



Seattle City Employees' Retirement System

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

Minutes, Thursday, January 25, 2024

AC Members Present: Judith Blinder (Chair), Jamie Carnell, Joseph Hoffman, Sherri Crawford, Kimberly Loving

SCERS Staff Present: Jeff Davis, Paige Alderete, Nina Melencio

Others Present: Andrew Robinson (FAS)

Call to Order

Judith Blinder, Chair, called the meeting to order at 2:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the November 30, 2023 Administrative Committee.

Motion: Upon motion by Jamie Carnell, seconded by Sherri Crawford, the Administrative Committee approved the minutes from the November 30, 2023 Administrative Committee meeting. The motion passed unanimously (4-0).

2023 Board Self-Evaluation

Ms. Blinder stated that the committee's task was to review the board self-evaluation questions and to see if it was possible to make the evaluation shorter and to the point.

(2:02 pm – Kimberly Loving joined the meeting)

The evaluation is quite pared down from the original self-evaluation although there could be room for further improvement. The committee members will review the questions and make suggested edits prior to the February committee meeting. Last year's evaluation results will be emailed to committee members so they can suggest changes prior to the February meeting.

Ms. Loving asked what is the problem that the board is trying to solve and what is the outcome we are looking to achieve. Mr. Davis replied that the original intent was to daylight gaps in knowledge and information that the board is receiving. The self-evaluation was a best practice of highly effective boards and an opportunity to identify what is missing.

Executive Director 2023 Evaluation Timeline

The Executive Director evaluation process is driven by the Administrative Committee. Mr. Davis is responsible for completing a self-evaluation, review accomplishments in 2023 and goals for 2024. Staff will also present a progress report at a future board meeting. These documents will be provided by the February Administrative Committee meeting.

Investment Advisory Committee Charter Review

It is a practice of SCERS to review each charter or policy on a three-year cycle. There are no revisions proposed by staff for the Investment Advisor Committee Charter. The IAC is a group of non-affiliated investment professionals that give up their time and attend Investment Committee meetings on a quarterly basis. Each year they present an annual report of recommendations for the investment team and committee. The IAC provides a valuable service to SCERS.

Ms. Blinder noted that the current IAC seems to be functioning satisfactorily. There have been instances in the past where the board dismissed an IAC member who they felt was not providing useful input.

Motion: Upon motion by Joseph Hoffman, seconded by Sherri Crawford, the Administrative Committee recommended that the Board of Administration reaffirm the Investment Advisory Committee Charter. The motion passed unanimously (5-0).

Executive Director Report

Ms. Alderete informed the committee that the 1099-Rs will be issued to members this month. Staff continue to work closely with the City's Workday implementation team. Staff are making a lot of good connections and providing helpful feedback.

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Joseph Hoffman, the Administrative Committee voted to adjourn the meeting at 2:27 pm. The motion passed unanimously (5-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, February 29, 2024

AC Committee Present: Judith Blinder (Chair), Maria Coe, Jamie Carnell, Kimberly Loving, Joseph Hoffman, Sherri Crawford

Staff Present: Jeff Davis, Paige Alderete, Nina Melencio

Call to Order

Judith Blinder, Chair, called the meeting to order at 2:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the January 25, 2024 Administrative Committee.

Motion: Upon motion by Sherri Crawford, seconded by Maria Coe, the Administrative Committee approved the minutes from the January 25, 2024 Administrative Committee meeting. The motion passed unanimously (6-0).

2023 Board Self-Evaluation – Finalize Questions

Judith Blinder reviewed the changes to the Board self-evaluation. It has been streamlined to remove redundancy. An “not applicable” response was added for newer board members who do not feel that they are in a good position to weight in on some of the questions.

Operations Update

Paige Alderete reported that the calculator tool on the Member Self Service portal has been enhanced. It has been expanded significantly to include all the different retirement options, portability, and spouse date of birth that would affect the calculation. Staff heard from many members that this enhancement would be helpful.

Staff will be sending out member statements to active and deferred members in March. We are also in the midst of the 2023 audit.

Adjourn Meeting

Motion: Upon motion by Jamie Carnell, seconded by Sherri Crawford, the Administrative Committee voted to adjourn the meeting at 2:09 pm. The motion passed unanimously (6-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, March 28, 2024

AC Members Present: Judith Blinder (Chair), Sherri Crawford, Maria Coe, Joseph Hoffman
Jamie Carnell

SCERS Staff Present: Jeff Davis, Paige Alderete, Nina Melencio

Others present: Andrew Robinson (FAS)

Call to Order

Judith Blinder, Chair, called the meeting to order at 1:00 pm.

