



Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, January 27, 2022

The meeting was held virtually.

IC Members Present: Robert Harvey, Jr. (Chair), Judith Blinder, Sherri Crawford, Kimberly Loving, Glen Lee

IAC Members Present: Joseph Boateng, Dwight McRae

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Nina Melencio, Leola Ross, George Emerson, Mengfei Cao

Others Present: Mike Monaco (MMPL), Don Stracke (NEPC), Jennifer Appel (NEPC), Nick Collier (Milliman), Tom Mikesell (LEG), Matt Courtois (FAS), Mike Malchenko (NEPC), Joe Ebisa (Journalist from With Intelligence), Tim Morrison (FAS)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 12:00 p.m.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the November 18, 2021 Investment Committee meeting.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee approved the minutes from the November 18, 2021 Investment Committee meeting. The minutes passed unanimously (4-0).

Annual Investment Review and Planning Session

Jason Malinowski briefly reviewed results from the first annual Investment Consultant Evaluation.

Mr. Malinowski, Leola Ross, George Emerson, Mengfei Cao, and Don Stracke (NEPC) presented the Annual Investment Review and Planning Session.

Mr. Malinowski briefly reviewed the 2021 key initiatives. SCERS hired and onboarded two investment team members, Leola Ross and Mengfei Cao. Staff collaborated with JP Morgan Asset Management to develop a liability-aware investing framework that reflects a public pension plan perspective. They kicked off implementation of the enhanced operational due diligence program and advanced the ESG positive action strategy.

For 2022, the key initiatives will be to develop and advance the ESG positive action strategy 2.0; improve the system's awareness of liabilities and tolerance for risk in the asset-liability study process; support the actuary and Board in evaluating the investment returns and inflation assumptions during the experience study process; and evaluate risk/analytics vendors for a high-value platform that meets SCERS's needs.

Staff members reviewed the 2021 activity and 2022 plans for each asset class.

There was discussion on how inflation will impact the fund. There was a request to have the topic at a future meeting.

Mr. Stracke provided NEPC's perspective by comparing SCERS to best practices observed in their public pension client base. SCERS has a strong investment beliefs statement and implementation has been consistent with those beliefs. SCERS has an appropriately sized investment staff and was able to identify and recruit new investment staff well in a Covid environment. There are significant staff resources dedicated to ESG compared to peers. The Investment Advisory Committee (IAC) makes a tremendous contribution to SCERS and is a differentiator since few of NEPC's clients have a similar committee.

Investment Outlook and Capital Market Assumptions

Don Stracke and Jenn Appel of NEPC reported on NEPC's 2022 Investment Outlook and Capital Market assumptions and answered questions from the committee members.

Ms. Appel provided background information on NEPC's assumptions setting process. The SCERS portfolio has an expected return of 5.5% for the 10-year period and 6.8% for the 30-year period. Return expectations have fallen meaningfully over the last several years with the 30-year expected return now lower than the current investment return assumption of 7.25%.

NEPC had considered virus trajectory a key market theme entering 2021. The improvement in economic data, labor markets, and risk assets highlights the diminishing impact of the pandemic on capital markets. NEPC's key market themes entering 2022 are economic crossroads, permanent interventions, globalization backlash and China transitions. Ms. Appel provided a description and potential outcomes of each theme.

Adjourn Meeting

Motion: Upon motion by Glen Lee, seconded by Judith Blinder, the Investment Committee voted to adjourn the meeting at 1:29 p.m. The motion passed unanimously (5-0).



Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, February 24, 2022

IC Members Present: Robert Harvey, Jr., (Chair), Lou Walter, Judith Blinder, Sherri Crawford, Kimberly Loving, Glen Lee

IAC Members Present: Keith Traverse (Chair), Joseph Boateng, Steven Hill, Dwight McRae, Cathy Cao

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Nina Melencio, George Emerson, Mengfei Cao

Others present: Mike Monaco (MMPL), Mike Malchenko (NEPC), Matt Ritter (NEPC), Mark Schoenfeld (Carlyle), Christopher Fogle (Carlyle), Leila Forrence (Carlyle), Colleen Leider (Carlyle), Sarah Epps (Carlyle), Tim Morrison (FAS), Tom Mikesell (LEG), Matt Courtois (FAS), Kevin Balaod (Journalist from With Intelligence), Lauren Albanese (FIN News)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 12:00 pm

Public Comment

There was no public comment.

Minutes

Approved Minutes from the January 27, 2022 Investment Committee.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee approved the minutes from the January 27, 2022 Investment Committee meeting. The motion passed unanimously (5-0).

Investment Advisory Committee Annual Report

Keith Traverse, Joseph Boateng, Cathy Cao, Steve Hill, and Dwight McRae of the Investment Advisory Committee (IAC) attended the February 24, 2022 Investment Committee meeting. Mr. Traverse, chair of the IAC, presented the 2021 IAC Annual Report which included: major developments for SCERS in 2021; fund performance as of Q3 2021; IAC's 2021 activities; strategic guidance; and IAC's recommendations for 2022.

(12:02 pm – Glen Lee arrived at the meeting)

The IAC offers strategic guidance that is intended to endure over the long-term. Mr. Traverse discussed the guidance in the report which included: (1) commitment to financial sustainability; (2) focus on fee effectiveness; (3) align investment beliefs with processes and resources; and (4) support continual learning for staff and the board.

Ms. Blinder commented that she has been impressed with the quality of online training available for trustees. During the trustee onboarding process, she felt that the training was also very good.

The IAC had five recommendations for 2022:

- Make the liability-aware investing (LAI) framework fit for implementation ahead of the next asset-liability study slated for 2023;
- Utilize the LAI framework to reexamine the role of fixed income and evaluate the impact of inflation;
- Refresh the modeling of portfolio liquidity to account for the increase in private markets;
- Refine the analysis and positive engagement related to climate change; and,
- Validate the fee calculations for a sample of private market funds.

