



Seattle City Employees' Retirement System

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

Minutes, Thursday, January 13, 2022

This meeting was held virtually.

- Board Members Present: Teresa Mosqueda (Chair), Lou Walter, Robert Harvey, Jr., Judith Blinder, Sherri Crawford, Kimberly Loving
- SCERS Staff Present: Jeff Davis, Paige Alderete, Jason Malinowski, Nina Melencio, Leola Ross, George Emerson, Ronda Iriarte
- Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Kevin Baload (With.Intelligence), Michael Nagan (ARSCE), Matt Courtois (FAS), Lauren Albanese (FIN News), Tim Morrison (FAS)

Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:00 am. CM Mosqueda notified the Board that she has been re-appointed by the City Council as chair of the Finance and Housing Committee. The chair of the City's Finance and Housing Committee is also the chair of the SCERS Board of Administration.

Public Comment

There was no public comment.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the December 9, 2021 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$20,083,703.20
Office Payroll	370,679.77*
Admin & Investment Expenses	2,132,220.17
Total Expenses – December 2021	\$22,586,603.24

**includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – December 2021			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	20	\$62,752.83	\$875,181.70
Withdrawals	21	n/a	\$522,836.54

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

Deep Dive – Member Communication

Paige Alderete presented the SCERS Member Communications Deep Dive. Overview included SCERS’s mission, vision and values, recap of 2021 working environment, member communication focus areas, results of the member satisfaction survey and member communication goals for 2022. SCERS tracks progress over five key areas: 1) access to information, 2) clear & consistent communications, 3) pro-active & educational communications, 4) service request response times, and 5) cross department & agency communications.

Members can view their accumulated interest, years of service, and utilize a benefit estimator tool through the Member Self-Service (MSS) portal. In 2021 there are 7,147 users of the portal compared to 4,285 users in 2020. Visits have increased significantly to the SCERS website. New online resources have been added to SCERS’s website to address work status changes, such as retirements or separating from City employment. Common forms have been converted to Adobe Sign documents so that members can complete and submit the form online and the website is updated on a regular basis with new content.

In 2021, SCERS conducted 33 member seminars. Staff conducted a member satisfaction survey to pro-actively receive feedback and suggestions for improvement from both Active and Retired members. Retired members are more satisfied with SCERS than Active members. The speed of SCERS’s response and completion of services is the biggest improvement area for both the Active and Retired populations.

Member communication goals for 2022 include hiring two new staff members for the member services team, addressing responsiveness and speed, reducing the service request back-log, offering additional online resources for members, and to conduct the Member Satisfaction Survey on a regular basis.

Executive Director Update

Jeff Davis previewed the agenda items for the next few board meetings.

Milliman will be conducting the experience study this year. At the February board meeting, Milliman will talk about economic assumptions, give a preliminary analysis, and get feedback from the board. At the March board meeting, Milliman will be back to discuss demographics and make final decisions on the economic assumptions that will feed into the valuation study. NEPC will review capital assumptions at the January Investment Committee meeting.

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration voted to adjourn the meeting at 10:46 a.m. The motion passed unanimously (5-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, February 10, 2022

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

SCERS Staff present: Jeff Davis, Paige Alderete, Jason Malinowski, Nina Melencio, Selam Teklemariam, Mark Schimizze, Mengfei Cao, George Emerson

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Nick Collier and Julie Smith (Milliman), Tim Morrison (FAS), Tom Mikesell Joe Ebisa (With. Ingelligence), Matt Courtois, Patricia Kirkness (ARSCE), Mike Nagan (ARSCE), Edie Jorgensen (ARSCE), Richard Jewett

Call to Order

Robert Harvey, Jr. called meeting to order at 10:01 am

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the January 13, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$19,111,025.45
Office Payroll	238,125.49*
Admin & Investment Expenses	1,320,995.98
Total Expenses – January 2022	\$21,811,248.93

**includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – January 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	32	\$111,777.76	\$1,286,648.21
Withdrawals	5	n/a	\$68,465.18

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (5-0).

Experience Study Introduction

Nick Collier and Julie Smith of Milliman discussed the upcoming experience study, which is conducted every four years, gave a timeline of future presentations, and answered questions from Board members. The goal is to adopt the assumptions to be used in the 2022 valuation at the March 10, 2022 Board of Administration meeting and make a decision on the recommended employer contribution rate for 2023 at the May 12, 2022 Board of Administration meeting.

The current inflation assumption is 2.75%. Milliman will recommend an inflation assumption between 2.5% and 2.75%. NEPC includes inflation as a component of investment return.

(10:08 am – Teresa Mosqueda joined the meeting)

There was a discussion on payroll growth and historical active member growth.

(10:13 am – Lou Walter joined the meeting)

SCERS's current assumption is 7.25% net of investment expenses. The 30-year expected return for NEPC has declined from 7.6% to 6.8% since the time of the last experience study in 2018.

Milliman will likely recommend that SCERS lower the investment return assumption. In 2018, about 75% of large public retirement systems had a return assumption of 7.25% or greater. In 2022, less than half have a return assumption of 7.25% or more.

If the investment return assumption is lowered the short-term impact will be higher employer contribution rates and lower reported funded ratio. The long-term impact is that it would be easier to recover from a bad experience, SCERS would be better funded, and employer rates and total dollar contributions will ultimately be lower (although it would be more than 10 years in the future).

Milliman's preliminary recommendations include:

- Lower the investment return assumption from 7.25% to between 6% to 7%. Their preference is 6.75%
- Increase the inflation assumption from 2.5% to 2.75%
- Decrease population growth (active members of SCERS) from 0.5% to 0.0%
- Increase wage growth from 0.75% to 1.0%

Mr. Lee requested additional information on Milliman's suggestion of smoothing the contribution rate over the four-year period until the next experience study.

Investment Committee Report – January 27, 2022

Jason Malinowski reported on the January 26, 2022 Investment Committee meeting. There were two agenda items. NEPC presented on their capital market assumptions and market themes. Staff gave their annual presentation looking back at activity from the prior year and what the team are planning for in 2022.

Administrative Committee Report – January 27, 2022

Jeff Davis reported on the January 27, 2022 Administrative Committee meeting. The committee reviewed the board self-evaluation questions. The self-evaluation will be sent to the board via Survey Monkey this year.

The committee also discussed the 2021 Executive Director evaluation timeline. The Conflicts of Interest policy was up for its three-year review. The committee recommended that the Board reaffirm the policy.

Motion: Upon motion by Robert Harvey, Jr., seconded by Sherri Crawford, the Board of Administration accepted the Administrative Committee's recommendation to reaffirm the Conflicts of Interest for Managers and Placement Agents Policy. The motion passed unanimously (7-0).