Public Comment

There was no public comment

Minutes

Approved Minutes from the February 29, 2024 Administrative Committee.

Motion: Upon motion by Joseph Hoffman, seconded by Sherri Crawford, the Administrative Committee approved the minutes from the February 29, 2024 Administrative Committee meeting. The motion passed unanimously (4-0).

Executive Director 2023 Accomplishments and 2024 Goals

(1:01 pm – Jamie Carnell joined the meeting.)

Jeff Davis reviewed accomplishments from 2023.

In 2023, SCERS conducted an Asset Liability Study and established a new Strategic Asset Allocation. The 2023 study built on SCERS's prior work assessing the impact of climate change and the associated risks for the different asset classes in the portfolio.

The member services team was able to make great strides in 2023 by providing our members with levels of service closer to what they deserve. Much of this was as a result of adding staff and re-organizing the workload of the Member Services team. We were also able to reach an agreement with the management of the Pacific Building to ensure that the building front doors were unlocked during service periods.

Upcoming projects for 2024 include undergoing an RFP process for an investment consultant. SCERS also has had turnover in the Board due to the retirements of Robert Harvey and Lou Walter. Board education will be tailored to individual Board members, factoring in their experience and the areas they would like to get more exposure to.

The City is implementing a new timekeeping system in 2024. SCERS staff have been heavily involved in the process due to all the data that feeds the Pension Administration System (PAS) that comes from the City's system. Vitech is promoting a new cloud-based system and staff are currently evaluating their new system.

Investment Advisory Committee (IAC) Appointment

Keith Traverse's term on the Investment Advisory Committee ends on May 13, 2024. Each member serves a three-year term. The IAC provides SCERS with independent opinion and guidance for investments and provides insight and support to both the Investment Committee and staff.

Motion: Upon motion by Maria Coe, seconded by Sherri Crawford, the Administrative Committee recommended that the Board of Administration reappoint Keith Traverse to the Investment Advisory Committee for a three-year term commencing May 13, 2024. The motion passed unanimously (5-0).

Mr. Traverse has also served as the Chair for the IAC. His term as Chair ends on May 13, 2024.

Motion: Upon motion by Sherri Crawford, seconded by Jamie Carnell, the Administrative Committee recommended that the Board of Administration reappoint Keith Traverse as Chair of the Investment Advisory Committee for a three-year term commencing May 13, 2024. The motion passed unanimously (5-0).

Operations Update

Ms. Alderete provided an operations update to the committee.

Staff are currently in the process of implementing a new call center for the member services team which puts us on the City's supported call center platform. This implementation has been delayed for the last few years due to the bigger departments being rolled out first. SCERS is scheduled to be implemented next quarter.

SCERS is in the middle of audit and actuary season. Everything is progressing smoothly. Reports will be presented to the board in June for the Valuation Study and in July for the Audit Report.

We are looking at doing an assessment for the Pension Administration System to determine if we will move to Vitech's supported cloud model. We have just wrapped up the scope and will begin working with a vendor for a gap analysis.

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Maria Coe, the Administrative Committee voted to adjourn the meeting at 1:21 pm. The motion passed unanimously (5-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, April 25, 2024

AC Members Present: Judith Blinder (Chair), Maria Coe, Kimberly Loving

SCERS Staff Present: Jeff Davis, Paige Alderete, Nina Melencio

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office),
Andrew Robinson (FAS)

Call to Order

Judith Blinder, Chair, called the meeting to order at 1:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the March 28, 2024 Administrative Committee.

Motion: Upon motion by Maria Coe, seconded by Kimberly Loving, the Administrative Committee approved the minutes from the March 28, 2024 Administrative Committee meeting. The motion passed unanimously (3-0).

Review 2019-2024 Strategic Plan

Paige Alderete provided background on SCERS's current Strategic Plan. In 2018, the SCERS Board participated in a comprehensive planning process that resulted in the 2019-2024 Strategic Plan. Staff have reviewed the plan and feel that it is still relevant and aligned with SCERS' values. The recommendation is to fine tune and edit the plan rather than doing a new, full-blown strategic planning process.

Staff proposed three changes to the plan and Ms. Alderete provided an overview of the changes. Two of the recommended changes fall under Strategic Goal #1, which states that "The fund is managed to achieve and maintain a strong sustainable financial position". Under this goal, revisions were proposed to the objective regarding the investment return. The objective was revised to align with the investment policy language that was approved by the Board in 2023. In addition, a new objective was added to reflect SCERS's commitment to reach fully funded status by the end of 2042.

