



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).