Executive Director Update

Mr. Davis let the Board know that we will be conducting Trustee Elections this year. The open seat is for an active member seat currently filled by Ms. Blinder. The candidacy period will be April 14-28, 2022. If we have more than one candidate, elections will be held May 12 through June 6, 2022. The winner of the election will be announced at the June 9, 2022 Board of Administration meeting.

It was noted that the Public Comment section of the agenda was left out. Ms. Mosqueda asked attendees if any of them needed to make public comment. There was no public comment.

There was a question on when meetings will return to on-site. CM Mosqueda stated that the City Council does not have a date for in-person meetings. Gary Smith, City Attorney's Office, stated that the Governor's order remains in effect which allows for on-line meetings. He does not expect it will change in the near future.

(11:00 am – Teresa Mosqueda leaves the meeting)

Executive Session – Actual or Pending Litigation/Quasi-judicial matter

The Board entered into Executive Session at 11:00 a.m. for approximately 30 minutes to discuss actual or pending litigation/quasi-judicial matter.

At 11:32 a.m., Mr. Davis announced in regular session that Executive Session will be extended for 30 minutes. Executive Session ended at 11:51 a.m.

Mr. Harvey entertained a motion regarding the issue of actual or pending litigation.

Motion: Upon motion by Robert Harvey, Jr., seconded by Sherri Crawford, with regard to the pending appeals by members of their repayments of overpaid benefits under Option F, the Board of Administration determined that great financial hardship has not been shown and that the members appealing will continue to have future benefits reduced by 25% throughout their lifetimes. There will no further collection of these overpayments after these members' deaths. The motion passed unanimously (6-0).

Adjourn Meeting

Motion: Upon motion by Glen Lee, seconded by Judith Blinder, the Board of Administration voted to adjourn the meeting at 11:53 a.m. The motion passed unanimously (6-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, March 10, 2022

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

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

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Nick Collier and Julie Smith (Milliman), Melina Thung (ARSCE), Joe Ebisa (Journalist with With.Intelligence), Matt Courtois (FAS), Tim Morrison (FAS), Lauren Albanese (Financial Investment News), Tom Mikesell (LEG), John Talbot, Erin House (LEG)

Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:01 am.

Public Comment

Melina Thung of the Association of Retired Seattle City Employees (ARSCE) asked that the public have continued access to the Board meetings. Members of ARSCE have attended the meetings and enjoyed hearing the presentations and discussions.

On behalf of ARSCE, Ms. Thung asked that the Board review the cost-of-living adjustment (COLA) for retirees. Retirees are having difficulty managing with the 1.5% increase.

Mr. Davis stated that the board meetings will eventually evolve into a hybrid model once in-person meetings start. Staff are working on the technical details, but he assured Ms. Thung that an online presence will remain.

Mr. Davis responded to the concern about the COLA. There is a floor COLA that kicks in at 65% purchasing power. Staff can do an analysis to show the Board how the population looks approaching the floor COLA.

Mr. Davis indicated that staff received requests from members Brad Larson and Timothy Terrill requesting that SCERS divest from Russian investments. Staff responded to Mr. Larson and Mr. Terrill that SCERS will fully comply with any economic sanctions imposed by the US government that could lead to divesting of certain Russian securities.

SCERS has no direct investments in Russia and limited investments in four comingled funds which equate to 0.1% of the total portfolio. SCERS's managers are actively monitoring the situation. Staff will keep the Board updated.

CM Mosqueda asked what other governments were doing to address Russia. Mr. Davis replied that staff will have more information in the quarterly ESG update in the April meeting.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the February 10, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$21,006,042.32
Office Payroll	372,763.04*
Admin Expenses	125,708.35
Investment Expenses	440,711.75
Total Expenses – February 2022	\$21,945,225.46

**includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – February 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	39	\$119,379.79	\$1,979,102.39
Withdrawals	28	n/a	\$889,831.66

Motion: Upon motion by Judith Blinder, seconded by Robert Harvey, Jr., the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (7-0).

Experience Study Report/Adoption of Assumptions

Nick Collier and Julie Smith of Milliman presented the 2018-2021 Investigation of Experience and answered questions from the Board. The purpose of the report is for the Board to adopt assumptions that are to be used in the January 2022 Actuarial Valuation.

Milliman studied the period from January 1, 2018 through December 31, 2021. There are two types of assumptions:

- Demographic
- Economic

Estimates for future results are based on experience, future expectations, and professional judgement. Milliman observed fewer retirements than expected during the four-year time period. There was a good spike in 2021, but there was a decline in 2020, probably due to the pandemic.

Future return expectations from investment consultants are almost universally lower at the end of 2021 than at the time of the last experience study. Milliman also observed that significant outperformance tends to be followed by underperformance.

Milliman's proposed assumptions include:

- Inflation Reduce from 2.75% to 2.6%
- Investment Return Reduce from 7.25% to 6.75%
- Membership Growth Reduce from 0.5% to 0.0%

There was discussion on the recommended assumptions. Mr. Lee requested that the membership growth be 0.25% to reflect the past 10 years' experience. He also amended the motion to request staff and Milliman provide an analysis of recognizing the immediate impact of these assumptions versus smoothing the contribution rate when the valuation report is presented.

Motion: Upon motion by Glen Lee, seconded by Teresa Mosqueda, the Board of Administration accepted the assumption recommendations in Milliman's 2018-2022 Investigation of Experience including modifications to the following assumptions: 1) Investment return of 6.75%; 2) Consumer Price Inflation of 2.6%; and 3) Active membership growth of 0.25%. The effective date of these changed assumptions will be January 1, 2023. The Board directed an analysis of recognizing the immediate impact of assumptions changes versus contribution rate smoothing be presented along with the valuation report. The motion passed unanimously (7-0).

2021 SCERS Progress Report

Paige Alderete reviewed the 2021 SCERS Progress Report.

Investment performance for 2021 exceeded the actuarial rate of return of 7.25%. The funding ratio is up from 76% to approximately 84% on mark to market basis. Staff implemented an improved reclaim process for overpayments and recovered \$186,960 of overpayments.

SCERS generally maintained the volume of services it provided to members. Member Self-Service portal usage and SCERS website usage increased significantly in 2021.

Ms. Alderete also reviewed the 2021 training opportunities for staff and Board members; and stakeholder access to information regarding their benefits and services.

Board members gave kudos and appreciation to SCERS staff for work well done during challenging times.

Investment Committee Report – February 24, 2022

Jason Malinowski gave the Investment Committee (IC) Report for the meeting held on February 24, 2022.