Ms. Blinder reminded the committee that SCERS can monitor the employer contribution rate but, ultimately, it is the City Council who decides what the City's contribution rate will be. There was discussion on the new objective and metric on funded status. A friendly amendment to the language was recommended.

The third recommended revision was to Strategic Goal #2, which states that “Members receive best in class service.” Under this goal, the first objective listed was about the implementation of a Pension Administration System (PAS). Since SCERS went live with the PAS in 2019, staff have proposed removing this objective from the strategic plan.

Ms. Blinder noted that the plan’s objectives and goals still reflect SCERS’s current values, and she does not see the need to conduct a more in-depth planning process.

Ms. Loving motioned to accept the friendly amendment and recommend the changes to the Strategic Plan to the full Board.

Motion: Upon motion by Kimberly Loving, seconded by Judith Blinder, the Administrative Committee recommended that the Board of Administration approve the SCERS Strategic Plan as amended. The motion passed unanimously (3-0).

Operations Update

Ms. Alderete reviewed the Q1 2024 Operational Statistics. During first quarter there were 72 retirements and SCERS is on track to be on budget this year. Benefit estimates are now completed in 20 days which is significantly improved from prior years, where it was taking many months to close an estimate request. During Q1 staff closed 257 estimates.

Ms. Blinder requested that the prior four quarters be added to the quarterly report for comparison.

Executive Session for Personnel Matter

The Administrative Committee entered into Executive Session at 1:33 pm for approximately 30 minutes to discuss a personnel matter.

Executive Session ended at 2:01 pm.

Adjourn Meeting

Motion: Upon motion by Kimberly Loving, seconded by Judith Blinder, the Administrative Committee voted to adjourn the meeting at 2:02 pm. The motion passed unanimously (3-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, May 30, 2024

AC Members Present: Judith Blinder (Chair), Sherri Crawford, Maria Coe, Joseph Hoffman, Jamie Carnell, Kimberly Loving

SCERS Staff Present: Jeff Davis, Paige Alderete, Nina Melencio

Others Present: Gary Smith (City Attorney's Office)

Call to Order

Judith Blinder, Chair, called the meeting to order at 2:14 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the April 25, 2024 Administrative Committee meeting.

Motion:	Upon motion by Sherri Crawford, seconded by Maria Coe, the Administrative Committee approved the minutes from the April 25, 2024 Administrative Committee meeting. The motion passed unanimously (6-0).
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2025-2026 Budget

Paige Alderete reviewed SCERS's 2025-2026 Proposed Budget.

Staff is proposing a 2025 Administrative & Operations budget of \$14.97M and a 2026 budget of \$15.37M which is a \$3.49M increase in 2025 and a \$3.59M increase in 2026 from the revised baseline. Internal Service Fund allocations are subject to change and will be updated with the rates from the Central Cost Manual that was released the previous day. The 2025 budget baseline reflects the Annual Wage Increases and Wage Adjustments approved as part of the recent labor negotiations. SCERS is pleased to report that most member services staff received a significant wage adjustment of 25.7%, aligning their compensation with the work performed.

The proposed budget increase is primarily due to a \$8.0M pension system upgrade project placeholder. SCERS does not have a "do nothing" option with its system and will be coming back to the Committee in July with more information. Without the proposed upgrade, SCERS's administrative expenses would reflect a decrease from the baseline due to various efficiencies and savings that were identified, including reducing SCERS's current staffing

level from 30.5 permanent positions (FTE) to 30.0 permanent positions. SCERS is proposing to eliminate a full-time Retirement Specialist position and increase a half-time Member Services Representative position to full-time.

Motion: Upon motion by Jamie Carnell, seconded by Maria Coe, the Administrative Committee recommended that the Board of Administration accept the 2024-2025 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 (6-0).

Results of 2023 Board Self-Evaluation

Ms. Blinder led a brief discussion on the results of the 2023 Board Self-Evaluation. Six (6) of seven (7) board members responded to the board self-evaluation.

Of the 23 questions asked, the lowest score was 4.3 of 5 under "The Board actively engages in discussion around significant issues". There was discussion that some board members may feel more comfortable and have more comments depending on the topic. It was noted that board members do engage in significant discussions and decisions, the most recent example was from the May Investment Committee meeting regarding the evaluation and selection of an Investment Consultant.