Jason Malinowski noted that the IAC's strategic guidance and recommendations continue to be helpful for SCERS in planning and prioritization.

Quarterly Performance Review – Q4 2021

Mike Malchenko of NEPC reviewed SCERS's investment performance for the period that ended December 31, 2021. SCERS returned 16.8% net-of-fees for 2021, which outperformed the strategic policy benchmark (16.3%), passive reference benchmark (12.4%) and median public pension fund (14.9%). Assets increased from \$3.5 billion to \$4.1 billion over the last year.

Mr. Malinowski noted that when NEPC presented their capital market assumption in January that they noted a decline in the expected return. Milliman has also noted that. A decline in the expected returns mean an increase in the value of liabilities, which should be considered alongside the strong asset performance.

There was discussion of SCERS's funding ratio which is approximately 83% when the assets are mark-to-market and 73% with asset smoothing. The funding ratio would decrease if the return assumption were reduced following the experience study that is underway.

Real Estate Manager Selection – Carlyle Property Investors

Staff recommended an investment of up to \$80 million in Carlyle Property Investors ("CPI"), a US core plus real estate strategy. CPI is managed by The Carlyle Group ("Carlyle"). CPI would be SCERS's third real estate fund investment with Carlyle. SCERS had previously invested in Carlyle's non-core real estate strategy with commitments of \$15 million to Carlyle Realty Partners Fund IV (2005) and \$15 million to Carlyle Realty Partners Fund VIII (2017). NEPC concurred with staff's recommendation.

Mengfei Cao and Matt Ritter, NEPC, summarized the recommendation and reviewed the diligence process, Carlyle organization, CPI strategy, and fund terms.

Mark Schoenfeld, Christopher Fogle, and Leila Forrence of Carlyle gave a presentation that highlighted the investment team, portfolio construction, sector outlook and performance. Investment Committee and IAC members asked questions related to the manufactured housing and single-family rental sectors.

Glen Lee voiced concern with CPI's investment in the single-family rental home sector because the City of Seattle is actively considering policies to prevent investors from owning these homes. Bob Harvey responded that he

understood the concern but was comfortable with the investment from a SCERS perspective. Mr. Harvey asked staff to follow-up at the March Board meeting with additional information on the single-family rental home sector.

Motion: Upon motion by Robert Harvey, Jr., seconded by Judith Blinder, the Investment Committee recommended that the Board of Administration commit up to \$80 million to Carlyle Property Investors, pending satisfactory legal review. The motion passed 4 to 2 with Glen Lee and Kimberly Loving voting “nay”.

Adjourn Meeting

Motion: Upon motion by Glen Lee, seconded by Sherri Crawford, the Investment Committee voted to adjourn the meeting at 1:42 p.m. The motion passed unanimously (6-0).



Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, March 31, 2022

IC Members Present: Robert Harvey, Jr. (Chair), Lou Walter, Judith Blinder, Glen Lee, Teresa Mosqueda

IAC Members Present: Joseph Boateng

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Nina Melencio, Leola Ross, George Emerson, Mengfei Cao, Mark Schimizzze

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Dan Landers (Horsley Bridge), Du Chai (Horsley Bridge), Josh Freeman (Horsley Bridge), Matt Courtois (FAS), Tom Mikesell (LEG), Guy Oron

Call to Order

Robert Harvey, Jr., called the meeting to order at 12:03 pm

Public Comment

There was no public comment.

Minutes

Approved Minutes from the February 24, 2022 Investment Committee.

Motion: Upon motion by Judith Blinder, seconded by Lou Walter, the Investment Committee approved the minutes from the February 24, 2022 Investment Committee meeting. The motion passed 4-0-1 with Teresa Mosqueda abstaining.

Manager Research Process

Staff presented the process used in researching potential managers.

Prior to 2015, the Board had a more active role in manager research and advocated for a change in the process since they felt that investment experience and knowledge existed elsewhere in SCERS. The current manager research process has been in place since 2015 which also coincided with increasing investment staffing as well as the addition of a Chief Investment Officer position.

Independent due diligence is performed by investment staff and NEPC to arrive at a joint recommendation to the board. The due diligence is based on a comprehensive set of investment and operational factors. The manager selection process usually takes six to 12 months and takes over 100 hours of staff time plus the separate due diligence from NEPC. ESG considerations are integrated in manager selection recommendations and are specifically relevant to team, process, and risk management factors.

SCERS is time-limited in its ability to invest with certain managers. Timely consideration of managers by the Investment Committee and the full Board of Administration is critical, since managers often have limited fund-raising periods, offer discounts to early investors, or have limited capacity. Staff do an annual presentation in January of each year to preview the searches that are occurring that year.

Mr. Stracke of NEPC stated that SCERS's investment manager search process is rigorous and consistent with industry standards based on NEPC's work with over 300 institutional investors.

Ms. Blinder commented that she has worked in the investment field and is a Chartered Financial Analyst (CFA), so she understands what is involved. She appreciates the amount of work that staff does in rigorously selecting managers.

Mr. Harvey added that SCERS's performance for the last 10 years has been above expectations and selecting quality managers is a key contributing factor.

Venture Capital Fund-of-Funds Manager Selection

Staff recommended a commitment of up to \$30 million to Horsley Bridge Venture 14 ("HB 14"), a global venture capital fund-of-funds strategy. HB 14 is managed by Horsley Bridge Partners ("HB"). Staff is recommending the manager because of their experience and specialization in early-stage venture capital, organizational independence and alignment, relatively attractive feed schedule, and exceptional track record. NEPC concurred with the recommendation.