There were three agenda items at this meeting. The Investment Advisory Committee (IAC) delivered their annual report; NEPC presented the fund's quarterly update for Q4 2021; and there was recommendation to invest \$80 million in a US core plus real estate strategy (Carlyle Property Investors). The recommendation follows SCERS placing a full redemption from Heitman American Real Estate Trust in late 2021. The IC approved the motion to invest in Carlyle Property Investors (CPI) with a 4 to 2 vote.

Some IC members expressed concern with SCERS investing in the single-family rental home sector which currently has a 19% allocation in CPI. Staff was asked to return to the March board meeting with additional information on the single-family rental home sector. Mr. Malinowski provided background on the sector and reviewed the investment qualities that have attracted institutional investors.

There was discussion amongst the board about the social equity, financial stability, and potential regulatory risk of the single-family rental home sector.

CM Mosqueda asked whether it was urgent to decide at today's meeting. Mr. Malinowski responded that it is urgent because Carlyle is closing the fund to new investors at the end of the month given that it has a large amount of pending contributions that need to be invested. If the Board does not move forward with CPI, then staff would invest the Heitman redemption proceeds with SCERS's two existing core real estate funds.

CM Mosqueda asked for a delay in the vote given her expressed concerns of potential regulation of the single-family rental homes and the negative impact on communities.

Motion: Upon motion by Teresa Mosqueda, seconded by Glen Lee, the Board of Administration voted to delay consideration of the Investment Committee's recommendation to commit up to \$80 million to Carlyle Property Investors until fall of 2022. The motion passed unanimously (7-0).

Administrative Committee Report – February 24, 2022

Mr. Davis reported on the February 24, 2022 Administrative Committee meeting. There were several agenda items including the board self-evaluation and the executive director evaluation process.

As part of the three-year review, the Administrative Committee also recommended that the Board reaffirm the Board of Administration Charter.

Motion: Upon motion by Robert Harvey Jr., seconded by Sherri Crawford, the Board of Administration accepted the Administrative Committee's recommendation to reaffirm the Board of Administration Charter. The motion passed unanimously (7-0).

Executive Director Update

Mr. Davis stated that the ESG Program 2.0 will kick off at the April Board meeting. Staff are looking on building upon the great work that is already being done.

He reminded the Board that the NCPERS annual conference will be in-person this year in Washington D.C. Interested board members should contact him.

There is a trustee election this year for the active member seat currently being held by Judith Blinder. A notice of election will be posted in the Daily Journal of Commerce, in the Member Self-Service Portal, on SCERS's website, and sent out with member statements and a retiree letter.

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Glen Lee, the Board of Administration voted to adjourn the meeting at 12:21 pm. The motion passed unanimously (7-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, April 14, 2022

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

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

Others Present: Mike Monaco (MMPL), Cyril Espanol (With.Intelligence), James Warren (SDOT), Elizabeth Paschke (ARSCE), Lauren Albanese (FIN News), Caroline Walker, Matt Courtois (FAS), Tom Mikesell (LEG), Tim Morrison (FAS), Guy Oron (Real Change News)

Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:01 am

Public Comment

SCERS retiree Caroline Walker provided public comment requesting that the Board consider reporting pay for retired employees to The Work Number of TALX Corporation. Ms. Walker stated SCERS not reporting retirement pay for retirees may hinder their opportunity at obtaining housing, loans, etc.

Staff will do some research and get back to Ms. Walker as well as the Board.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the March 10, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$22,477,442.10
Office Payroll	375,804.98*
Admin Expenses	313,163.08
Investment Expenses	1,536,299.51
Total Expenses – March 2022	\$24,702,709.67

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – March 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	21	\$62,909.23	\$424,217.76
Withdrawals	25	n/a	\$1,084,057.69

Motion: Upon motion by Glen Lee, seconded by Judith Blinder, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (6-0).

ESG 2.0 Presentation and Q1 2022 Update - Staff

Leola Ross presented staff's proposal for the next iteration of SCERS's Environmental, Social and Governance (ESG) program. The proposed enhancements to the program were first shared with the Board at the December 9, 2021 Board meeting. The goal is to reflect the enhancements in the ESG policy when the policy is up for its three-year review cycle this spring. Staff intends to work with the Administrative Committee (AC) at the April and May AC meetings before bringing the policy back to the full board at the June 9th meeting.

The proposed ESG program integrates financially-material ESG factors into SCERS's investment process and pursues positive action strategies focused on climate change and diversity, equity, and inclusion (ESG). The existing ESG program is limited to the climate positive action strategy, which would also be enhanced by becoming more assertive in company voting and engaging and placing a greater emphasis on policy advocacy.

Dr. Ross reviewed the sources and trends in greenhouse gas emissions and the physical and transition risks related to climate change that apply to investment portfolios. Climate change poses a systemic risk to investment portfolios due to its profound and uncertain impact on the real economy. SCERS's portfolio is expected to perform very poorly over the long-term if climate change is unaddressed due to high realized physical risk. SCERS's Climate Action Positive Action Strategy has a goal to improve investment portfolio outcomes by contributing to the successful decarbonization of the real economy. SCERS will work towards the goal by company voting and engaging; policy advocacy; and sustainability investments.

Diversity is the underpinning of the SCERS portfolio across its allocation, strategies, and individuals. SCERS DEI Positive Action Strategy's goal is to improve investment portfolio outcomes by harnessing the superior decision-making of diverse teams. SCERS will work towards the goal by company voting and engaging, and manager research.

Integrating financially-material ESG factors into SCERS's investment process is expected to improve portfolio outcomes. ESG risks and opportunities are considered as part of a holistic assessment that is primarily focused on manager research, although climate change is factored into strategic asset allocation. Dr. Ross provided case studies of how ESG risks and opportunities had been evaluated for several investment managers.

Board members commented about differences in company engagements across countries, the challenges of diversity in the investment industry and trends in greenhouse gas emissions.

Ms. Mosqueda suggested that SCERS have an independent analysis of climate change conducted on the portfolio as New York City had done, and suggested FFI as a potential consultant.

Ms. Ross responded that FFI is focused on transition risk, but that it is physical risk that is more concerning for SCERS's portfolio. Mr. Davis added that NEPC had analyzed the impact of climate change on SCERS's portfolio a few years ago and it may make sense to revamp that analysis in advance of the strategic asset allocation that is scheduled for 2023. Ms. Blinder was in support of Mr. Davis' suggestion and stated that strategic asset allocation is the major driver of portfolio return.

Ms. Mosqueda expressed her preference to conduct the climate-related analysis before updating the ESG policy. Mr. Davis responded that the proposed ESG program is in no way inconsistent with a later analysis of the impact of climate change on the portfolio.