Operations Update

Board member Loving and Director Davis announced that the Deferred Compensation Unit will be transitioned from SDHR to SCERS in 2025. This is a period of consolidation in the City, and it is a good time to assess lines of business and where they best fit. Retirement and deferred compensation are two similar benefits that focus on financial security for city employees and there are business efficiencies to be gained in member communications and knowledge. Committee members expressed support for this transition.

Ms. Alderete announced that SCERS will be issuing two RFPs at the end of June. One will be for the fund's Actuary and the other will be for the Auditor.

Executive Session for Personnel Matter

This agenda item was deferred until the June 27, 2024 Administrative Committee meeting.

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Kimberly Loving, the Administrative Committee voted to adjourn the meeting at 3:04 pm. The motion passed unanimously (6-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, June 27, 2024

AC Members Present: Judith Blinder (Chair), Maria Coe, Joseph Hoffman, Sherri Crawford

SCERS Staff Present: Jeff Davis, Paige Alderete, Claire Foster

Others Present: Gary Smith (City Attorney's Office)

Call to Order

Judith Blinder, Chair, called the meeting to order at 1:12 pm.

Public Comment

There were no public comments.

Minutes

Approved Minutes from the May 30, 2024 Administrative Committee.

Motion: Upon motion by Marie Coe, seconded by Joseph Hoffman, the Administrative Committee approved the minutes from the May 30, 2024 Administrative Committee meeting. The motion passed unanimously (4-0).

Linea Secure Assessment

Paige Alderete and Claire Foster presented the Linea Secure Risk Assessment. Cyber threats continue to be a concern for governments, especially pension systems given access to money and member data. The Risk Assessment evaluated the overall health and maturity of SCERS's system and processes, identified potential vulnerabilities, and issued SCERS a "cyberscore." SCERS's cyberscore was good and reflected that SCERS generally has a well-documented and defined security program and has been largely successful in continuously reviewing and managing compliance and activities. This score reflects SCERS's ongoing dedication and focus over the last several years to continuously improving its security oversight and processes, especially through the design and implementation of the Pension Administration System.

There is always room for improvement, especially in this quickly changing environment of threats. Overall, SCERS needs to consider how to build a comprehensive program that includes areas managed outside of SCERS's control, including with the City's Information Technology Department and the pension system vendor. Other focus areas include enhanced targeted security awareness training, incident response planning, further documenting business process controls, and consolidating supply chain risk management practices.

In the remainder of 2024, SCERS will prioritize incident response planning and security awareness training.

Operations Update

Paige Alderete provided an update on SCERS's operations. In July, after the City disburses the retroactive payments per the approved bargaining agreements, SCERS will begin processing benefit recalculations to impacted retirees. This project is targeted to be completed within 4 months. A notice to members is on the front page of SCERS's website.

Executive Session for Personnel Matter

The Administrative Committee entered an Executive Session for a Personnel Matter at 2:01 pm for approximately 15 minutes to discuss a personnel matter.

The Committee returned to public session at 2:17 pm.

Adjourn Meeting

The meeting adjourned at 2:17 pm.



Seattle City Employees' Retirement System

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

Minutes, Thursday, July 25, 2024

AC Members Present: Judith Blinder (Chair), Maria Coe, Joseph Hoffman, Sherri Crawford, Kimberly Loving

SCERS Staff Present: Jeff Davis, Paige Alderete, Claire Foster, Nina Melencio

Others Present: Andrew Robinson (FAS)

Call to Order

Judith Blinder, Chair, called the meeting to order at 1:15 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the June 27, 2024 Administrative Committee.

Motion: Upon motion by Judith Blinder, seconded by Maria Coe, the Administrative Committee approved the minutes from the June 27, 2024 Administrative Committee meeting. The motion passed unanimously (5-0).

Pension Administration System (PAS) Future Planning Update

Claire Foster, SCERS's IT and Business Applications Manager, presented the Pension Administration System (PAS) Future Planning Update. The contracts for the PAS are expiring and the vendor, Vitech, is no longer providing hosting services or product enhancements for the current system. The vendor now offers a cloud-based service (V3locity).

SCERS has three options on how to proceed with its pension system:

1. Migrate current system to the City's data center or cloud platform
2. Select a new PAS vendor
3. Upgrade to V3locity platform

Ms. Foster reviewed the pros and cons of each option. Staff recommends that PAS be moved to V3locity. The costs and risks of the other two options do not outweigh the benefits. Staff have had a successful relationship with Vitech, and this option is a natural progression path for the current system.

Maria Coe asked if Vitech was providing any financial benefit to keep SCERS on their platform. Ms. Foster replied that Vitech would take that into consideration if SCERS chose to move over to their cloud-based offering.

