



Seattle City Employees' Retirement System

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

Minutes, Thursday, January 26, 2023

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

IAC Members Present: Joseph Boateng, Dwight McRae

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

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Matt Courtois (FAS)

Call to Order

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

Public Comment

There was no public comment.

Minutes

Approved Minutes from the November 17, 2022 Investment Committee.

Motion: Upon motion by [Sherri Crawford](#), seconded by [Kimberly Loving](#), the Investment Committee approved the minutes from the November 17, 2022 Investment Committee meeting. The motion passed unanimously (3-0).

Investment Consultant Evaluation

Jason Malinowski briefly reviewed results from the annual Investment Consultant Evaluation which began in 2022. NEPC has recommended the evaluation as a best practice. There was generally positive feedback from investment committee and investment advisory committee members, as well as from staff. The results are consistent with last year's scores.

Mr. Harvey stated he was pleased with the results of the evaluation, especially the scores from the investment advisory committee.

Annual Investment Review and Planning Session

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

SCERS's 2022 performance will be reviewed at the February 23, 2023 Investment Committee meeting.

(12:05 pm – Judith Blinder joined the meeting.)

During 2022, Milliman completed SCERS's experience study that led to the Board adopting an updated investment return of 6.75% (previously 7.25%) and an inflation assumption of 2.75% (previously 2.6%). Staff enhanced the environmental, social, and governance (ESG) program which culminated in an updated ESG policy. The policy integrates all financially-material ESG factors, adds policy advocacy to the climate change positive action strategy and adds a new diversity, equity, and inclusion (DEI) positive action strategy.

During 2023, SCERS plans to perform an asset-liability study, set an updated strategic asset allocation target, and revise the Investment Policy as needed. Plans also include continuing advancement of the ESG program with specific focus to develop and implement the DEI positive action strategy. Staff will also identify and begin onboarding a risk/analytics vendor platform.

Staff members reviewed the 2022 activity and 2023 plans for each asset class.

There was discussion on how the economy will impact the fund.

Don Stracke, NEPC, provided NEPC's perspective by comparing SCERS to best practices observed in their public pension client base. SCERS has a strong investment belief statement and has an appropriately sized staff for the fund size. SCERS identified and recruited well during Covid in hiring two new members of its team. NEPC believes that investing in staff is an efficient use of capital. SCERS has a disciplined asset class review and manager monitoring approach.

Asset-Liability Study Timeline – NEPC

Mr. Stracke gave an overview of the 2023 asset-liability study including the milestones, the basics on the importance of asset allocation, and the philosophical approach that is used.

The timeline has been simplified by having quarterly milestones throughout 2023. The goal is to implement the updated strategic asset allocation target at year-end. Mr. Malinowski asked for feedback from the committee on the proposed timeline. Several members responded that the timeline was fine.

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Investment Committee voted to adjourn the meeting at 1:18 pm. The motion passed unanimously (4-0).