Due to the length of time of this discussion, the Q1 2022 ESG Update was deferred to a later board meeting.

Investment Committee Report – March 31, 2022

Mr. Malinowski reported that there were two items on the Investment Committee agenda for March: a refresh of the manager research process and a recommendation to commit up to \$30 million to Horsley Bridge Venture 14, a venture capital fund-of-funds strategy.

Motion: Upon motion by Robert Harvey, Jr., seconded by Glen Lee, the Board of Administration accepted the Investment Committee's recommendation to commit up to \$30 million to Horsley Bridge Venture 14, pending satisfactory legal review. The motion passed unanimously (6-0).

Administrative Committee Report – March 31, 2022

Mr. Davis stated that the Administrative Committee discussed the Investment Committee and Administrative Committee charters as part of the three-year charter review. The committee supported adding language to spell out the role of the committee chair. Both charters were tabled for a future meeting after proposed language has been added.

Motion: Upon motion by Robert Harvey, Jr., seconded by Sherri Crawford, the Board of Administration accepted the Administrative Committee's recommendation to reaffirm the Credit Interest Policy for Members. The motion passed unanimously (6-0).

Executive Director Update

Mr. Davis stated that SCERS will be accepting candidacy documents through April 28, 2022 for the open trustee seat.

Executive Session was deferred to the May Board meeting due to lack of time.

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Robert Harvey, Jr., the Board of Administration voted to adjourn the meeting at 11:55 a.m. The motion passed unanimously (6-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, May 12, 2022

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

SCERS Staff Present: Jeff Davis, Jason Malinowski, Nina Melencio, Mark Schimizza, Leola Ross, George Emerson, Mengfei Cao, Selam Teklemariam, Katie Lac, Michiko Togashi

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Michael Nagan (ARSCE), Frank NLN, Matt Courtois (FAS), Joe Ebisa (With.Intelligence), Alexandria Zhang (CBO), Tom Mikesell (LEG)

Call to Order

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

Public Comment

There was no public comment. Ms. Mosqueda shared that an advocacy group complimented staff for SCERS's corporate engagement on climate change.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the April 14, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$21,511,806.68
Office Payroll	403,019.09
Admin Expenses	341,324.24
Investment Expenses	399,470.93
Total Expenses – April 2022	\$22,655,620.94

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – April 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	21	\$62,909.23	\$424,217.76
Withdrawals	32	n/a	\$1,149,375.25

Motion: Upon motion by Lou Walter, seconded by Judith Blinder, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (7-0).

SCERS 2023-2024 Budget

Mark Schimzze presented the 2023-2024 Administrative & Operations budget for SCERS.

Staff proposed a budget of \$10.46 million for 2023 and \$10.40 million for 2024, which is an \$1.15 million increase in 2023 from the baseline budget and a \$64,000 decrease in 2024 from the 2023 budget. The proposal also includes an increase in staffing from 29 FTE to 30.5 FTE.

There was discussion on expenses versus revenue of the plan, forecasting on retirement trends, as well as discussion on potentially being more aggressive on staffing up. Staff will provide the Board more information on SCERS's revenues and expenses.

Motion: Upon motion by Lou Walter, seconded by Robert Harvey, Jr., the Board of Administration accepted the 2023-2024 Seattle City Employees' Retirement System budget, including any future internal service fund rate updates, for submission to the City Budget Office. The motion passed unanimously (7-0).

Board Training – Fiduciary Responsibility/Personal Liability and Open Public Meetings Act/City Ethics

Mike Monaco, of MMPL, provided an update to the board's training on Fiduciary Responsibility and Personal Liability.

Since the board's training in 2021, there has been more discussion on ESG investing. Under the Biden administration, new rules on ESG considerations in private pension plans are being proposed. The proposed rules are a more concrete way of doing ESG issues analysis but is consistent with what SCERS is already doing.

SCERS is subject to state law in which the Washington State Supreme Court has issued clear guidance on considering ESG investment actions

Gary Smith, of the City Attorney's Office, provided training on the Open Public Meetings Act (OPMA) and reviewed the City's Ethics Code.

SCERS's Board of Administration and its sub committees are subject to the OPMA. All meetings are open to the public, except for executive session. Meetings must have a quorum. Once there is a quorum, a meeting can occur in person, by phone, or by email exchange. Final action must always take place in an open public meeting even if deliberations occurred during closed session.

The City's Ethics code applies to City employees, contractors, and volunteers.

Investment Committee Report – April 28, 2022

Jason Malinowski followed up to Ms. Mosqueda’s comment during the Public Comment section. Staff have been having dialogue with an offshoot advocacy group of 350 Seattle who have recently shifted their focus from divestment to corporate engagement. Staff let them know that SCERS is supporting climate-related shareholder resolutions at several US banks, and they were appreciative for the information.

Mr. Malinowski reported that there were three motions at the April 28th Investment Committee meeting. Each is for a commitment to an existing manager where staff maintains high conviction. NEPC concurred with each recommendation.

Staff recommended a commitment of up to \$40 million to Arcmont Direct Lending Fund IV, a private credit strategy focused on lending to European middle-market companies.

Motion: Upon motion by Robert Harvey, Jr., seconded by Lou Walter, the Board of Administration accepted the Investment Committee’s recommendation to commit up to \$40 million to Arcmont Direct Lending Fund IV, pending satisfactory legal review. The motion passed unanimously (7-0).

Staff recommended a commitment of up to \$25 million to Brookfield Infrastructure Fund V (“BIF V”), a global and sector diversified infrastructure strategy.

Motion: Upon motion by Robert Harvey, Jr., seconded by Lou Walter, the Board of Administration accepted the Investment Committee’s recommendation to commit up to \$25 million to Brookfield Infrastructure Fund V, pending satisfactory legal review. The motion passed unanimously (7-0).

Staff recommends a \$20 million commitment to AG Asia Realty Fund V (“AG Asia V” or “Fund”), an Asian non-core real estate strategy.

Motion: Upon motion by Robert Harvey, Jr., seconded by Lou Walter, the Board of Administration accepted the Investment Committee’s recommendation to commit up to \$20 million to AG Asia Realty Fund V, pending satisfactory legal review. The motion passed unanimously (7-0).

Administrative Committee Report – April 28, 2022

Jeff Davis reported on the April 28, 2022 Administrative Committee. The committee approved recommendations to amend the Administrative Committee and Investment Committee charters to include language on the role of the committee chair. The Board of Administrative charter was also amended to include language that makes it clear that it is the Board’s responsibility to appoint committee chairs.

