



# Seattle City Employees' Retirement System

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

## Minutes, Thursday, July 14, 2022

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

**SCERS Staff Present:** Jeff Davis, Nina Melencio, Mengfei Cao, Selam Teklemariam, George Emerson, Leola Ross, Katie Lac

**Others Present:** Mike Monaco (MMPL), Brittany Smith (CLA), John Masterjohn (ARSCE), Matt Courtois (FAS), Lauren Albanese (Fin News), Melina Thung (ARSCE), Edie Jorgensen

### Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:00 am.

Chair Mosqueda congratulated trustee Glen Lee for his appointment as Chief Financial Officer for Washington DC. Mr. Lee stated that today is his last meeting with SCERS. His first day in Washington DC will be August 3, 2022. He stated that he is proud to have been affiliated with SCERS and that it is a first-class organization.

On behalf of SCERS, Mr. Davis thanked Mr. Lee for his service.

### Public Comment

There was no public comment.

### Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the July 9, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

<b>The following items represent normal expenses:</b>	
Pension Payroll	\$22,032,788.29
Office Payroll	371,509.39
Admin Expenses	230,742.12
Investment Expenses	1,962,103.97
<b>Total Expenses – June 2022</b>	<b>\$24,597,143.77</b>

*\*Includes estimated benefit costs*

<b>Retirements, Withdrawals, Other Payouts – June 2022</b>			
	<b>Count</b>	<b>Monthly Pension</b>	<b>Lump Sum Distribution</b>
Retirements	29	\$87,569.68	\$1,968,122.60
Withdrawals	22	n/a	\$258,947.36

**Motion:** Upon motion by Robert Harvey, Jr., seconded by Lou Walter, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (6-0).

### **Final Audit Report – Staff and CliftonLarsonAllen**

Brittany Smith of CliftonLarsonAllen (CLA) presented SCERS’s Final Audit Report for the year ended December 31, 2021.

Calendar year 2021 was the first year there was no lagged investments reported for SCERS’s alternative investments. Over the last year, SCERS worked with all of its stakeholders, including external investment managers, to come up with an improved reporting process eliminating the need for lagged investment reporting. This was in response to a material adjustment that was needed in calendar year 2020 due to better than expected returns in alternative investments.

New this year is page 12 of the audit report, which has been updated to reflect the new audit standards, including CLA communicating to the Board the areas they consider significant risks, but please note that these are not findings. These risks are the same as any other pension.

CLA also reports on Internal Controls, in 2021 they did not find any material weaknesses or significant deficiencies. Additionally, no new items were added to the management letter. Staff have done a good job correcting significant issues from the previous management letter.

**Motion:** Upon motion by Lou Walter, seconded by Glen Lee, the Board of Administration accepted the 2021 Year-End Audited Financial Statements as presented by Seattle City Employees’ Retirement System Staff and CliftonLarsonAllen, LLP. The motion passed unanimously (6-0).

### **Credited Interest**

Mr. Davis presented on Credited Interest. The new credited interest rate for contributions after December 31, 2011 is calculated by taking the average daily rate of the thirty-year treasury bond. The credited interest rate is 2.2%, up from 1.75%. This interest gets applied to members’ contributions and is different than the returns we are expecting on the investment portfolio.

**Motion:** Upon motion by Judith Blinder, seconded by Robert Harvey, Jr., the Board of Administration set the 2023 credited interest rate on all employee contributions into the pension after December 31, 2011 at 2.20%. The motion passed 5-0-1 with Lou Walter abstaining.

### **Board Self-Evaluation**

Robert Harvey, Jr., led the discussion on the results of the 2021 Board Self-Evaluation and reviewed the questions that received lower ratings. Mr. Harvey noted that SCERS is doing well and there are less issues when things are going well.

Areas of improvement included spending more time and board members participating in discussion before a decision is made, board development, and board size and diversity. It was noted that SCERS has no control over the board size unless the City Council changes the Seattle Municipal Code.

*(11:00 am – Teresa Mosqueda left the meeting.)*

### **Investment Committee Report – June 30, 2022**

Jeff Davis reported on the June 30, 2022 Investment Committee meeting.

Jason Malinowski provided a market and portfolio update for the first half of 2022. Mengfei Cao and Mr. Malinowski presented the annual deep dive on the Real Estate asset class. AEW joined the meeting to talk about the real estate market. George Emerson presented the annual deep dive on the infrastructure asset class.

### **Executive Director Update**

There was no update.

### **Adjourn Meeting**

**Motion:** Upon motion by Glen Lee, seconded by Lou Walter, the Board of Administration voted to adjourn the meeting at 11:03 a.m. The motion passed unanimously (5-0).