Josh Freeman, Dan Landers, and Du Chai from Horsley Bridge provided background information on the firm and the fund and answered questions from the committee members.

HB 14 is targeting a final close on May 31st at or exceeding the target of \$1.75 billion. The commitment period is expected to continue through mid-2023 providing exposure to three vintage years. HB has built a strong brand in the venture capital industry, which affords them access to the top tier of early-stage venture capital funds.

There was discussion on the risk of being part of new markets and new technologies. HP addresses that risk by investing with 40 to 45 venture capital groups that are spread geographically. Venture capital risk is skewed on the upside and is not dependent on the economic growth cycle.

<u>Motion:</u>	Upon motion by <u>Lou Walter</u> , seconded by <u>Glen Lee</u> , the Investment Committee recommended that the Board of Administration commit up to \$30 million to Horsley Bridge Venture 14, pending satisfactory legal review. The motion passed 4-0-1 with Teresa Mosqueda abstaining.
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Mr. Davis stated that staff will be coming to the full board at the April board meeting to talk about the process in updating the ESG policy. They will get feedback from the board and then turn it over to the Administrative Committee for revisions. Typically, the Administrative Committee is where policy documents are revised before coming back to the full board for review. The Administrative Committee will be reviewing the ESG policy at its April and May meetings. The intention is to come back to the full board at the June Board of Administration meeting.

Adjourn Meeting

Motion: Upon motion by Lou Walter, seconded by Judith Blinder, the Investment Committee voted to adjourn the meeting at 1:48 pm. The motion passed unanimously (5-0).



Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, April 28, 2022

IC Members Present: Robert Harvey, Jr. (Chair), Judith Blinder, Sherri Crawford, Lou Walter, Kimberly Loving

IAC Members Present: Dwight McRae

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Leola Ross, George Emerson, Mengfei Cao, Nina Melencio, Katie Lac, Mark Schimizzze

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Zack Cziryak (Fin News), Matt Courtois (FAS), Joe Ebisa (With Intelligence)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 12:00 pm

Public Comment

There was no public comment.

Minutes

Approved Minutes from the March 31, 2022 Investment Committee.

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Investment Committee approved the minutes from the March 31, 2022 Investment Committee meeting. The motion passed unanimously (5-0).

Credit Fixed Income Manager Recommitment – Arcmont Direct Lending Fund IV

George Emerson presented Staff's recommendation of a recommitment of up to \$40 million to Arcmont Direct Lending Fund IV ("DLF IV"), a private credit strategy focused on lending to European middle-market companies. DLF IV is managed by Arcmont Asset Management Limited ("Arcmont"), a UK-based asset manager.

This recommendation is consistent with the Board's adopted strategic asset allocation that includes a 7% target weight to credit. DLF IV would be SCERS's third allocation to Arcmont, including when it operated as the private debt arm of BlueBay Asset Management. Arcmont now operates as an independent firm.

In 2015, SCERS committed \$24 million to BlueBay Direct Lending Fund II SLP (“DLF II”) and in 2018 SCERS committed \$35 million to BlueBay Direct Lending Fund III SLP (“DLF III”) the predecessor fund to DLF IV. DLF IV has substantially the same strategy and target markets as DLF III.

Mr. Emerson provided an overview and update on Arcmont’s organization, team, strategy, fund performance and ESG process integration. Mr. Emerson addressed a question from the Board about the fund’s risk profile.

NEPC concurred with staff’s recommendation and has underwritten DLF IV with a rating of 1.

Motion:	Upon motion by <u>Lou Walter</u> , seconded by <u>Sherri Crawford</u> , the Investment Committee recommended that the Board of Administration commit up to \$40 million to Arcmont Direct Lending Fund IV, pending satisfactory legal review. The motion passed unanimously (5-0).
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Infrastructure Manager Recommitment – Brookfield Infrastructure Fund V

Mr. Emerson presented Staff’s recommendation for a recommitment of up to \$25 million to Brookfield Infrastructure Fund V (“BIF V”), a global and sector diversified infrastructure strategy. BIF V is managed by Brookfield Asset Management Inc. (“Brookfield”).

This recommendation is consistent with the Board’s adopted strategic asset allocation that includes a 4% target weight to infrastructure. BIF V would be the third fund investment with Brookfield’s infrastructure unit. SCERS had committed \$12 million to Brookfield Infrastructure Fund III (BIF III) and \$17.5 million to Brookfield Infrastructure IV (BIF IV). SCERS has also committed a total of \$65 million to three Brookfield real estate funds.

Mr. Emerson provided an overview and update on Brookfield’s organization, team, strategy, fund performance and ESG process integration. Mr. Emerson addressed a question from the Board about the fund’s risk profile.

NEPC concurred with staff’s recommendation and has underwritten BIF V with a rating of 1.

Motion:	Upon motion by <u>Sherri Crawford</u> , seconded by <u>Lou Walter</u> , the Investment Committee recommended that the Board of Administration commit up to \$25 million to Brookfield Infrastructure Fund V, pending satisfactory legal review. The motion passed unanimously (5-0).
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(12:43 p.m. – Lou Walter left meeting.)

Real Estate Manager Recommitment – AG Asia Realty Fund V

Mengfei Cao presented Staff’s recommendation for a \$20 million commitment to AG Asia Realty Fund V (“AG Asia V” or “Fund”), an Asian non-core real estate strategy. AG Asia is managed by Angelo, Gordon & Co. L.P. (“Angela Gordon”).

