



Seattle Retirement

Seattle City Employees' Retirement System

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

Minutes, Thursday, February 27, 2025

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

IAC Members Present: Keith Traverse (Chair), Dwight McRae, Cathy Cao, Steve Hill

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

Others Present: Gavin Parr (MMPL), Jesse Franz (LEG), Joe Ebisa (With.Intelligence), Martha Burke, Rose Dean (NEPC), Dan Hennessy (NEPC), Andrew Robinson (FAS), Lindsay Saeinni (Fin News), Thao Nguyen (NEPC), Hope Redmond (BlackRock)

Call to Order

Sherri Crawford, Chair, called the meeting to order at 11:00 am.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the January 30, 2025 Investment Committee.

Motion: Upon motion by Sherri Crawford, seconded by Kimberly Loving, the Investment Committee approved the minutes from the January 30, 2025 Investment Committee meeting. The motion passed unanimously (7-0).

Quarterly Performance Review – Q4 2024

Dan Hennessey, of NEPC, reviewed SCERS's investment performance for the period that ended December 31, 2024. SCERS returned 8.7% net-of-fees for 2024, outperforming the Strategic Policy Benchmark by 0.4%. Assets increased from \$3.99 billion to \$4.32 billion over the last year. The funded status is estimated at 76.5% on an actuarial basis, and 85.1% on a market basis that revalues the liability based on current capital market assumptions.

Investment Advisory Committee Annual Report

Keith Traverse, Cathy Cao, Steven Hill, and Dwight McRae of the Investment Advisory Committee (IAC) attended the February 27, 2025 Investment Committee meeting. Mr. Traverse, Chair of IAC, presented the 2024 IAC Annual Report on behalf of the IAC. The report included major developments for SCERS in 2024; fund performance as of Q3 2024; IAC's 2024 activities; strategic guidance; and their recommendations for 2025.

The IAC pointed out the progress that SCERS has made in the past decade. SCERS's actuarially funded status was 76% as of 9/30/24, which is a notable improvement to the 66% funded status ten years ago.

The IAC offered strategic guidance that is intended to endure over the long term. The guidance serves as a reminder to commit to financial sustainability, focus on fee effectiveness, align investment beliefs with processes and resources, and support continual learning and sound governance. The IAC feels that SCERS is currently operating consistent with this guidance.

The IAC's recommendations for 2025 fall under the following priority areas:

- Active Risk
- Liquidity Risk
- Inflation Sensitivity
- Professional Development
- Meeting Cadence and Staff Delegation

Ms. Crawford stated that she has been on the board since 2012 and has seen the transition to being proud of where SCERS is now. She has been impressed and appreciative of the guidance that IAC gives SCERS. Ms. Loving echoed Ms. Crawford's sentiment.

There was a discussion on the meeting cadence and staff delegation priority area. Ms. Loving feels that the current meeting cadence meets the board's needs. Ms. Blinder likes the way the committee has delegated to staff and that the level of oversight is appropriate.

Mr. Malinowski noted that Jeff Davis met with the IAC prior to today's meeting regarding the staff response to the IAC Annual Report that is included in the meeting packet. The IAC's strategic guidance and recommendations continue to be helpful for SCERS in planning and prioritization.

Annual Investment Review and Planning Session

Mr. Malinowski, Leola Ross, George Emerson, and Mengfei Cao presented the Annual Investment Review and Planning Session. They were joined by Rose Dean and Dan Hennessy of NEPC.

Mr. Malinowski congratulated Ms. Cao for her promotion to Senior Investment Officer. She will have primary responsibility for real estate and continue to be the lead in operational due diligence.

During 2024, SCERS conducted an RFP process for general investment consultant. The Board chose to retain NEPC for an additional five years. Staff advanced the environmental, social, and governance (ESG) program, including conducting the inaugural diversity, equity and inclusion (DEI) survey of SCERS's investment managers. Staff completed the operational due diligence review of SCERS's existing investment managers and reviewed its investment operations model and transition management approach. Staff is near completion with onboarding MSCI's Total Plan Manager, a portfolio analytics and risk platform that will streamline and improve portfolio management and monitoring. Staff also reviewed Hightower's acquisition of NEPC.

During 2025, SCERS plans to recruit a new member for the Investment Advisory Committee. SCERS's expanded toolkit will be fully integrated into the investment process to improve efficiency and rigor. Staff will continue advancement of the ESG program and promote greater Board investment education and staff professional development. Staff will also review asset class policy indices for opportunities to improve alignment.

Staff members reviewed the 2024 activity and 2025 plans for each asset class.

Ms. Dean provided NEPC's perspective. SCERS is thoughtful in its implementation of IAC recommendations. There has been increased staff focus on data and risk management with the adoption of MSCI Total Plan Manager with close coordination with NEPC to ensure increased accuracy in portfolio reporting. Staff have also efficiently utilized their intern program to support staff initiatives.

Adjourn Meeting

The meeting was adjourned at 12:45 pm.