

Minutes

Seattle City Employees' Retirement System
Regular Board Meeting

Wednesday, November 5, 2008 - 9:00 a.m.
Pacific Building, 10th Floor

Present: Lou Walter, Mary Norris, Rod Rich, and Frank Mathews.

Absent: Dwight Dively, Jean Godden and Mark McDermott.

Also Present: Carlton Seu, City Attorney's Office; Mike Monaco, Song Mondres; Laurie Tish, Moss Adams; Kory Hoggan, Moss Adams; Arlene Geist, retired City Light; Ken Yeager, retired City Light; Walt North, ARSCE; Bill Farrell, ARSCE; Ken Leask, ARSCE; Gwen Jensen, ARSCE; Mary Winslow, city employee; Ned Laskowski, Save Darfur Washington State; Doug Barnes, Library employee; Robert Sugden, ARSCE & RCLEA; Bill Kruller, ARSCE; Rachel Mathisen, Save Darfur Washington State; Sharon Chan, Seattle Times; Donna King, city employee; and, Jim Coover, ARSCE.

With Frank Mathews acting as Chair, the Meeting was called to order at 9:01 am

Public Comment: Mr. Jim Coover asked to be recognized and commented he appreciated the use of the name plates for the Board members and staff. Mr. Ned Laskowski then asked to be recognized and reiterated his appeal to the Board to consider adopting a divestment policy of companies doing business in the Darfur region of the Sudan, Africa. Additionally, Mr. Laskowski expressed his opinion regarding the Investment Committee's recommendation to the Board with regards to Option #2 [see below], he further informed all present that: 20 cities have divested, 27 states have divested, the Governor of Alaska has agreed to support divestment and the University of Washington Endowment has divested. Then Mr. Barnes asked to be recognized and asked questions regarding the fund's investments.

Minutes:

Upon motion by Rod Rich, seconded by Lou Walter, the Retirement Board approved the minutes from the October 1, 2008 Retirement Board.

Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$7,653,129.08
Beneficiary	\$847,368.24
Disability	\$73,144.47
Pension Payroll – October 2008	\$8,573,642.06
Office Payroll - pay periods ending Sept 30 & Oct 14, 2008	\$50,627.19
Vouchers Processed – September 1 - 30, 2008	\$ 201,091.53 *
* \$ 140,011.63 Expert and Consultant Services	

Immediate Withdrawal of Contributions:

Member	Department	Position
Madlener, Michael D	DoIT	Warehouser
Michaelson, Jean B	HSD	Finance Analyst
Ruskin, Vicki A	Library	Librarian
Hildebrand, Todd A	DoIT	Telecom Syst Installer
Smith, Gary	Parks	Heating Pint Tech
Williams, Luke Emanuel	Parks	Lifeguard

Bautista, Reginald R
 Montague, Cortnee C
 Farmer, Mark D
 Witcher, Zachary A
 Katz, Jeffrey Michael
 Dorr, Shawn E
 Williams, Tamika L
 Moore, Maxine
 Mclaughlin, Meghan K
 Davit, Margaret Cecile
 Knutson, Brandon Wear
 Williams, Valerie Jean
 Lucas, Raymond L
 Heleta, Fatakioma Fodu
 Silva, Aimee L
 Swarm, Adam J
 Verdugo, Ramon

Parks
 Human Services
 Parks
 Light
 Library
 Light
 DHHS
 Personnel
 Light
 HSD
 Library
 TES
 HSD
 Parks
 Muni Court
 Parks
 Light

Laborer
 Administrative Staff Assistant
 Ranger
 Installation Maint. Worker
 Librarian
 Painter
 Counselor
 Administrative Spec II
 Assist to superintendent
 Personnel Specialist
 Security and safety manager
 Library Assoc 1
 Accounting Tech 11
 Laborer
 Court Clerk
 Sr. Life guard
 Line Worker

23 Withdrawals for a total of: \$ 237,460.42

Motion: Upon motion by Lou Walter, seconded by Mary Norris, the Board ratified the Retiree Payroll, Office Payroll, other Payments and Withdrawals.

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>
Brown, Roger M	10.01.2008	10	248	Vested		61
Conti, Georgia K	09.24.2008	8	7	Vested		57
Frye, Valerie H	10.04.2008	22	297	Library	Managing Librarian I	54
Kyte, Craig D	10.04.2008	36	79	Library	Managing Librarian II	65
MacInnes, Nicole K	09.08.2008	5	162	Vested		63
Maloney, Colleen Frances	09.17.2008	30	3	SPU	Util Accts Supervisor	50
Pasin, Stanley J	10.01.2008	5	10	SPU	Environmental Analyst	72
Smith, Randall L	10.02.2008	35	55	Parks	Rec Cntr Coord	62
Lemay, Patrick E	10.01.2008	23	332	Personnel	Strat Advisor 2	65
McLane, Laura J	09.25.2008	14	147	Human Servs	Admin Specialist II	65
Voris, Michael W	10.01.2008	0	335	Vested		66
Hanna, Diane F	09.17.2008	27	252	Info Tech	Executive I	54

Motion: Upon motion by Lou Walter, seconded by Mary Norris, the Retirement Board approved the service retirements listed above, pending final review.