This recommendation is consistent with the Board’s adopted strategic asset allocation that includes a 12% target weight to real estate, of which 30% is intended to be non-core real estate. It is also consistent with the goal of adding geographic diversification to SCERS’s real estate portfolio. AG Asia V would be SCERS’s second fund investment with Angelo Gordon. SCERS had committed \$15 million to AG Asia Realty Fund IV (“AG Asia IV”), a predecessor fund with a 2018 vintage year.

Ms. Cao provided an overview and update on Angelo Gordon’s organization, team, strategy, fund performance and ESG process integration. AG Asia V will invest across geographies and property types with a specific focus

on Japan, China/Hong Kong, South Korean, and Singapore. Ms. Cao addressed a question from the Board about the fund's risk profile.

NEPC concurred with staff's recommendation and had previously selected AG Asia IV as a Focused Placement List (FPL) strategy with a top rating of 1.

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Investment Committee recommended that the Board of Administration commit up to \$20 million to AG Asia Realty Fund V, pending satisfactory legal review. The motion passed unanimously (4-0).

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee voted to adjourn the meeting at 1:02 pm. The motion passed unanimously (4-0).



Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, May 26, 2022

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

IAC Members Present: Keith Traverse, Joseph Boateng, Cathy Cao, Dwight McRae, Steven Hill

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Leola Ross, George Emerson, Mengfei Cao, Nina Melencio, Mark Schimizzze

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Mike Malchenko (NEPC), Joe Ebisa (With Intelligence), Lauren Albanese (Fin News), Matt Courtois (FAS), Thomas Rowland (SPD), Zenon OYoung-Chu (SCL), Tom Mikesell (LEG)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 12:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the April 28, 2022 Investment Committee.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee approved the minutes from the April 28, 2022 Investment Committee meeting. The motion passed unanimously (3-0).

Q1 2022 Quarterly Performance Report

Mike Malchenko of NEPC reviewed SCERS's investment performance for the period that ended March 31, 2022.

The fund has returned 8.7% net of fees for the last 10 years, which is above the assumed rate of return and outperforming the Passive Reference Benchmark. In the one-year period which ended March 31, 2022, the fund returned 7.4% net of fees, underperforming the Strategic Policy Benchmark by 1.9% due to manager performance in private equity. Assets increased from \$3.84 billion one year ago to \$3.95 billion as of March 31, 2022.

(12:08 p.m. – Glen Lee joined the meeting.)

Inflation Discussion

George Emerson presented on the topic of inflation, which had been requested by the Investment Advisory Committee (IAC) in their annual report.

Mr. Emerson discussed what is inflation; the cause; how it is measured; inflation's relationship with monetary and fiscal policy; an outlook; and how it affects SCERS.

Inflation is taking root and is less transitory than was once believed. The Federal Reserve is attempting a soft landing but runs the risk of either causing a recession or not taming inflation. Long-term inflation expectations remain low but realized short-term inflation is elevated. Deflationary pressures exist in the longer run, including demographics and technological improvement.

Inflation has mixed impacts on SCERS's fiscal health. Prolonged inflation would increase benefit payments for some retirees due to the cost-of-living floor, reducing the funded status of the plan. Inflation is also a building block in the investment return assumption, so higher inflation could lead to a lower value of plan liabilities.

Investment Risk Framework

Jason Malinowski presented SCERS's Investment Risk Framework. SCERS developed and implemented an investment risk framework in 2018 and presents annually on it each spring.

Mr. Malinowski provided background on the framework and reviewed the relationship between risk and return. Risk was assessed from the perspective of asset class composition, volatility, beta, scenario analysis and liquidity stress tests. The portfolio is highly diversified by asset class, sector, geography, company, investment manager and investment strategy. The portfolio is also intentionally structured to have a substantially similar risk profile as the Strategic Policy Benchmark. SCERS has ample access to cash to meet its cash flow demands, including benefit payments, private markets fund commitments and portfolio rebalancing.

Adjourn Meeting

<u>Motion:</u>	Upon motion by <u>Glen Lee</u> , seconded by <u>Judith Blinder</u> , the Investment Committee voted to adjourn the meeting at 2:00 pm. The motion passed unanimously (4-0).
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Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, June 30, 2022

IC Members Present: Robert Harvey, Jr. (Chair), Judith Blinder, Sherri Crawford

IAC Members Present: Keith Traverse (IAC Chair), Dwight McRae

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Nina Melencio, Leola Ross, George Emerson, Mengfei Cao, Mark Schimizza

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Joe Ebisa (With Intelligence), Lauren Albanese (Fin News), MMarroquin, Candida Hoeberichts (AEW), Mike Acton (AEW), Lily Kao (AEW), Christine Giordano (ISS), Tom Mikesell (LEG)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 12:01 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the May 26, 2022 Investment Committee.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee approved the minutes from the May 26, 2022 Investment Committee meeting. The motion passed unanimously (3-0).

Market and Portfolio Update

Jason Malinowski provided a market and portfolio update for the first half of 2022.

Public Equity and Core Fixed Income asset class indices have returned -22% and -12%, respectively, year-to-date through June 17th. The Federal Reserve and other central banks have prioritized reducing inflation and are willing to accept lower economic growth and employment. Businesses and consumers are expecting a recession, which can be self-fulfilling. The expectation is that inflation will fall in upcoming years to a more normal level from the current 8-9%.

The portfolio's estimated performance is -12% year-to-date through June 17th with an additional impact of -2% to -6% for private market asset classes when they are revalued in coming quarters. This challenging performance follows strong returns from 2019 to 2021 (+15.5% annualized) that resulted in significant deferred actuarial gains. Additionally, long-term return expectations have likely increased in 2022, implying that system liabilities have also fallen in value.

Staff will continue to rebalance the portfolio on a monthly basis to closely reflect the strategic asset allocation target and will also continue to make private market fund commitments.