Motion: Upon motion by Robert Harvey, Jr., seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee’s recommendation to adopt the revised Administrative Committee Charter. The motion passed unanimously (7-0).

Motion: Upon motion by Robert Harvey, Jr., seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee’s recommendation to adopt the revised Board of Administration Charter. The motion passed unanimously (7-0).

Motion: Upon motion by Robert Harvey, Jr., seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee's recommendation to adopt the revised Investment Committee Charter. The motion passed unanimously (7-0).

The Administrative Committee also recommended that the Board reappoint Cathy Cao and Steven Hill to the Investment Advisory Committee for a new three-year term.

Motion: Upon motion by Lou Walter, seconded by Glen Lee, the Board of Administration accepted the Administrative Committee's recommendation to reappoint Cathy Cao and Steven Hill to the Investment Advisory Committee with a three-year term commencing July 1, 2022. The motion passed unanimously (7-0).

The committee also discussed the ESG policy. Discussions will continue at the May committee meeting with plans to bring the final recommendation to the June board meeting.

Executive Director Update

Mr. Davis stated that voting for the active member seat for the 2022 trustee elections started today. There are two candidates on the ballot: Judith Blinder and Maria Coe. Elections end on June 6, 2022.

Since in-person meetings will be required as of June 1st, we will begin having in-person board meetings at the June 9, 2022 board meeting. Some staff will physically be in the office for the meeting and members of the public may attend in-person. A virtual Web-ex option will remain available.

Executive Session for Evaluating the Performance of the Board, which includes public employees; Executive Session for Actual or Pending Litigation/Quasi-judicial matter

Executive Session started at 11:20 am and is anticipated to be 30 minutes.

Executive Session ended and regular session started at 11:52 am.

Motion: Upon motion by Kimberly Loving seconded by Glen Lee, the A Board of Administration denied Donald Tinker's request to recalculate his retirement benefits. The motion passed unanimously (7-0).

Motion: Upon motion by Kimberly Loving, seconded by Robert Harvey, Jr., the Board of Administration reapproved and reconfirmed the Seattle City Employees' Retirement System's practice of treating retroactive pay increases as earned based on the work performed and not when paid. The motion passed unanimously (7-0).

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Glen Lee, the Board of Administration voted to adjourn the meeting at 11:58 am. The motion passed unanimously (7-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, June 9, 2022

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

SCERS Staff Present: Jeff Davis, Paige Alderete, Jason Malinowski, Mengfei Cao, Leola Ross

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Nick Collier (Milliman), Julie Smith (Milliman), Michael Nagan (ARSCE), Matt Courtois (FAS), Alex Zhang (CBO), Tom Mikesell (LEG), Kevin Baloud (With Intelligence), Elizabeth Paschke (ARSCE), Lauren Albanese (Fin News), John Talbot, Edie Jorgensen (ARSCE)

Call to Order

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

Public Comment

There was no public comment.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the May 12, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$22,451,824.15
Office Payroll	369,618.98
Admin Expenses	272,612.17
Investment Expenses	1,830,199.43
Total Expenses – May 2022	\$24,924,254.73

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – May 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	37	\$123,309.64	\$2,157,377.12
Withdrawals	25	n/a	\$727,076.03

(10:05 am – Glen Lee arrived at the meeting.)

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

(10:08 am – Teresa Mosqueda left the meeting.)

Executive Director Update

Jeff Davis gave an update on the 2022 Trustee Elections for an active member seat. Incumbent Judith Blinder won the election with 60.4% of the votes.

Motion: Upon motion by Glen Lee, seconded by Sherri Crawford, the Board of Administration ratified the certification of election results as provided by Election Services Co. for the 2022 Board of Administration election for the active member seat; electing Judith Blinder to the Board of Administration for a three-year term (July 1, 2022-June 30, 2025). The motion passed 4-0-1 with Judith Blinder abstaining.

Administrative Committee Report – May 26, 2022

Mr. Davis reported on the May 26, 2022 Administration Committee. The committee reviewed the Private Funds Disclosure Exemption Policy and the ESG Policy. Both policies were approved for board action. The committee also reviewed the results of the 2021 Board Self-Evaluation

Motion: Upon motion by Sherri Crawford, seconded by Glen Lee, the Board of Administration accepted the Administrative Committee's recommendation to adopt the revised Private Funds Disclosure Exemption Policy. The motion passed unanimously (5-0).

Motion: Upon motion by Lou Walter, seconded by Sherri Crawford, the Board of Administration accepted the Administrative Committee's recommendation to adopt the revised ESG Policy. The motion passed unanimously (5-0).

Valuation Study and 2023 Actuarial Contribution Rate (ARC)

Nick Collier and Julie Smith from Milliman presented the 2022 Actuarial Valuation Report. They noted the Fund is currently 75% funded and the Actuarially Required Contribution for 2023 is 15.82%. There was discussion on setting the ARC at a higher rate of 16.1% versus 15.82% to minimize future increases in contributions by the City.

Earlier in the year, the idea of contribution smoothing was discussed to help mitigate an anticipated increase in the employer contribution rate due to the changed economic assumptions coming out of the Experience Study. However, since the ARC is lower than the current rate, there is not a strong argument for either contribution smoothing or to maintain the higher rate over approving the 15.82% ARC.

Motion: Upon motion by Glen Lee, seconded by Sherri Crawford, the Board of Administration accepted the January 1, 2022 Actuarial Valuation Report as presented by Milliman and recommended the City of Seattle set the rate of 15.82% as the employer contribution for 2023. The motion passed 4-1-0 with Robert Harvey, Jr. voting nay.

(10:57 am – Sherri Crawford and Glen Lee left the meeting.)

ESG Update for Q1 and Q2 2022

Leola Ross presented the ESG update for first and second quarter 2022 covering the Climate Change Positive Action Strategy. At today's meeting, the Board approved the revised ESG Policy, also known as SCERS ESG Program 2.0 which adds a Diversity, Equity, and Inclusion (DEI) Positive Action Strategy and ESG Process Integration.

Staff reviewed their shareholder advocacy activity which included various engagements with companies and regulators. Several of SCERS's investment managers made investments in green bonds and renewable energy, as well as improved portfolio company operations to lessen carbon emissions. Dr. Ross joined FFI Solutions' (formerly Fossil Free Indexes) Net Zero Transition Focus group at the invitation of the data provider.

Dr. Ross joined the leadership of the Western North America chapter of PRI as co-chair and was selected to join the CII Asset Owners Advisory Council. Staff attended and presented at several ESG industry conferences in the first half of the year.