Sherri Crawford asked if the contracts were written in a way that can be amended or piggybacked so SCERS does not have to do an RFP. Ms. Foster stated that she is working with the procurement office on assessing this.

Kimberly Loving asked when the end of life was for our current system. Ms. Foster replied that Vitech has not formally made that decision, although staff are already seeing diminishing support for the system in different ways. Ms. Loving recommended caution and diligence with any system upgrade.

Ms. Loving asked about the vendor's obligation to SCERS. Ms. Foster replied that after the current contract ends, hosting services would be by mutual consent. However, the vendor has been clear that they would continue to host through implementation if SCERS moves to V3locity. Staff have been in conversations with Vitech about the V3locity upgrade since last year. Ms. Alderete added that staff are also in the middle of an assessment with Vitech to assess what it would take to move from the current system to V3locity.

Ms. Crawford stated that she hears others concerns, but she is supportive of migrating to the V3locity. Migrating is the only way to get enhancements in the future. Ms. Crawford asked the cost of the initial implementation. Ms. Alderete responded that the initial implementation cost \$15.2 million. Ms. Crawford wants Vitech to work with SCERS on the cost. Ms. Alderete agreed that contract negotiations will be a critical next step and SCERS will leverage experts.

(2:00 pm – Sherri Crawford left the meeting.)

Ms. Loving asked about the resource drain on the SCERS team and if that's part of the budget. Ms. Alderete confirmed that the project cost that was in SCERS's budget did include backfilling key positions. If the cost estimates end up being significantly different from what was approved by the Board, staff will come back to the Board for additional review and approval.

Ms. Coe asked if members have been surveyed on the type of functionality they would like to see. Ms. Alderete noted that SCERS conducts an annual member satisfaction survey which provides feedback on what members are looking for, especially on the portal.

There was general support for staff's decision to proceed with upgrading the current system to V3locity. Next steps include completing the migration assessment, reviewing Vitech's migration proposal, preparing for contract negotiations, and determining timing for the project.

Operations Update

Ms. Alderete reviewed Q2 2024 Operational statistics. Per the Committee's request, the report now includes comparisons to same quarter from the previous year. The biggest thing to note is that service delivery times have significantly decreased in 2024. One example is that benefit estimates are now taking 23 days to complete, which is down from 88 days in the previous year.

Adjourn Meeting

Motion: Upon motion by Maria Coe, seconded by Joseph Hoffman, the Administrative Committee voted to adjourn the meeting at 2:18 pm. The motion passed unanimously (4-0).

**August Admin
Committee Meeting
CANCELLED**



Seattle City Employees' Retirement System

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

Minutes, Thursday, September 26, 2024

AC Members Present: Judith Blinder (Chair), Maria Coe, Joseph Hoffman, Jamie Carnell, Kimberly Loving

SCERS Staff Present: Jeff Davis, Paige Alderete, Nina Melencio

Others Present: Andrew Robinson (FAS), Dana Woolfrey (GRS), Danny White (GRS), Cassie Rapoport (GRS), Karli Fehrman (GRS), Nick Collier (Milliman), Julie Smith (Milliman), Daniel Wade (Milliman), Chris Rogers (CLA), Brittany Smith (CLA), Mike Nyman (CLA), Brad Berls (Eide Bailly), Abbie Belthoff (Eide Bailly), and Sean Averett (Eide Bailly)

Call to Order

Judith Blinder, Chair, called the meeting to order at 12:05 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the July 25, 2024 Administrative Committee.

Motion: Upon motion by Judith Blinder, seconded by Maria Coe, the Administrative Committee approved the minutes from the July 25, 2024 Administrative Committee meeting. The motion passed unanimously (5-0).

Actuarial Services Consultant and Auditing Services Consultant Update

Paige Alderete provided an update on the Actuarial Services Consultant and Auditing Services Consultant search. Four firms responded to the Actuarial Services Consultant RFP and three firms responded to the Auditing Services Consultant RFP.

Staff have narrowed the field to two finalists for each RFP. GRS Consulting and Milliman were selected as finalists for the Actuarial Services Consultant. CliftonLarsonAllen LLP and Eide Bailey LLP were selected as finalists for the Auditing Services Consultant. Staff are confident that either firm can deliver the services required.

Each finalist will provide a 20-minute presentation at today's meeting followed by 10 minutes of Q&A with the Administrative Committee. The committee will then deliberate and make a final selection pending Board approval at the October 10, 2024 meeting.

Actuarial Services – GRS Consulting Presentation and Q&A

Dana Woolfrey, Danny White, Cassie Rapoport, and Karli Fehrman of GRS provided an overview of their firm, team, and service offering and answered questions from committee members.