Real Estate Deep Dive

Mengfei Cao and Jason Malinowski provided a deep dive discussion on the Real Estate asset class and answered questions from the committee.

Real Estate offers diversification to equities and is expected to provide some protection against unexpected inflation. The real estate allocation is about halfway through a multi-year transition from a predominantly US core portfolio to being diversified by strategy and geography.

SCERS's allocation to Real Estate is currently 13.1%, which is modestly above the 12% target weight. The allocation has increased since year-end 2021 due to poor public markets performance, strong real estate performance, and capital call activity. The asset class performance has been strong with the non-core allocation outperforming the core allocation, as expected.

At the February 2022 board meeting, staff had recommended an \$80 million investment in Carlyle Property Investors (CPI), a US core plus strategy. The board voted to delay consideration of the investment until fall of 2022 due to concerns with CPI's investments in the single-family rental home sector. Staff wanted to close the loop since Carlyle is no longer accepting capital from new investors as CPI is oversubscribed. Staff has instead allocated additional capital to SCERS's two existing core real estate managers (JP Morgan and AEW).

There was discussion on how SCERS's revised ESG policy would apply to a manager who invested in single family rental homes. Staff concluded that investing via managers in the single-family rental home sector is fully consistent with SCERS's ESG policy after assessing the financial risk posed by potential regulation of the sector. Furthermore, it is not feasible to exclude the single-family rental home sector because SCERS invests in commingled funds with broadly diversified mandates. Three of SCERS's managers invest in the single-family rental home sector and it is increasingly become a standard component of real estate funds. Keith Traverse and Dwight McRae of the Investment Advisory Committee and Don Stracke of NEPC provided their perspective in support of staff's approach and conclusion on the single-family rental home sector.

Real Estate Market Environment – AEW Capital Management

Candida Hoeberecht, Lily Cao, and Mike Acton of AEW Capital Management presented information about the real estate market and answered questions from the committee members. SCERS has \$126 million invested in AEW Core Property Trust which is an open-end core fund with \$8.3 billion in assets across 174 properties located in the United States.

Real Estate demand in apartments and warehouses is quite strong. Retail demand is recovering, and office demand has turned positive over the last few quarters. There are record low apartment and industrial vacancy rates which equates to high rents. We don't know how the work-from-home trend will impact people coming to the office in the long-term. It's likely that a lot of offices won't do well, and that location and amenities will become increasingly important to attract talent.

Infrastructure Deep Dive

George Emerson presented the annual deep dive of the infrastructure asset class and briefly reviewed the managers, portfolio structure, and pacing plan. Don Stracke, NEPC, discussed the market environment. Infrastructure is a relatively new asset class for SCERS which was recommended from the 2015 asset-liability study and with the first investments made in 2016.

SCERS has a current and target allocation of 1.8% and 4.0%, respectively. Performance has been strong and resilient during the pandemic. SCERS's performance has exceeded the benchmark since inception.

Looking forward, SCERS will commit additional capital to existing and prospective infrastructure managers to prudently growth the allocation to its target weight in a manner that is diversified across geographies, sector, and risk profile. SCERS will continue to monitor the infrastructure space for additional sectors and themes and more closely review sector and regional specialist funds.

Adjourn Meeting

<u>Motion:</u>	Upon motion by <u>Judith Blinder</u> , seconded by <u>Sherri Crawford</u> , the Investment Committee voted to adjourn the meeting at 1:56 pm. The motion passed unanimously (3-0).
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Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
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Minutes, Thursday, July 28, 2022

IC Members Present: Robert Harvey, Jr., (Chair), Judith Blinder, Sherri Crawford

IAC Members Present: Dwight McRae

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Leola Ross, George Emerson, Mengfei Cao, Nina Melencio, Mark Schimizza

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Sarah Samuels (NEPC), Kevin Balaod (With Intelligence), Lauren Albanese (Fin News), Matt Courtois (FAS)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 12:01 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the June 30, 2022 Investment Committee.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee approved the minutes from the June 30, 2022 Investment Committee meeting.

NEPC Manager Research Update

Don Stracke and Sarah Samuels of NEPC gave an update on their manager research effort and answered questions from committee members.

Ms. Samuels heads the Investment Manager Research team of 40 research analysts. NEPC's due diligence process is a combination of quantitative analysis of a manager's track record and qualitative analysis of their investment process and incentive alignment. Research analysts rank managers on a 1-to-5 scale to express their view through a consistent framework.

NEPC's key manager research initiatives relate to DEI, ESG and fee negotiations. The research team is growing the representation of diverse managers on their focused placement list. NEPC is also focused on hiring for a few open research positions and retaining the existing team.

Public Equity Deep Dive

Leola Ross and Mengfei Cao provided a deep dive discussion on the Public Equity asset class that included the portfolio role, size, strategy, investment managers, and performance, as well as market environment.

Public Equity drives the return and risk of SCERS's investment portfolio due to its large current and target allocation of 44.7% and 48%, respectively, as well as its high expected return and volatility. The allocation has decreased over time, as Private Equity has increased, compounded by the most recent drawdown in public markets.

Ms. Ross led a discussion on factor tilts in the Public Equity allocation. SCERS currently has an intentional tilt to value stocks, as well as smaller and incidental tilts to small/mid cap and international stocks. There has been an ongoing debate among staff and NEPC on whether to have intentional and persistent factor tilts. The expected advantages are return improvement and risk reduction whereas the drawbacks are that factors are cyclical, with returns that erode over time and introduce material tracking error.

Staff recommends a Public Equity portfolio that is more factor neutral and therefore to discontinue the value tilt, which would be accomplished by closing the PIMCO Research Affiliates Enhanced Equity account that follows a deep-value strategy and had \$174 million as of June 30, 2022. In addition to it no longer being an optimal fit for the portfolio, staff also highlighted as reasons for the recommendation that there has been turnover on the Research Affiliates investment team, weaknesses identified in the investment process and complexities introduced by the partnership between PIMCO and Research Affiliates.