Investment Committee Report – May 26, 2022

Jason Malinowski reported on the May 26, 2022 Investment Committee meeting. NEPC presented the first quarter 2022 performance report and staff presented a discussion on inflation and the annual Investment Risk Framework presentation.

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Robert Harvey, Jr, the Board of Administration voted to adjourn the meeting at 11:31 am. The motion passed unanimously (2-0).



Seattle City Employees' Retirement System

Board of Administration Meeting
Pacific Building, 720 3rd 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.

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

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – June 2022			
	Count	Monthly Pension	Lump Sum Distribution
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).



Seattle City Employees' Retirement System

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

Minutes, Thursday, August 11, 2022

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

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

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Kevin Balaod (With Intelligence), Mike Nagan (ARSCE), Lauren Albanese (Fin News), Matt Courtois (FAS)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 10:00 am

Jeff Davis introduced Jamie Carnell as SCERS's new trustee.

Public Comment

Mr. Davis stated that SCERS received written public comment from Aneta Molenda and Sara Perl Egendorf. Both expressed concerns with large rent increases at their Brooklyn apartment buildings that are owned by an operating partner of Caryle. Staff will reach out to Caryle and give the Board an update as part of the Q3 2022 ESG Update.

(10:01 a.m.- Sherri Crawford joined the meeting.)

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the July 14, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$22,681,307.80
Office Payroll	397,046.20
Admin Expenses	299,615.67
Investment Expenses	696,774.59
Total Expenses – July 2022	\$24,074,744.26

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – July 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	31	\$95,863.28	\$2,414,142.27
Withdrawals	41	n/a	\$1,354,855.20

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

SCERS 2021 Annual Report to Members – Staff

Paige Alderete and Mark Schimizza presented the 2021 Annual Report to Members which provides a summary of SCERS's financial health, investment performance and key accomplishments for the last calendar year.

Benefits paid to retirees was \$223 million in 2021 compared to \$214 million in 2020. In 2021, the fund had 19,619 members up from 19,356 in 2020.

By the end of 2021, SCERS was managing \$4.1 billion in investments compared to \$3.4 billion in 2020. Funding status is steadily increasing. The funding status as of 2021 was 75%, up from 71.6% in 2020. Over the last five years, SCERS's investments have performed similar to the benchmark that reflects the target strategic allocation. SCERS plans on being full funded by 2042.

The Member Self-Service Portal was rolled out in 2020. By the end of 2021, there were over 7,100 members using the portal which is 3,000 more users than in 2020. The portal provides members with direct access to their retirement information, including a benefit calculator which calculates an unmodified benefit. In future years, there are plans to make the calculator more robust by providing an estimate for other options.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted and approved the 2021 Annual Report for Members as presented by Seattle City Employees' Retirement System Staff. The motion passed unanimously (6-0).

Investment Committee Report – July 28, 2022

Jason Malinowski reported on the July 28, 2022 Investment Committee meeting. There were two agenda items.

Sara Samuels of NEPC presented on NEPC's manager research framework. Leola Ross and Mengfei Cao provided a deep dive into the public equity asset class.

Staff recommended closing the global equity account managed jointly by PIMCO and Research Affiliates, which represents \$174 million as of June 30, 2022.

(10:20 am – Lou Walter left the meeting.)

The primary reason for this recommendation is that the strategy has a deep value tilt, which makes it suboptimal given a desire to have a more factor-neutral public equity allocation. There are also manager-specific concerns including turnover on the Research Affiliates team, weaknesses identified in the investment process, and complexities introduced by the partnership between PIMCO and Research Affiliates. The redemption proceeds will be invested passively through the Russell overlay program while staff and NEPC conduct a manager search.

NEPC concurred with staff's recommendation.

Motion: Upon motion by Sherrri Crawford, seconded by Judith Blinder, the Board of Administration accepted the Investment Committee's recommendation to close the PIMCO Research Affiliates Enhanced Equity account. The motion passed unanimously (5-0).

Administrative Committee Report – July 28, 2022

Mr. Davis reported on the July 28, 2022 Administrative Committee (AC) meeting. There were three agenda items: discussion on committee chair assignments, SCERS Staff Engagement and Satisfaction survey results; and a discussion on New Trustee Onboarding.

The committee discussed a process to formally appoint committee chairs. Terms for the chairs of the Investment Committee and Administrative Committee would be two years starting on January 1st. A process would be run in the fall by the AC.

Staff shared the results of the 2022 Staff Engagement and Satisfaction Survey. The last survey was conducted in 2019. Results for 2022 were slightly lower than in 2019. Management is working with staff to address stress and frustration due to workload.

There was a discussion about the New Trustee Onboarding process, including putting more of an emphasis on fiduciary responsibility and the distinction between what the Board does and what staff do. The changes were implemented with Jamie Carnell's onboarding process.

Ms. Carnell stated that the onboarding was very thorough.

Executive Director Update

Mr. Davis shared that the Experience Study was updated earlier in 2022. Changes to the assumptions take effect January 1, 2023. These changes will have some impact on members who are looking to retire in 2023, particularly those who qualify for 2x match. The changes do not impact members who have already retired.

Paige Alderete stated that SCERS is already proactively communicating with members regarding the assumption changes. A detailed notice and FAQs have been added to the SCERS website to help members understand the upcoming changes and assess if they will be impacted. The new assumptions were added to V3 as soon as they were received from the actuaries, ensuring estimates reflected the changes to members earlier than ever before. Staff are also communicating directly with the members who are the most impacted.

(10:29 a.m. – Lou Walter rejoined the meeting.)

The biggest impact is on Plan 1 members who have 2x match benefit. The City matches projected contributions with 2x match benefit (annuity). It is a more generous benefit and relies on the mortality table and assumed rate of return. The rate of return has decreased from 7.25% to 6.75%. That decrease has an impact. Options for these members includes to retire earlier (prior to January 1, 2023), to work longer, or to accept the change in their estimated benefit.

Quasi-judicial/Expected Litigation to review Disability Retirement Application

Quasi-judicial/expected litigation to review a Disability Retirement Application began at 10:34 am and is expected to last 20 minutes.

The board return to public session at 10:42 a.m.

Motion: Upon motion by Lou Walter, seconded by Kimberly Loving, the Board of Administration affirmed the conclusion of the independent medical examination and approved the retirement disability application of Cheryl Burwell. The motion passed unanimously (6-0).

Adjourn Meeting

Motion: Upon motion by Sherry Crawford, seconded by Judith Blinder, the Board of Administration voted to adjourn the meeting at 10:43 a.m. The motion passed unanimously (6-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, September 8, 2022

Board Members Present: Robert Harvey, Jr. (Chair), Judith Blinder, Jamie Carnell, Lou Walter, Kimberly Loving

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

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Phillip Nelson (NEPC), Elizabeth Paschke (ARSCE), Joe Ebisa, Lauren Albanese, Matt Courtois, "Kevin"

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 10:00 am.