GRS worked with the City of Seattle in 2015-2016 to develop SCERS 2 benefits. GRS specializes in Pension, OPEB, and Retirement Technology. GRS presented their proposed transition plan if they would be selected. They would schedule a planning meeting with staff, request data files and assumptions from the previous actuary, and perform a replication of the 2024 valuation. GRS would do an experience study in 2025 to see if the current assumptions from the previous study are reasonable.

GRS stated that SCERS's funding policy is too rigid and has no sway. Changes to the funding policy are needed.

Ms. Blinder asked to better understand how GRS thinks the policy should be changed. Ms. Woolfrey responded that given SCERS's short remaining amortization period, large negative returns on investments could have a dramatic impact on contribution rates. GRS would propose a closed, layered amortization.

Ms. Blinder asked what sets GRS apart from other highly successful, responsive actuaries. Ms. Woolfrey responded that they have a level of personal commitment.

Ms. Loving asked about GRS's staffing commitments to diversity. Mr. White responded that diversity was important to GRS. Three of the five executive officers are female, and the president is female. GRS sponsors underprivileged schools and hires students for after-school work. GRS's human resources director is African American. Their staff are also involved in the Black/Latino actuarial organization.

Actuarial Services – Milliman Presentation and Q&A

Nick Collier, Julie Smith, and Daniel Wade of Milliman provided an overview of their firm, team, and service offering and answered questions from committee members.

Milliman was founded in Seattle in 1947 and has offices in the Rainier Tower in downtown Seattle. Milliman is owned and managed by the principals of the firm. They are a national firm with local expertise, particularly in Washington. Milliman also works with Tacoma ERS and Washington State Department of Retirement Systems.

They have a strong track record working with SCERS. Milliman works collaboratively with staff and the Board and meets their deadlines. They feel that they have been a good partner with SCERS. They identified a future issue in the amortization of the unfunded liability. When amortization gets below 15 years it will create volatility. Milliman will work with SCERS to find an approach that balances reasonable and stable employer rates with strong funding progress.

Ms. Loving asked how Milliman incorporates diversity into its hiring practices. Mr. Collier responded that they hired a Chief Diversity Officer. Milliman's senior leadership team (CEO and direct reports) includes ethnic minorities and women. A chief sustainability and DEI officer joined the firm in September 2022. They partner with the Association of Black Actuaries and the Organization of Latino Actuaries with financial support to have a pipeline in diversity hiring. Milliman has an opportunity scholarship for college students pursuing STEM majors who are members of ethnic groups. They have offered 40 scholarships to date. Milliman participates in the Actuarial Foundation Math Motivators program by tutoring students in math in diverse school districts in underserved communities. Milliman staff are currently volunteering at Garfield High School.

Ms. Blinder asked Mr. Collier to expand on the looking ahead on the amortization of the unfunded liability. Mr. Collier gave an example. The fixed amortization period with SCERS gets shorter every year and eventually will hit 100%. But the contribution rate will go up and down. SCERS should look at a layered amortization approach. The current unfunded liability will be paid off by 2043 on the fixed schedule. For the changes in unfunded liability, each year we will start a new period, i.e., layers. The new period would be around 15 years and promotes progress paying off 100%. It is more transparent and shows that the employer has dedicated funding to pay off each period. It provides a more stable contribution rate.

(There was a break from 1:10 to 1:20 pm)

Auditing Services – CliftonLarsonAllen Presentation and Q&A

Chris Rogers, Brittany Smith, and Mike Nyman of CliftonLarsonAllen (CLA) provided an overview of their firm, team, and service offering and answered questions from committee members.

CLA has been recertified as a Great Place to Work in January 2024 and was recognized by Forbes as one of America's Best Employers for Diversity. This is a direct result of their CEO making commitment to DEI focus.

CLA has been the auditors for the City of Seattle's City's Deferred Compensation plan for past 6 years. They also have a long history of working with the Washington State Department of Retirement Systems. They currently have \$2 trillion in assets that they audit in public sector. They have spent \$500 million to invest in modernization for a seamless assurance advantage. As their systems have modernized, on-site auditing has gone down from four weeks to 1.5 weeks. It is a more effective use of everyone's time.

Ms. Coe asked if CLA has worked with customers who have gone through changes and updates in their software such as V3. Ms. Smith responded that they have. They have a client who is about to go live on Vitech's latest platform next year. CLA is aware of some of the challenges.