Russell Investments would manage the account closing to minimize transaction costs with proceeds expected to be invested in the short-term through the overlay program. Staff and NEPC are currently conducting a global equity manager search, which will guide the long-term reallocation.

NEPC supports staff's recommendation.

<u>Motion:</u>	Upon motion by <u>Sherri Crawford</u> , seconded by <u>Judith Blinder</u> , the Investment Committee recommended that the Board of Administration close the PIMCO Research Affiliates Enhanced Equity account. The motion passed unanimously (3-0).
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Adjourn Meeting

<u>Motion:</u>	Upon motion by <u>Sherri Crawford</u> , seconded by <u>Judith Blinder</u> , the Investment Committee voted to adjourn the meeting at 1:50 pm. The motion passed unanimously (3-0).
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Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, August 25, 2022

IC Members Present: Robert Harvey, Jr., Sherri Crawford, Judith Blinder, Jamie Carnell, Kimberly Loving

IAC Members Present: Joseph Boateng, Steven Hill, Dwight McRae, Cathy Cao

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Leola Ross, Mengfei Cao, George Emerson, Nina Melencio, Mark Schimizzze

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Mike Malchenko (NEPC), Joe Ebisa (With.Intelligence), Matt Courtois (FAS), Lauren Albanese (FIN News)

Call to Order

Robert Harvey, Jr., chair, called the meeting to order at 12:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the July 28, 2022 Investment Committee.

Motion: Upon motion by Sherri Crawford, seconded by Jamie Carnell, the Investment Committee approved the minutes from the July 28, 2022 Investment Committee meeting. The motion passed unanimously (5-0).

Q2 2022 Quarterly Performance Report

Mike Malchenko of NEPC reviewed the performance report for the period that ended June 30, 2022.

It was a difficult quarter, but the portfolio continued to perform well in the long run. Gross performance over the last 30 years is 7.2%, above the assumed rate of return of 6.75%. For the one-year period ending June 30, 2022, the fund returned -5.6% net of fees, underperforming the Strategic Policy Benchmark by 0.7%. The fund continues to outperform the reference passive benchmark and the median public plan over most time periods.

Core Fixed Income Deep Dive

George Emerson and Mengfei Cao presented the annual Core Fixed Income deep dive. Core Fixed Income is represented by high-quality borrowers and has low expected risk, return, and sensitivity to equity markets. Persistent inflation coupled with growth concerns fueled sharp drawdowns across both fixed income and equities.

SCERS's target allocation to Core Fixed Income is 18% with a current allocation of 18.6%. Performance has been in-line with the index.

Core Fixed Income managers are PIMCO and Pugh Capital Management. Both managers modestly outperformed the index in the last three years.

Over the last 12 months, staff continued to monitor the Core Fixed Income portfolios with periodic rebalancing as market values changed. Staff will explore adding an explicit allocation to long-dated bonds in the next asset liability study as part of adopting a liability-aware investing framework.

Jason Malinowski informed the committee that members of the Investment Advisory Committee (IAC) had their quarterly meeting with he and Jeff Davis prior to today's Investment Committee meeting. Staff continues to benefit from their perspective and guidance.

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Jamie Carnell, the Investment Committee voted to adjourn the meeting at 12:45 p.m. The motion passed unanimously (5-0).



Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, September 29, 2022

IC Members Present: Robert Harvey, Jr., Lou Walter, Judith Blinder, Sherri Crawford, Jamie Carnell

IAC Members Present: Dwight McRae

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Leola Ross, George Emerson, Mengfei Cao, Nina Melencio

Others Present: Mike Monaco (MMPL), Jenn Appel (NEPC), Don Stracke (NEPC), Mike Barela (Voya IM), Joe Ebisa (With.Intelligence), Matt Courtois (FAS), Lauren Albanese (Fin News), Kevin Balaod (With.Intelligence)

Call to Order

Robert Harvey, Jr., chair, called the meeting to order at 12:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the August 25, 2022 Investment Committee.

Motion: Upon motion by Jamie Carnell, seconded by Sherri Crawford, the Investment Committee approved the minutes from the August 25, 2022 Investment Committee meeting. The motion passed unanimously (5-0).

Labor Market Update – NEPC

Jenn Appell of NEPC provided the Labor Market Update.

The unemployment rate was hovering near historic lows at the end of 2019. The onset of the Covid-19 pandemic led to a sudden spike in unemployment, which has since recovered at a faster pace than any other labor market recovery after a recession. The current tight labor market has led to higher wages and contributed to inflation. There are not enough skilled workers out there to meet the demands.

The Labor Force Participation Rate (LFPR) also remains below pre-pandemic levels. The decline in the LFPR is being driven by educational attainment, lifestyle affordability, skills mismatch, more restrictive immigration, opioid epidemic, automation, retirement rates and demographic trends. A lower LFPR can negatively influence trend economic growth rates given the negative impact on production and aggregate spending. Structural impairment in the LFPR can affect long-term socio-economic and political stability.

The current labor market data is confounding, and the long-term influence of these dynamics remains unknown. Unanswered questions include:

- Will the “Great Resignation” be a longer-lived trend?
- Did the pandemic start a structural shift in the labor market?
- How will labor market dynamics influence the inflationary environment?

We are starting to see a little bit of slowing in the labor market. Recent projections suggest the unemployment rate will be 3.7% by end of 2022 and 3.9% for the end of 2023, which are both historically low.