Public Comment

Elizabeth Paschke, representing the Association of Retired Seattle City Employees (ARSCE), provided public comment requesting that the Board review increasing the cost-of-living adjustment (COLA) for retirees which is currently at 1.5%.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the August 11, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$23,257,291.47
Office Payroll	385,741.42
Admin Expenses	438,466.88
Investment Expenses	557,075.44
Total Expenses – August 2022	\$24,638,575.21

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – August 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	38	\$96,286.96	\$1,364,081.48
Withdrawals	31	n/a	\$1,330,905.45

Motion: Upon motion by Jamie Carnell, seconded by Judith Blinder, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (5-0).

Semi-Annual ESG Update – Staff

Leola Ross presented the semi-annual ESG update. The ESG Policy was recently updated that resulted in changing the frequency of ESG updates to the Board from quarterly to semi-annually.

Dr. Ross provided an update on the climate positive action strategy. Staff continues to engage with several companies through the Climate Action 100+ initiative. Notably, Southern Company improved their disclosure of Scope 3 emissions and revenue associated with low-carbon power generation. SCERS also wrote a letter to the Securities and Exchange Commission supporting its proposal for improved climate disclosure from public companies. SCERS-invested managers are carefully evaluating the Inflation Reduction Act (IRA) which is expected to be a landmark pivot-point in U.S. policy action to combat climate change. Sustainability themes like renewable energy, battery storage, green real estate, and clean infrastructure are bolstered by these policy advancements.

Dr. Ross also provided an update on the diversity, equity, and inclusion positive action strategy, which was recently formalized in the ESG Policy. Jason Malinowski attended the Investment Diversity Advisory Council (IDAC) kick off meeting in Atlanta. IDAC is a collaborative effort of consultants, asset owners, diverse and emerging asset managers, and majority non-diverse asset managers seeking to improve investment outcomes by improving diversity across the investment industry. Staff have been active participants in the Charter of Principles, IDAC Governance, DEI Disclosure Standards Working Groups, and the Nomination Committee. The organization was founded in large part due to the extensive efforts of NEPC.

Mr. Malinowski provided follow-up information to the Board regarding public comment at the August Board from two tenants in Brooklyn, and a bill introduced by Representative Adam Smith in July called the Saving Homes from Acquisition by Private Equity Act (SHAPE).

ESG Annual Consultant Review – NEPC

Phil Nelson, Head of Asset Allocation at NEPC, focused the ESG annual consultant review on recent updates and findings of their climate change policy scenarios. In 2019, staff worked with NEPC on the first version of the climate change scenarios, which Mr. Nelson presented to the Board at that time.

The goal of the climate change scenarios is to reveal the long-term investment implications of climate change and the impact on capital markets. Climate change risk factors include weather events, temperature extremes, water availability, food security and coastal impact. NEPC believes that higher levels of climate change will lead to greater inflation, as economic inputs become scarcer.

NEPC’s scenarios are not a forecast but represent an exercise to highlight how climate change can potentially impact key discount factors and risk premia across the capital markets. Scenarios include:

- Dystopian (5° C) – nations reverse current policies that mitigate greenhouse gas emissions

- Indifference (3.5° C) – current mitigation policies in place, nothing changes
- Aspirational (2.5° C) – policy pledges are implemented to lower greenhouse gas emissions
- Innovation (1.5° C) – revolutionary technologies across industries reduce greenhouse gas emissions

SCERS's performance over a 30-year horizon is expected to be weakest in the Dystopian scenario and strongest in the Innovation scenario. NEPC recommends that clients engage with companies, policymakers, and the investment community to address climate change risk factors.

Investment Committee Report – August 25, 2022

Jason Malinowski reported on the August 25, 2022 Investment Committee meeting. There were no voting items at this meeting. NEPC provided their Q2 2022 performance update. The first half performance was negative in line with the benchmark and other public pension plans. George Emerson and Mengfei Cao presented a deep dive on the core fixed income asset class.

Executive Director Update

Mr. Harvey announced that he and his wife will be relocating to California the first quarter of 2023. Mr. Harvey is the appointed member of the board of administration. This is not an elected position, and the trustee is selected by the six other board members.

Mr. Davis stated that the Board will need to discuss the process on selecting the appointed member of the Board of Administration. The discussion will begin at the September Administrative Committee meeting.

Adjourn Meeting

Motion: Upon motion by Lou Walter, seconded by Jamie Carnell, the Board of Administration voted to adjourn the meeting at 11:30 am. The motion passed unanimously (5-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, October 13, 2022

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

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Nina Melencio, Mark Schimizze, Sunny Gill, George Emerson, Michiko Togashi, Selam Teklemariam, Mengfei Cao, Leola Ross, Lucas Schmidt

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Kevin Balaod (With Intelligence), Matt Courtois (FAS), Lauren Albanese (Fin News), Edie Jorgensen (ARSCE), John Masterjohn (ARSCE)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 10:00 am.

Public Comment

There was no public comment.

Administrative Consent Agenda

The following items represent normal expenses:	
Pension Payroll	\$22,195,919.20
Office Payroll	207,436.76
Admin Expenses	231,793.21
Investment Expenses	1,424,923.37
Total Expenses – September 2022	\$24,060,072.54

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – September 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	30	\$79,867.66	\$633,686.17
Withdrawals	22	n/a	\$1,306,367.93

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

Discussion – Process for Selecting Appointed Trustee

Robert Harvey, Jr., is the current appointed trustee and has announced that he will be leaving the board next year to move to California with his wife. Mr. Harvey will stay on the board until June 30, 2023 when his term expires.

The Administrative Committee began working on a process to select the appointed member of the board. The appointed board member is selected by the other six Board members and cannot be a City employee, a retired City employee, and cannot be a member of SCERS. Mr. Harvey reviewed the draft process with the rest of the board and solicited feedback.

There was a discussion on the desired qualities of applicants. Board members were supportive of the appointed member having the ability to attend 80% of all meetings during the three-year term. There was also agreement to keep the field of applicants more open and not require a college degree if the applicant had experience or an understanding of investments as well as the understanding of fiduciary responsibility.

The Administrative Committee will finalize the process at its next meeting.

Investment Committee Report – September 29, 2022

Jeff Davis reported on the September 29, 2022 Investment Committee meeting. There were no voting items at this meeting. NEPC gave the labor market update. George Emerson presented the Cost and Fee Analysis, and Jason Malinowski presented a deep dive on the overlay program.