Last month 64 new members entered the System, 12 retired from the System, there was 1 retirement continuation due to death of retiree, 1 option F reductions due to retiree claiming social security, 4 option D continuations, 2 option E continuations, 1 option B continuation, and 23 others terminated City employment.

Ratification of Investment Transactions and Statement of Securities and Cash:

Information: Provided in the Retirement Board packet is the Investment Summary report that represents the transaction summary and the market value of the investments as of September 30, 2008.
 (Attachment #2)

Motion: Upon motion by Lou Walter, seconded by Rod Rich, the Retirement Board accepts the Investment Summary report.

Investment Committee Report:

Ms. Carter reported the next investment committee meeting will be Thursday, November 20, 2008. This is one week earlier than usual due to the Thanksgiving holiday.

She further reported that the October Investment Committee meeting had as a follow-up to the September meeting a discussion of options for adopting a divestment policy as presented by Pension Consulting Alliance. From the Investment Committee meeting, the committee recommended to the Board the adoption of the following policy:

Motion: Upon motion by _____, seconded by _____, the Retirement Board accepts the Investment Committee's recommendation to adopt the following policy concerning geopolitical and social issues with regards to plan investments and have such incorporated into the SCERS Investment Policy.

RECOMMENDED POLICY

Geopolitical and Social Issues

The Retirement Board shall maintain its fiduciary obligations to the members of the System as its top priority. This requires the Board to act prudently and in the exclusive interest of participants in the management of System assets. In light of this duty, the Retirement Board gives favorable consideration to investments in securities of companies that meet a high ethical and social standard of conduct in their operations that, in the long-term, are expected to result in superior investment performance. As a result, the Retirement Board expects that its portfolio managers will give consideration to the following geopolitical and social issues when investing in portfolio companies including, but not limited to, the following:

1. Respect for Human Rights
2. Respect for Civil Liberties
3. Respect for Political Rights
4. Discrimination Based on Race, Sex, Disability, Language or Social Status
5. Worker Rights
6. Environmental Effects and Impacts
7. War, Conflicts, and Acts of Terrorism
8. Any other issue of serious social or political concern

The Retirement Board further expects that its portfolio managers will inform the Retirement System concerning the facts and analysis employed in the consideration of the above with respect to portfolio investments. Investments will not be selected, rejected, or divested from based solely on geopolitical and social issues. The Retirement Board may, however, consider such issues to the extent that such issues bear on the financial advisability of the investment.

However, after much discussion and given not all Board members were present at the November meeting, on motion of Lou Walter, seconded by Mary Norris, the vote on this matter was postponed until the December 3, 2008 Board meeting, the motion carried.

Ms. Carter also reviewed the presentations given at the October Investment Committee meeting by fund managers selected to manage a percentage of our fixed income portfolio. Presentations were given by representatives of PIMCO, Prudential, and Pyramis. The Investment Committee recommends contracting with PIMCO to balance the fixed income allocation of the SCERS portfolio. Funds will be drawn from Advent Capital later this year to fund this allocation.

Therefore, upon motion by Rod Rich, seconded by Lou Walter, the Retirement Board accepts the Investment Committee's recommendation to engage the services of PIMCO as an investment manager with the mandate of global fixed income as presented to the Investment Committee on October 30, 2008.

Executive Director Report:

- Employee buy-back report
 - As of October 20, 2008 -
 - 718 members requested participation in the buy back program
 - \$1,891,209.54 dollars were committed by employees to this program
 - \$1,844,770.81 dollars have been paid by the various departments (\$46,438.73 still due)
 - this represents 23.20% of eligible members participated in this program to date
 - participation paperwork will be accepted by the Retirement Office until close of business December 9, 2008 in order to avoid the additional interest payments

Old Business:

(1) Status of Benefit Enhancements

Information: The estimated current funding level of the Retirement Fund is: 75.81% as of September 30, 2008.

The above amount is an estimate calculated each month by the Retirement Office staff. As provided by Ordinance 120685, changes to the Floor COLA will occur once the funding level has reached at least 100% and has been confirmed by the Board after commissioning an actuarial valuation.

(2) Investment Policy Project

(3) Sudan Divestment Request [see Investment Committee Report above]

New Business:

(1) 2008 Year-End Audit – Preliminary Presentation from Moss Adams

- Ms. Laurie Tish, CPA of Moss Adams presented. She introduced a new member to her team, Mr. Kory Hoggan. She then walked the Board and all present through a presentation of what to expect for the 2008 annual audit – which included the following:
 1. risk based approach
 2. internal control / transactions testing
 - a. investment transactions
 - b. benefit payments
 - c. participant data
 - d. contributions refunded
 - e. review of IT controls

(1) Executive Session

The Board reserves the right to enter into executive session if necessary.

Adjournment

Motion: Upon motion by Rod Rich, seconded by Lou Walter, the Retirement Board voted to adjourn the meeting at 9:53 am.

Mark McDermott, Secretary