Cost Effectiveness and Fee Analysis

George Emerson presented the cost effectiveness and fee analysis which detailed the investment costs incurred across the portfolio and evaluated their cost effectiveness. SCERS’s Accounting team works closely with BNY Mellon in tracking direct manager costs including management fees, performance fees, and fund expenses.

SCERS has participated in the CEM Benchmarking survey since 2017. The survey provides a comparison of investment costs to other institutional investors. SCERS’s investment-related costs for 2021 totaled \$24.1million (0.64% of fund assets), with the vast majority related to investment manager fees and expenses at \$22.2 million (0.59%). Staff oversight, custodial and consulting services represented the remaining \$1.9 million (0.05%). Staff noted that CEM Benchmarking reporting convention excludes performance fees for private market asset classes.

SCERS’s investment costs are similar to its public pension peers. Of those plans participating in the survey, the median cost of US public pensions was 0.57% of fund assets and of a custom peer group of similarly sized pensions was 0.64%. SCERS has a greater allocation to passive strategies (lower relative fees) that is offset by greater use of fund-of-funds (higher relative fees). SCERS’s investment costs have increased modestly over time and are expected to reach 0.7% to 0.8% of fund assets once private market asset classes are at target.

SCERS evaluates the effectiveness of costs expended by comparing performance to the Reference Passive Benchmark that is available at a very low cost and reflects the Board’s risk tolerance. Over the last 10 years, SCERS has outperformed this benchmark net of investment-related costs.

Don Stracke, NEPC, noted that less than half of NEPC’s clients spend time at their trustee meetings discussing fees, so SCERS is following a best practice. Mr. Stracke also noted that asset allocation decisions drive fees and that the lowest cost portfolio is not necessarily the appropriate choice for investors.

Overlay Deep Dive

Jason Malinowski presented the deep dive of SCERS’s overlay program. SCERS has had an overlay program in place since 2014 which is managed by Russell Investments.

Russell Investments monitors SCERS’s portfolio and future cash flows and trades, as required, to invest idle cash and perform portfolio rebalancing. The overlay program is expected to increase performance incrementally over the long-term by keeping the portfolio fully invested. The program allows for more efficient portfolio transitions such as when replacing an investment manager.

Mr. Malinowski provided examples of a recent portfolio rebalancing and manager transition to demonstrate how the overlay is employed in practice.

Adjourn Meeting

Motion: Upon motion by Lou Walter, seconded by Judith Blinder, the Investment Committee voted to adjourn the meeting at 1:08 p.m. The motion passed unanimously (5-0).



Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, October 27, 2022

IC Members Present: Robert Harvey, Jr. (Chair), Judith Blinder, Sherri Crawford, Jamie Carnell

IAC Members Present: Keith Traverse (Chair), Joseph Boateng

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Nina Melencio, Mark Schimizzze, George Emerson, Mengfei Cao, Leola Ross

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke, Jeff Burgis and Greta Nolan (Adams Street Partners), Matthew Courtois (FAS), Joe Ebisa (With.Intelligence), Lauren Albanese (Fin News), Kevin Balaod

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 12:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the September 29, 2022 Investment Committee.

<u>Motion:</u>	Upon motion by <u>Sherri Crawford</u> , seconded by <u>Judith Blinder</u> , the Investment Committee approved the minutes from the September 29, 2022 Investment Committee meeting. The motion passed unanimously (4-0).
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Private Equity Deep Dive – Staff and Adams Street Partners

Jason Malinowski presented the annual deep dive of the Private Equity asset class that included its portfolio role, size, strategy, underlying investment managers, and performance.

Private equity is a critical return driver of SCERS's investment portfolio and has the highest expected return of any asset class although it is characterized by high risk and sensitivity to economic growth, high fees, and low

liquidity. SCERS has a current and target allocation of 14.7% and 11%, respectively. Performance has been very strong but is expected to weaken going forward.

SCERS employs multi-manager strategies in the Private Equity asset class. Adams Street Partners (ASP) has run a customized multi-manager strategy for SCERS since 2014. The strategy has been diversified across buyout and venture capital and invested in primary funds, secondaries, and co-investments. The third tranche of this ASP-managed strategy was launched earlier this year and will be invested primarily in buyouts and exclude secondaries. SCERS also recently committed for the first time to a multi-manager fund run by Horsley Bridge Partners that is invested exclusively in venture capital.

Private equity valuations are reported on a lag and react more slowly to changes in the market environment than does public equity, which helps to explain why SCERS's allocation to Private Equity of 14.7% is higher than the target of 11%. It is expected that private equity performance will converge to towards public equity over time, and SCERS's Private Equity allocation will naturally fall to between 11% and 13%.

Mr. Malinowski introduced Greta Nolan and Jeff Burgis from Adams Street Partners who provided an update on the ASP-SCERS strategy. SCERS has committed \$760 million across three tranches of the strategy. The strategy has, in aggregate, returned a net 23.1% IRR and 1.93x investment multiple as of June 30, 2022. ASP is please that the strategy is outperforming its benchmarks.

Mr. Burgis provided an update on the private equity market environment. New deal activity and fundraising have slowed dramatically given the uncertain economy and associated selloff in public markets. Buyout portfolio companies continue to have strong fundamental performance, and venture capital portfolio companies have significant cash reserves. ASP expects additional valuation declines in the upcoming quarters.

There was discussion about whether to change the target allocation for private equity. Mr. Malinowski responded that it makes sense to defer that discussion until 2023 when SCERS will be going through an asset-liability study that will result in an updated strategic asset allocation target.

Credit Fixed Income Deep Dive – Staff

George Emerson presented the annual deep dive of the Credit Fixed Income asset class.