Administrative Committee Report – September 29, 2022

Jeff Davis reported on the September 29, 2022 Administrative Committee meeting. The committee members discussed the appointed trustee selection process.

They also talked about the selection of new committee chairs for the Investment Committee and Administrative Committee and to synchronize the start of the chair terms with new trustees which begins July 1st.

Executive Director Update

There was no update.

Executive Session – Actual or Pending Litigation/Quasi-judicial matter

The Board entered Executive Session at 10:15 am to discuss actual or pending litigation/quasi-judicial matter and anticipates being in Executive Session for 30 minutes.

The Board reconvened to regular session at 11:02 am.

Motion: Upon motion by Jamie Carnell, seconded by Judith Blinder, the Board of Administration disallowed Roth account fund transfers from the City of Seattle Deferred Compensation Plan for service credit buybacks. The motion passed unanimously (6-0).

Adjourn Meeting

Motion: Upon motion by Lou Walter, seconded by Judith Blinder, the Board of Administration voted to adjourn the meeting at 11:05 am. The motion passed unanimously (6-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, November 10, 2022

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

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

Others Present: Gavin Parr (MMPL), Gary Smith (City Attorney's Office), John Masterjohn (ARSCE), Joe Ebisa (With.Intelligence), Elizabeth Paschke (ARSCE), Nick Pealy, Matt Courtois (FAS), Ann Beard, Lauren Albanese (Fin News), Edie Jorgensen (ARSCE)

Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:06 am.

Public Comment

There was no public comment.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the October 13, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$20,980,483.73
Office Payroll	373,016.72*
Admin Expenses	127,597.18
Investment Expenses	846,941.34
Total Expenses – October 2022	\$22,328,038.97

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – October 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	44	\$122,172.25	\$1,153,751.75
Withdrawals	19	n/a	\$573,570.25

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

Investment Committee Report – October 27, 2022

Jason Malinowski reported on the October 27, 2022 Investment Committee meeting. He reminded board members that the November Investment Committee will be held next week on November 17th due to the upcoming Thanksgiving Holiday. At that meeting, Q3 2022 fund performance will be reviewed.

Agenda items at the October 27, 2022 meeting included deep dives on the private equity and credit fixed income asset classes. Jeff Burgis and Greta Nolan of Adams Street Partners presented an update on SCERS's ASP funds as of June 30, 2022. Staff previewed a recommendation that applied to emerging market debt of the credit fixed income portfolio. There will be more information presented during Q1 2023.

Administrative Committee Report – October 27, 2022

Jeff Davis reported on the October 27, 2022 Administrative Committee meeting. The committee continued discussion on the process to fill the appointed trustee position.

All SCERS's policies and charters are reviewed and updated, if needed, on a three-year cycle. The Executive Director Evaluation and Compensation policy is due for review. There are no changes proposed to the policy.

Motion: Upon motion by Robert Harvey, Jr., seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee's recommendation to reaffirm the Executive Director Evaluation and Compensation policy. The motion passed unanimously (4-0).

Executive Director Update

There was no Executive Director update.

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Robert Harvey, Jr., the Board of Administration voted to adjourn the meeting at 10:20 a.m. The motion passed unanimously (4-0).



Seattle City Employees' Retirement System

Board of Administration Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle, WA 98104
(206) 386-1293

Minutes, Thursday, December 8, 2022

Board Members Present: Teresa Mosqueda, Robert Harvey, Jr. (Acting Chair), Sherri Crawford, Judith Blinder, Jamie Carnell, Lou Walter

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

Others Present: Mike Monaco (MMPL), Gary Smith City Attorney's Office), Tim Atwill, Joe Ebisa (With.Intelligence), Lindsay Saienni (Fin News), Edie Jorgensen (ARSCE), Matt Courtois (FAS), "Carl"

Call to Order

Robert Harvey, Jr., Acting Chair, called the meeting to order at 10:02 am.

Public Comment:

There was no public comment.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the November 10, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$22,362,456.30
Office Payroll	375,664.55*
Admin Expenses	348,612.42
Investment Expenses	1,415,220.83
Total Expenses – November 2022	\$24,501,954.10

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – November 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	21	\$66,076.88	\$1,535,037.44
Withdrawals	15	n/a	\$600,574.87

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (5-0).

Investment Committee Report – November 17, 2022

Leola Ross reported on the November 17, 2022 Investment Committee meeting. The Investment Advisory Committee members were present at the meeting.

Agenda items at the November 17, 2022 meeting included market outlook, a quarterly performance update, and a public equity manager recommendation. Phil Nelson of NEPC presented the market update. Don Stracke of NEPC presented the Q3 2022 Performance Update.

Leola Ross and Mengfei Cao presented staff's recommendation to invest \$80 million in the Arrowstreet Global Equity Fund. NEPC concurred with staff's recommendation,

Jeff Davis stated that there was an unusual situation during the Investment Committee meeting in which there was a quorum throughout the Arrowstreet presentation, but the quorum was lost just before the committee members were set to take a vote. There was no vote on the motion at the Investment Committee meeting. An Investment Committee motion is not necessary for the full board to act.

(10:13 am – Lou Walter joined the meeting.)

Mr. Harvey, Investment Committee Chair, confirmed that there were no concerns from committee members and that they were in support of the motion.

Motion: Upon motion by Jamie Carnell, seconded by Sherri Crawford, the Board of Administration will invest \$80 million in the Arrowstreet Global Equity Fund, pending satisfactory legal review . The motion passed unanimously (6-0).

Administrative Committee Report – November 17, 2022

Paige Alderete reported on the November 17, 2022 Administrative Committee meeting. The committee discussed the new proposed board policy on underpayments.

The draft Underpayments Policy is a policy that establishes how SCERS will handle underpayments to members. This policy mirrors parameters established in the Overpayments Policy which was approved by the Board at the November 12, 2020 Board of Administration meeting. Interest will be paid on underpayments resulting from administrative errors using the same interest rate applied to overpayments . The interest rate is the actuarial assumed rate of return.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee's recommendation to approve the Underpayments policy. The motion passed unanimously (6-0).

Executive Director Update

There was no update.

Executive Session – Actual or Pending Litigation/Quasi-judicial matter

The Board convened to Executive Session at 10:20 am to discuss actual or pending litigation with legal counsel. Executive Session is expected to conclude in 30 minutes. The Board will then return to open session.

(10:20 am – Jamie Carnel left the meeting).

The Board reconvened to open session at 10:50 am.

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration voted to adjourn the meeting at 10:50 am. The motion passed unanimously (4-0).