present: Jeff Davis, Paige Alderete, Jason Malinowski, Tony Smith, Jill Johnson, Cecelia Chen, Nina Melencio

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), George Emerson (CBO), Judith Blinder (SCL)

Call to Order

Lou Walter, Chair, called the meeting to order at 9:01 am.

Public Comment

There was no public comment.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the December 12, 2019 Retirement Board regular meeting. Ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll & Withdrawals	\$18,208,140
Office Payroll	343,282*
Admin & Investment Expenses	1,582,604
Total Expenses – December 2019	\$20,134,026

**includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – December 2019			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	13	\$43,065.11	\$108,504.25
Withdrawals	16	n/a	\$422,437.28

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

ESG Quarterly Update (Q4 2019)

Jason Malinowski and Jill Johnson presented the ESG update for fourth quarter 2019 which was deferred from the December 2019 board meeting. Mr. Malinowski provided a brief overview of the positive action strategy, which includes shareholder advocacy, sustainability investments, and integrating climate risk into the investment process.

Ms. Johnson provided an update on shareholder advocacy activities. The Securities and Exchange Commission (SEC) issued two proposed rules that would increase the power of corporate management at the expense of shareholder rights. The first proposed rule places excessive burdens on proxy advisory firms who provide research and recommendations to SCERS and other investors. This rule would reduce the independence and timeliness of the research, causing it to be more supportive of corporate management. The second proposed rule increases thresholds required for submitting shareholder proposals that would unnecessarily limit an important shareholder check on the power of corporate management. The investment community is opposed to the proposed rules. SCERS signed on to a letter to the SEC from the Council of Institutional Investors to extend the comment period for both rules from 60 to 120 days, which the SEC has not acted upon. SCERS also sent letters to the Seattle congressional delegation urging them to express the investor community's concerns to the SEC.

Mr. Malinowski provided an update on sustainability investments. SCERS-invested managers in the Infrastructure asset class continue to deploy capital to the renewable power sector. Staff has also been tracking developments and growth in the green bond market where proceeds are used for climate or other environmental purposes. Staff revised manager guidelines in the Core Fixed Income asset class to encourage investment in green bonds if it is consistent with the account's risk and return objectives.

Staff participated in a number of industry conferences during the quarter to collaborate with other institutional investors on ESG matters and grow awareness within the investor community. Ms. Johnson was also asked to be a member of the Principles for Responsible Investment (PRI) Western North American Advisory Committee.

Executive Director Update

Jeff Davis reported that the SCERS Board of Administration's new chair will be Council Member Teresa Mosqueda. Staff are working with her office to schedule her onboarding.

The interim appointment for filling Jaya Bajpai's active member seat will be considered on the February 4, 2020 Finance Committee meeting. Staff has provided appointment documents to CM Mosqueda's staff.

Paige Alderete gave an update on the Member Self-Service (MSS) portal implementation. The MSS Portal gives members access to their retirement information and accumulated contributions. Staff are still on target to go live with the pilot this month. The portal would be rolled out to a larger population. Training for SCERS staff begins the week of January 13, 2020.

A Deep Dive on the MSS Portal will be presented at a future Board of Administration meeting.

Adjourn Meeting

Motion: Upon motion by Bobby Humes seconded by Sherri Crawford, the Board of Administration voted to adjourn the meeting at 9:31 a.m. The motion passed unanimously (4-0).