Mr. Emerson provided background information on Credit Fixed Income, including its role in the total portfolio. Credit is represented by lower quality borrowers and has higher expected risk, return, and sensitivity to equity markets than Core Fixed Income. SCERS has a current allocation of 7% which is in line with the target weight. SCERS performance has been in line with the index, but disappointing overall since inception.

Staff spent 2022 reconsidering the role that Credit Fixed Income plays in the SCERS total portfolio. Staff came away from that project believing that allocating to credit is still worthwhile, but expectations should be more muted going forward. Staff does not expect meaningful excess return in the tradeable credit segments of high yield, bank loans and emerging market debt, so it will be imperative to invest in fee-appropriate vehicles. Private credit remains an advantageous segment of the asset class over the long-term.

Staff also reconsidered the strategy for emerging market debt and recommended changing the asset class index to be focused exclusively on external-denominated debt such as the US Dollar and eliminating the allocation to local currency-denominated debt. The rationale is that external debt offers a more consistent return premium while the performance of local debt is largely explained by currency fluctuations. This change would be adopted at year-end and implemented by removing the asset class index's existing 10% weight to the JPM GBI-EM Global Diversified Index and increasing the weight to the JPM EMBI Global Diversified Index from 10% to 20%.

There was discussion about the recommendation. Mr. Harvey would like to see an analysis on how the benchmark change impacts performance. Mr. Malinowski responded that staff would bring this analysis to an Investment Committee meeting in the first quarter along with a recommendation for an external debt fund managed by an existing or new manager.

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Jamie Carnell, the Investment Committee voted to adjourn the meeting at 1:30 pm. The motion passed unanimously (4-0).



Seattle City Employees' Retirement System

Investment Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle
(206) 386-1293

Minutes, Thursday, November 17, 2022

IC Members Present: Robert Harvey, Jr. (Chair), Judith Blinder, Sherri Crawford, Jamie Carnell, Kimberly Loving

IAC Members Present: Keith Traverse (Chair), Cathy Cao, Steve Hill, Dwight McRae

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Nina Melencio, George Emerson, Mengfei Cao, Leola Ross

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Phillip Nelson (NEPC), Lauren Albanese (Fin News), Matt Courtois (FAS), Kevin Balaod, Peter May (Arrowstreet Capital), Anne Luisi (Arrowstreet Capital), Yan Gao (Arrowstreet Capital)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 12:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the October 27, 2022 Investment Committee.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee approved the minutes from the October 27, 2022 Investment Committee meeting. The motion passed unanimously (4-0).

Market Outlook

Jason Malinowski welcomed the Investment Advisory Committee (IAC) members. Mr. Malinowski let the Investment Committee, IAC members, and staff know that the 2022 Consultant Review survey will be sent out after the meeting. Staff will be sharing the results at the January 26, 2023 Investment Committee meeting. The survey started last year to provide NEPC feedback.

(12:02 pm – Jamie Carnell joined the meeting)

Phil Nelson of NEPC presented an update on the market outlook and answered questions from committee members.

The 60/40 portfolio is on track for its worst annual return in history, exceeding the losses seen in 2008. Market expectations are that the Federal Reserve will do two additional 75 basis point rate hikes in the face of continued inflation pressures.

Mr. Nelson reviewed the key themes for investors and the strategic asset allocation outlook. Stagflation is a potential market concern as it challenges portfolio diversification and represents a headwind for equity valuations and profit margins. Europe's energy shock and China's zero-COVID policy are additional challenges.

Q3 2022 Quarterly Performance Report

Don Stracke of NEPC reviewed the performance report for the period that ended September 30, 2022. For the one-year period ending September 30, 2022, the fund returned -10.4% net of fees, moderately below the Strategic Policy Benchmark by 0.6%. Assets decreased from \$4.08 billion one year ago to \$3.47 billion for the period ended September 30, 2022.

The portfolio continued to perform well in the long run. Gross performance over the last 30 years of 7.0% is modestly above the current assumed rate of return of 6.75%. The 10-year return of 7.2% net of fees is also above the assumed rate of return and is outperforming the Passive Reference Benchmark.

Mr. Malinowski stated that there is a silver lining to recent negative asset performance. The higher level of real interest rates and cheaper equity markets mean that long-term return expectations have increased materially. That is good news for SCERS given the plan's long-lived liabilities. At the February 23, 2023, Investment Committee meeting, NEPC will walk through an update of capital market assumptions.

Public Equity Manager Recommendation

Staff recommended an investment of \$80 million in the Arrowstreet Global Equity Fund, a quantitative, all cap, core strategy invested in the global equity market. This investment would represent approximately 4% of the public equity asset class. The fund is managed by Arrowstreet Capital, L.P. ("Arrowstreet"). SCERS's investment would be sourced from the recent closing of the PIMCO Research Affiliates global equity account that is currently being held in cash and invested through the Russell Investments' overlay account.

Leola Ross and Mengfei Cao summarized the recommendation and reviewed the previous public equity deep dive, the diligence process, Arrowstreet organization, strategy, and fund terms. The fund's goal is to outperform the MSCI ACWI benchmark by at least 3% gross of fees consistently in different market environments, which it has done historically.

NEPC supports staff's recommendation. Don Stracke, NEPC, stated that Arrowstreet's global equity strategy is a preferred strategy on NEPC's Focused Placement List (FPL) with a top rating of 1.

(1:29 pm – Jamie Carnell left the meeting)

Peter May and Anne Luisi of Arrowstreet Capital provided background information on the firm and the fund and answered questions from investment committee and IAC members.

(1:58 pm – Kimberly Loving left the meeting)

The Investment Committee lacked a quorum to undertake the motion. Mr. Harvey asked staff to look into how best to proceed and report back at the Board meeting.

Adjourn Meeting

The meeting was adjourned at 2:00 pm.