



Seattle City Employees' Retirement System

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

Minutes, Thursday, April 13, 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, Nina Melencio, George Emerson, Mark Schimizza, Selam Teklemariam

Others present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Nick Collier and Julie Smith (Milliman), Elizabeth Paschke (ARSCE), Nick Peally (ARSCE), Alexandria Zhang, Lindsay Saienni (Fin News), Joe Ebisa (with Intelligence), Bob Chandler, Edie Jorgensen, Matt Courtois, James Warren

Call to Order

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

Public Comment

Elizabeth Paschke of the Association of Retired Seattle City Employees (ARSCE) provided public comment on increasing the cost-of-living adjustment (COLA) for retirees.

Administrative Consent Agenda

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

The following items represent normal expenses:	
Pension Payroll	\$24,702,195.20
Office Payroll	401,403.82*
Admin Expenses	116,924.31
Investment Expenses	1,114,546.83
Total Expenses – March 2023	\$26,385,070.16

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – March 2023			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	27	\$81,401.69	\$1,718,395.07
Withdrawals	11	n/a	\$290,425.10

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).

COLA Analysis

ARSCE asked the board for an analysis on increasing the annual COLA provision from 1.5% to 2.3% for all future years, as well as increasing the COLA from 1.5% to 3.5% for one year only.

Staff asked SCERS's actuaries, Milliman, for an analysis of the impact those scenarios would have on the City's contribution and the funding ratio. Staff will send the analysis to ARSCE so they could use it to petition City Council to adjust the COLA.

Nick Collier of Milliman reviewed the analysis with the Board and answered questions. The costs are estimates based on January 1, 2022 valuation since they are currently working on the fund's January 1, 2023 valuation.

With a permanent COLA increase from 1.5% to 2.3%, the funding ratio decreases from 75% to 69.7%. Over a 10-year amortization, the employer contribution significantly increases from 15.82% to 21.49%. Over a 20-year amortization, the employer contribution increases from 15.82% to 20.03%.

There was discussion on requesting another analysis in which current members would agree to pay more to offset the City's contributions. There would be an impact on first tier employees with a 2x match. A board member appreciated the different viewpoints but stated that the board needed to be mindful of current employees who are sharing the burden of inflation currently.

The Board requested more modeling from Milliman.

Investment Committee Report – March 30, 2023

George Emerson reported on the March 30, 2023 Investment Committee meeting. There were three agenda items. NEPC presented on the banking crisis; staff gave the annual deep dive on Public Equity; and there was a recommendation to redeem from the Ashmore Emerging Markets Blend Debt Fund and invest the proceeds in the PIMCO Emerging Markets External Bond Collective Investment Trust.

NEPC was supportive of staff's recommendation. The Investment Committee approved the motion.

Motion: Upon motion by Robert Harvey, Jr., seconded by Sherri Crawford, the Board of Administration accepted the Investment Committee's recommendation to redeem from the Ashmore Emerging Markets Blended Debt Fund and invest the proceeds in the PIMCO Emerging Markets External Bond Collective Investment Trust, pending satisfactory legal review. The motion passed unanimously (6-0).

Administrative Committee Report – March 30, 2023

Jeff Davis reported on the March 30, 2023 Administrative Committee meeting. Agenda items included a revision to the Overpayment Policy and reviewing the applications for the At-Large Trustee seat.

There was an overview and discussion of Secure Act 2.0 that passed at the end of 2022 which led to the proposed revision to the overpayment policy. The legal limit for retirement has been raised to age 73. SCERS's current trigger is age 70 ½. The age can be changed to 73 if the City Council is amenable.

Under Secure Act 2.0, the obligation to collect overpayments and interest from members has more flexibility now. There is still a generalized kind of fiduciary duty in this area under state law. Staff's proposed changes to SCERS Overpayment Policy addresses extreme cases and in those instances caps overpayments to five years, waives interest, and eliminates pursuing the overpayment when the benefit stop.

The proposed change to the policy would be retroactive to the original date of the policy. This would apply to the few members who SCERS previously found had significant Option F overpayments.

The committee also reviewed the applications for the At-Large Trustee seat and selected three candidates to be interviewed at the April 2023 Administrative Committee meeting. Final interviews would occur at May's Board of Administration meeting.

Motion: Upon motion by Jamie Carnell, seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee's recommendation to adopt the Overpayment Policy as revised and to make the changes effective back to the date of the original policy adoption of November 20, 2020. The motion passed unanimously (6-0).

(10:52 am – CM Mosqueda handed chair responsibilities to Mr. Harvey.)

Executive Director Update

The candidacy period for the retired and active member seats is from April 13, 2023 through 5:00 pm on April 27, 2023.

Information will be on SCERS's website and the Member Self-Service Portal. In addition, a broadcast message will be sent to all City staff from the Mayor's office.

Adjourn Meeting

Motion: Upon motion by Teresa Mosqueda, seconded by Jamie Carnell, the Board of Administration voted to adjourn the meeting at 10:54 am. The motion passed unanimously (6-0).