Auditing Services – Eide Bailly Presentation and Q&A

Brad Berls, Abbie Belthoff, and Sean Aberett of Eide Bailly provided an overview of their firm, team, and service offering and answered questions from committee members.

Last year they opened an office in Seattle. In Washington state, they work with the Washington State Investment Board. What sets them apart is that they will design the audit based on their understanding of SCERS's system. They use a risk-based approach to their audit. They have portals in place for secure transfer of data.

Ms. Loving asked how their firm incorporates DEI into its hiring and decision-making processes. Mr. Berls responded that women were leaving the field well before their prime. The firm stepped in an established one of the first women's initiatives. Ms. Belthoff added that she participated in the initiative called First Focus. They also have employee resource groups, veterans, diversified pride group, etc., to ensure people feel included. Eide Bailly has a DEI forum throughout the year. They feel that they are on the forefront with the women's initiative.

Ms. Carnell asked about their experience with cloud-based systems such as Workday. Ms. Belthoff responded that they are experienced with pension systems and many of their clients use Workday.

Actuarial Services Consultant Search Deliberation and Selection

The Administrative Committee members discussed the finalists for both RFPs.

The committee started with the Actuarial finalists. Ms. Alderete stated that both firms are qualified and experienced and focus on partnership and understanding their clients. Neither Ms. Alderete nor Ms. Davis have problems with the current vendor, Milliman. Milliman has had the same team for 15 years.

Ms. Carnell stated that GRS mentioned that they were involved in developing Plan 2 and wanted to know what their role was. Mr. Davis replied that Ms. Carnell's predecessor in FAS contracted with GRS to develop Plan 2.

Ms. Carnell felt that the explanation from Milliman made a lot more sense about the actuarial study. Their presentation was better and had a more finessed approach. She was disappointed in GRS's presentation. Ms. Carnell stated that neither vendor scored high in their response to Ms. Loving's question about diversity.

Ms. Loving did appreciate that Milliman had a DEI slide ready. Mr. Hoffman stated that Milliman looked better based on the presentations. He felt like they were more prepared for the presentation today.

Ms. Coe added that Milliman was more polished and streamlined versus GRS. Ms. Blinder agreed.

Motion: Upon motion by Judith Binder, seconded by Joseph Hoffman, the Administrative Committee recommended that the Board of Administration contract with Milliman as the Actuarial Services Consultant effective January 1, 2025 for a five-year term, pending satisfactory legal review. The motion passed unanimously (5-0).

Auditing Services Consultant Search Deliberation and Selection

Ms. Alderete stated that CLA has been SCERS's auditor since 2012. Both firms would have a boutique partnership and are experienced. Both could do the work, and their proposals are within reasonable range.

One thing to highlight is that SCERS already has a year coming up with a lot of big changes with Workday. In 2025, they will be auditing 2024. That could lend more value to the existing vendor. There are no issues with the current vendor and staff have no compelling reason to change. Both firms have a focus on data analytics, which SCERS has benefited from in tightening its controls and making improvements.

Ms. Carnell is trying to keep bias out of the vote due to her role in Workday. She will be abstaining from voting on the motion.

Ms. Loving appreciated CLA had a slide in their presentation acknowledging the award they received on DEI. It would be nice to see some of these organizations incorporate more diversity in their own hiring. Even in today's presentations, there was little diversity on the presenters.

Ms. Blinder stated that she felt both firms could be successful. There is an advantage in staying with the same auditor while there are other big changes happening. The timing might not be right to change auditors.

Motion: Upon motion by Judith Blinder, seconded by Kimberly Loving, the Administrative Committee recommended that the Board of Administration contract with CliftonLarsonAllen as the Auditing Services Consultant effective January 1, 2025 for a five-year term, pending satisfactory legal review. The motion passed 4-0-1 with Jamie Carnell abstaining.

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Maria Coe, the Administrative Committee voted to adjourn the meeting at 2:41 pm. The motion passed unanimously (5-0).



Seattle City Employees' Retirement System

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

Minutes, Thursday, October 31, 2024

AC Members Present: Judith Blinder (Chair), Maria Coe, Sherri Crawford, Joseph Hoffman

SCERS Staff Present: Jeff Davis, Paige Alderete, Nina Melencio

Others Present: Andrew Robinson (FAS)

Call to Order

Judith Blinder, Chair, called the meeting to order at 1:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the September 26, 2024 Administrative Committee.

Motion: Upon motion by Judith Blinder, seconded by Joseph Hoffman, the Administrative Committee approved the minutes from the September 26, 2024 Administrative Committee meeting. The motion passed unanimously (4-0).

