



Seattle City Employees' Retirement System

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

Minutes, Thursday, June 11, 2020

Due to the stay home, stay safe order issued by Governor Inslee, the meeting was held remotely.

Board Members Present: Teresa Mosqueda (Chair), Robert Harvey, Jr., Glen Lee, Sherri Crawford, Judith Blinder

SCERS Staff Present: Jeff Davis, Paige Alderete, Jason Malinowski, Tony Smith, Jill Johnson, Cecelia Chen, Mark Schimizzze, Nina Melencio, Michiko Togashi, Avery Lee, Selam Teklemariam, Katie Lac

Others Present: Mike Monaco (MMPL), Teresa Chen (City Attorney's Office), George Emerson (CBO)

Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:04 a.m.

Public Comment

There was no public comment.

Administrative Consent Agenda

A correction was made to the June 11, 2020 Supporting Agenda. The Office Payroll amount should be \$349,354 and Administrative/investment Expenses should be \$1,498,680.

The following items represent normal expenses:	
Pension Payroll & Withdrawals	\$18,482,634.00
Office Payroll	349,354.00*
Admin & Investment Expenses	1,498,680.00
Total Expenses – May 2020	\$20,330,668.00

**includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – May 2020			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	27	\$82,397.60	\$1,171,441.08
Withdrawals	6	n/a	\$243,252.80

Motion: Upon motion by Glen Lee, seconded by Robert Harvey, Jr., the Board of Administration accepted and approved the Administrative Consent Agenda as amended. The motion passed unanimously (5-0).

2021-2022 SCERS Budget

Paige Alderete presented the 2021-2022 budget.

SCERS is proposing a 2021 Administrative & Operations budget of \$8.96 million and a 2022 budget of \$8.72 million, which is a \$801,000 increase in 2021 from the 2021 Baseline Budget and a \$247,000 decrease in 2022 from the 2021 budget.

SCERS is also proposing to change Investment Management Fees to a non-appropriated (non-budgeted) expense for several reasons, including that these fees are a spending commitment that is not in Management's discretion to pay or not to pay. Staff will continue to report the actual expenditures to the Board and in its publicly reported financials to continue transparency.

For the last 18 months, SCERS has been using temporary staff to adjust to the new workload with the Pension Administration System. Staff are proposing to convert 4.0 FTE temporary position to full-time regular staff in 2021. Total staffing will stay at 30, changing from 23 to 27 full time staff, with remainder of temporary staff phasing out. The SCERS Board of Administration has the budget authority to approve new positions in the budget. If approved, the changes will be reflected in the City's budget process.

Ms. Mosqueda stated she will abstain from the vote since she is the City's budget chair. She has no objections or concerns to SCERS's proposed budget.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted the 2021-2022 Seattle City Employees' Retirement System budget for submission to the City Budget Office. The motion passed unanimously 4-0-1 with Teresa Mosqueda abstaining.

Investment Committee Report – May 28, 2020

Jason Malinowski reported on the May 28, 2020 Investment Committee meeting. There were three items on the agenda: Q1 2020 Quarterly Performance Report, Investment Risk Framework, and deep dive of SCERS's overlay program.

ESG Update for Q1 and Q2 2020

Mr. Malinowski and Jill Johnson provided the quarterly ESG update for first and second quarter 2020. Mr. Malinowski provided an overview of the positive action strategy, which includes shareholder advocacy, sustainability investments, and integrating climate risk into the investment process. The Board has identified

climate change as an ESG priority for SCERS because of its criticality to the long-term risk and return of the capital markets.

Ms. Johnson provided an update on quarterly activities. SCERS sent a letter to the Securities and Exchange Commission and joined several sign-on letters to oppose two proposed rules that would increase the power of corporate management at the expense of shareholder rights. There were promising shareholder advocacy developments with the Southern Company announcing a commitment to have net-zero carbon emissions by 2050. Staff also met with BlackRock and the Inevitable Policy Response to further integration of climate risk into the investment process.

Ms. Johnson spoke on a panel at the 2020 Shareholder Association for Research & Education (SHARE) Summit entitled “#WeOwnIt: Tools for embedding accountability into capital markets.” Mr. Malinowski spoke on a virtual panel hosted by CleanTechIQ. The panel discussed how institutional investors are tackling climate-related investment risks.

Executive Director Update

Jeff Davis gave an update on the 2020 Trustee Elections.

a. 2020 Trustee Election (Active Member Seat)

Motion: Upon motion by Robert Harvey, Jr., seconded by Teresa Mosqueda, the Board of Administration ratified the certification of election results as provided by Election Services Co. for the 2020 Board of Administration election for the active member seat; electing Judith Blinder to the Board of Administration for the remainder of the three-year term (July 1, 2020-June 30, 2022). The motion passed 4-0-1 with Judith Blinder abstaining.

b. 2020 Trustee Election (Retired Member Seat)

Motion: Upon motion of Robert Harvey, Jr., seconded by Glen Lee, the Board of Administration appointed Lou Walter to the Retired Member seat of the Board of Administration for a three-year term (July 1, 2020 – June 30, 2023). Per the Election Board Policy, if there is only one qualified candidate for a vacancy, then that candidate will be deemed to have won the election. The motion passed unanimously (5-0).

c. At-Large Member Seat

Motion: Upon motion of Sherri Crawford, seconded by Glen Lee, the Board of Administration appointed Robert Harvey, Jr. to serve as the at-large member on the Board of Administration for a three-year term (July 1, 2020 – June 30, 2023). The motion passed 4-0-1 with Robert Harvey, Jr. abstaining.

Adjourn Meeting

The meeting adjourned at 11:02 a.m.