



Seattle City Employees' Retirement System

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

Minutes, Thursday, May 11, 2023

Board Members Present: Teresa Mosqueda (Chair), Robert Harvey, Jr., Judith Blinder, Jamie Carnell, Kimberly Loving

SCERS Staff Present: Jeff Davis, Paige Alderete, Nina Melencio, George Emerson, Leola Ross, Selam Teklemariam, Katie Lac, Mark Schimizza

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Kevin Balaod (With.Intelligence), Nick Pealy (ARSCE), Edie Jorgensen (ARSCE), Joseph Hoffman, Maria Coe, Elizabeth Paschke (ARSCE), Lindsay Saienni (Fin News)

Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:03 am.

Ms. Mosqueda recognized the board members who are leaving at the end of June. Mr. Harvey and Mr. Walter have contributed immeasurably to SCERS and helped guide the Board through some rough patches.

Public Comment

There was public comment from Nick Pealy of ARSCE. He had some questions about the second COLA analysis completed by Milliman. Ms. Mosqueda asked Mr. Pealy to send Mr. Davis the questions in advance of the June Board meeting. Mr. Pealy announced that John Masterjohn, current ARSCE president, will be stepping down at the end of June and Mr. Pealy will become the next president of ARSCE.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the April 13, 2023 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$24,237,733.99
Office Payroll	411,079.41*
Admin Expenses	411,466.28
Investment Expenses	384,416.18
Total Expenses – April 2023	\$25,444,675.86

*Includes estimated benefit costs

Retirements, Withdrawals, Other Payouts – April 2023			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	23	\$76,251.83	\$944,132.55
Withdrawals	24	n/a	\$821,200.36

Motion: Upon motion by Judith Blinder, seconded by Jamie Carnell, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (5-0).

At-Large Trustee Interview

Mr. Davis reviewed the process that the Administrative Committee completed to narrow down the At-Large Trustee candidates to three candidates who were interviewed at the April Administrative Committee meeting. The Administrative Committee members selected one candidate to move forward to the May Board of Administration meeting. Mr. Davis introduced Joseph Hoffman to the Board.

Ms. Mosqueda asked Mr. Hoffman how he would approach being a strong fiduciary, but also recognizing the mounting pressure to the planet. Mr. Hoffman stated that as a fiduciary, the goal is trying to generate the best, secure returns for members while taking environmental, social and governance factors into account. It has to be carefully balanced out and he can't say that one trumps the other. It would have to be taken on a case-by-case basis.

Motion: Upon motion by Jamie Carnell, seconded by Judith Blinder, the Board of Administration appointed Joseph Hoffman to serve as the at-large member on the Board of Administration for a three-year term (July 1, 2023 – June 30, 2026). The motion passed unanimously (5-0).

Investment Committee Report – April 27, 2023

Leola Ross reported on the April 27, 2023 Investment Committee meeting which included an Infrastructure deep dive and a recommendation to commit up to \$20 million to Stonepeak Opportunities Fund LP.

Dr. Ross described the attributes, sectors, trends, and portfolio role of the Infrastructure asset class. SCERS has a 4% target allocation to Infrastructure and a 2.3% current allocation. SCERS invests in four private infrastructure managers that are diversified across sectors and geography. Infrastructure plays a key role in the sustainability investments component of SCERS's climate change positive action strategy. These sustainability investments made by SCERS's infrastructure managers provide attractive returns while promoting the energy transition and reducing carbon emissions. Staff plans to recommend additional Infrastructure fund commitments to grow the allocation to its target over time.

Dr. Ross reviewed the pending recommendation to commit up to \$20 million to Stonepeak Opportunities Fund LP (SOF), a middle-market value-add infrastructure strategy. NEPC concurs with staff's recommendation. SOF will invest in the same sectors and geographies as Stonepeak's flagship infrastructure strategy while pursuing

smaller, middle-market assets that offer higher return potential and risk. Jack Howell of Stonepeak joined the Investment Committee meeting to discuss the SOF strategy, firm track record and middle-market opportunity.

Motion: Upon motion by Robert Harvey, Jr., seconded by Judith Blinder, the Board of Administration accepted the Investment Committee's recommendation to commit up to \$20 million to Stonepeak Opportunities Fund, pending satisfactory legal review. The motion passed unanimously (5-0).

Administrative Committee Report – April 27, 2023

Jeff Davis reported on the April 27, 2023 Administrative Committee meeting. Administrative Committee members interviewed three candidates for the At-Large Trustee position and selected Joseph Hoffman to interview with the full Board of Administration at its May 11, 2023 meeting.

Executive Director Update

Mr. Davis gave an overview on the 2023 Active Member and Retired Member Elections. There was one qualified candidate for the Active Member Seat and two qualified candidates for the Retired Member Seat.

Maria Coe is the one qualified candidate for the Active Member Seat. SCERS's Election Board Policy states that if there is only one qualified candidate for a vacancy, then that candidate will be deemed to have won the election. Ms. Coe has been with Seattle Public Utilities for the last 15 years. She is currently the Rates and Financial Planning Manager and previously worked for the Governor of Colorado.

There are two candidates for the Retired Member Seat:

- Judith Blinder
- Jerri Emunson

Elections for the Retired Member Seat will run through 5:00 pm on Monday, June 5, 2023. The winner of the election will be announced at the June 8, 2023 Board of Administration Meeting.

Motion: Upon motion by Jamie Carnell, seconded by Judith Blinder, the Board of Administration appointed Maria Coe to the Active Member seat of the Board of Administration for the remainder of a three-year term (July 1, 2023 – June 30, 2025). Per the Election Board Policy, if there is only one qualified candidate for a vacancy, then that candidate will be deemed to have won the election. The motion passed unanimously (5-0).

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Jamie Carnell, the Board of Administration voted to adjourn the meeting at 11:06 am. The motion passed unanimously (5-0).