Deep Dive – Employee Satisfaction Survey Results

Paige Alderete provided a high-level recap of the results of SCERS's anonymous, 2024 staff survey.

Staff participation in the 2024 survey was the highest it has ever been (90% in 2024, 87% in 2023, and 73% in 2019). The overall satisfaction rating also increased from the prior year, with ratings going up to 4.36 in 2024 (with 5 being highly satisfied). In 2023 the overall satisfaction rating was 4.20 and in 2022 the rating was 3.95.

Staff continue to be the most satisfied with inclusion and belonging ("The people I work with treat me with respect.") This is closely followed by SCER providing staff with the resources they need to do their job.

The area that staff are least satisfied with is staff advancement ("There are opportunities for advancement.") Management continues to work with staff to identify opportunities for growth and advancement, while also acknowledging that SCERS is a small department with limited position openings each year. SCERS will continue its efforts to identify additional avenues to promote and support staff.

Ms. Crawford congratulated staff on the satisfaction ratings going up. She asked if there were specific examples that were done in the last year that have made a positive difference for staff. Ms. Alderete responded that there

have been more regular touchpoints with the Member Services team to work through the biggest obstacles. They prioritized the top ones and came up with a plan to bring the queues down. The team also likes the new call center platform that was recently implemented.

Ms. Blinder gave kudos to staff. She encouraged management to find ways to collaborate more with staff and to remind staff there are online resources for training.

Deep Dive - Modernization

Ms. Alderete provided a deep dive into SCERS's modernization efforts in its workplace and customer service.

Workplace modernization has included: implementing an Electronic Document Management System in 2016; implementing a Pension Administration System (PAS) in 2019; offering hybrid work schedules to staff starting in 2020; and conducting organization wide data and security risk assessments.

Customer service modernization has included: allowing members to vote electronically for trustee elections starting in 2012; implementing a Member Self-Service (MSS) Portal in 2021; adding an expanded online calculator tool to the MSS Portal in 2024; offering virtual seminars and appointments starting in 2020 and access to a pre-recorded retirement seminar since 2021; providing Adobe Sign forms that members can fill out from the website starting in 2021; and implementing a new call center phone system in 2024.

SCERS's current modernization projects include upgrading the Pension Administration System to Vitech's strategic cloud-based platform, V3locity, which will provide more access to members and an upgraded user experience through the MSS Portal; expanding the call center functionality and tracking; expanding and evolving the security of SCERS; reducing paper mailings; and expanding online educational opportunities.

SCERS currently mails monthly pay slips to anyone receiving a monthly benefit and uses returned mail to help trigger additional outreach to verify if a member is alive. Ms. Blinder asked if that would be a problem if there was a living survivor at the address and the advice wasn't returned. Ms. Alderete acknowledged that it would be a problem, but overall, the returned mail still significantly helps SCERS identify benefits that need to be suspended or stopped. All members are now on direct deposit. Banks do reject the deposits if the account is closed, but if it is a joint account with a spouse, the account would not be closed. There is no perfect solution to identifying deceased members. SCERS also works with a third-party vendor to identify deceased members and is currently exploring other options that could replace the paper mailings.

Ms. Coe asked if educational opportunities would be on demand or schedule and noted that it would be great to have on-demand videos on SCERS's website. Ms. Alderete replied that the plan is to hire a communications consultant to assist with member communications, including videos. SCERS's 2025-26 budget included funds for this work and staff have started assessing which videos will be most useful to members.

Ms. Crawford liked the idea of on-demand videos and is a supporter of hiring experts to help with this work. Ms. Crawford asked what are the top topics / questions that SCERS hears from members. Ms. Alderete replied that staff receive a lot of questions from new hires and that is one of the first videos that will be produced.

Investment Advisory Committee (IAC) Appointment

Jeff Davis stated that Dwight McRae's term is expiring, and he has agreed to serve again if reappointed. Joseph Boateng, a long-term member, has chosen to roll off the IAC. Mr. Boateng has been a stellar member of the IAC. Staff will talk about Mr. Boateng's service more at the November joint meeting with IAC.

<u>Motion:</u>	Upon motion by <u>Judith Blinder</u> , seconded by <u>Sherri Crawford</u> , the Administrative Committee recommended that the Board of Administration reappoint Dwight McRae to the Investment Advisory Committee for a three-year term commencing December 31, 2024. The motion passed unanimously (4-0).
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Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Administrative Committee voted to adjourn the meeting at 1:46 pm. The motion passed unanimously (4-0).

November
Administrative
Committee
Cancelled