



# Seattle City Employees' Retirement System

**Board of Administration Meeting**  
Pacific Building, 720 3<sup>rd</sup> Avenue, Suite 900, Seattle, WA  
(206) 386-1293

## Minutes, Thursday, March 9, 2023

- Board Members Present:** Teresa Mosqueda (Chair), Robert Harvey, Jr., Judith Blinder, Sherri Crawford, Kimberly Loving, Jamie Carnell
- SCERS Staff present:** Jeff Davis, Paige Alderete, Leola Ross, Nina Melencio, George Emerson, Mengfei Cao, Selam Teklemariam, Mark Schimizza
- Others present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Nick Peally (ARSCE), Edie Jorgensen (ARSCE), Kevin Balaod (With.Intelligence) Mike Nagan (ARSCE), Lin Ruchty, Elizabeth Paschke (ARSCE), Kevin Clark (ARSCE), Tom Mikesell (LEG), Shelley Bergstrand (ARSCE), Peggy McShane (Retiree)

### Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:00 am.

### Public Comment

There was public comment from members of the Association of Retired Seattle City Employees (ARSCE). ARSCE members Elizabeth Paschke, Nick Peally, and Kevin Clark provided public comment on increasing the cost-of-living adjustment (COLA) for retirees.

SCERS's actuaries will be asked to do a cost analysis on the impact of SCERS's funding status and contribution rates and present the information to the Board at a future board meeting. SCERS does not have the authority to make changes to benefits. Any requested changes will need to be presented to City Council and be part of the City's budget process.

### Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the February 9, 2023 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

<b>The following items represent normal expenses:</b>	
Pension Payroll	\$24,534,761.93
Office Payroll	400,340,64*
Admin Expenses	172,466.50
Investment Expenses	490,538.88
<b>Total Expenses – February 2023</b>	<b>\$25,598,107.95</b>

\*Includes estimated benefit costs

<b>Retirements, Withdrawals, Other Payouts – February 2023</b>			
	<b>Count</b>	<b>Monthly Pension</b>	<b>Lump Sum Distribution</b>
Retirements	55	\$231,038.62	\$3,246,188.94
Withdrawals	19	n/a	\$539,726.08

**Motion:** Upon motion by Sherri Crawford, seconded by Robert Harvey, Jr., the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (6-0).

### **ESG Semi-Annual Update**

Leola Ross presented the semi-annual ESG update.

SCERS integrates ESG risks and opportunities into its investment process to ensure that any financially material impact on risk and return is considered. SCERS has pursued an ESG positive action strategy, prioritizing climate change since 2015 and diversity, equity, and inclusion (DEI) since 2022.

Dr. Ross reviewed staff's shareholder advocacy which included various engagements with companies and regulators. In November 2022, the Southern Company produced its inaugural Trade Association and Lobbying Report. SCERS has been working with other institutions to improve transparency on lobbying activity. In January 2023, SCERS joined the Climate Action 100+ team to help Southern Company prepare for their 2023 Just Transition Report.

SCERS staff met with Southern Company multiple times to discuss a shareholder resolution that SCERS filed to achieve the goals of increasing the use of low-cost low-carbon energy generation and accelerate stated greenhouse gas reduction goals. Mr. Davis stated that this was a big deal and congratulated Dr. Ross on her work with Southern Company.

She also provided an update on the Diversity, Equity, and Inclusion (DEI) positive action strategy. The Investment Diversity Advisory Council (IDAC) was established in September 2022. Jason Malinowski served as the asset owner representative on the Nominating Committee which was responsible for selecting the inaugural IDAC Board. Dr. Ross will be on the Disclosure Committee going forward.

Staff attended and presented at several ESG industry conferences during Q4 2022 and Q1 2023.

***(10:52 am – Teresa Mosqueda handed over chair responsibilities to Robert Harvey, Jr. CM Mosqueda left the meeting.)***

### **Investment Committee Report – February 23, 2023**

Dr. Ross reported on the February 23, 2023 Investment Committee meeting. The Investment Advisory Committee (IAC) attended the meeting and shared their annual report for 2022 and strategic guidance for 2023.

Allan Martin will be serving as SCERS's primary field consultant, as Don Stracke is no longer with the firm. Mr. Martin gave their quarterly performance update. The portfolio lost 10% of its value in 2022 which was driven by declining equity markets in the middle of the year and rising interest rates. There was some recovery towards the end of 2022.

Mr. Harvey noted that he considers the portfolio very well managed. Other systems had a much poorer performance and SCERS maintained a funding level at 70%.

### **Administrative Committee Report – February 23, 2023**

Jeff Davis reported on the February 23, 2023 Administrative Committee meeting. The committee reviewed the board self-evaluation and refined the questions. It will be brought back at the March meeting to finalize before sending it to the Board through Survey Monkey.

There was also discussion about the process for filling the At-Large trustee seat. The open application period closes on March 15, 2023. As of the February 23, 2023 meeting, staff have received 10 completed applications and sent out information to 23 people who expressed interest. Staff will winnow down the number of application if needed and bring the applications to the Administrative Committee at the March meeting.

### **Executive Director Update**

There was no Executive Director update.

### **Adjourn Meeting**

**Motion:** Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration voted to adjourn the meeting at 11:05 a.m. The motion passed unanimously (5-0).