



Seattle City Employees' Retirement System

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

Minutes, Thursday, June 8, 2023

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

SCERS Staff Present: Jeff Davis, Paige Alderete, Jason Malinowski, Nina Melencio, Mengfei Cao, Mark Schimizza

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Nick Collier and Julie Smith (Milliman), Nick Peally (ARSCE), Harry Walker (Journalist), Tom Mikesell (LEG), Alexandria Zhang (CBO), John Talbot, David Hennes (CBO)

Call to Order

Robert Harvey, Jr., 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 11, 2023 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$23,092,880.67
Office Payroll	398,856.62*
Admin Expenses	158,999.45
Investment Expenses	2,023,218.86
Total Expenses – May 2023	\$25,673,955.60

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – May 2023			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	30	\$74,471.05	\$1,385,550.79
Withdrawals	26	n/a	\$942,811.24

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

COLA Analysis – Milliman

Jeff Davis stated that this is the second analysis that was requested from the Association of Retired Seattle City Employees (ARSCE) regarding the retiree Cost of Living Adjustment (COLA). This analysis was sent to all Board of Administration members and to ARSCE. Since SCERS is responsible for administering the retirement benefit determined by the City, the pathway for ARSCE going forward is to petition the City Council to make a change in benefits. CM Mosqueda has expressed interest in meeting with ARSCE wearing her City Council hat.

The first analysis conducted by SCERS's actuary, Milliman, showed the impact of two scenarios if the City, as the plan's sponsor, paid the full cost. The second analysis shows the impact if the cost was split between the City and the plan's members. Mr. Davis introduced Nick Collier and Julie Smith of Milliman.

The COLA options analyzed was an increase to the COLA from 1.5% to 2.3% for all future years and a 3.5% increase for one year only. The 3.5% increase would only benefit current retirees. A permanent increase to the COLA decreases the funding ratio from 75% to 69.3% and increases the unfunded liability by \$407 million. A one-time increase to the COLA decreases the funding ratio from 75% to 74.2% and increases unfunded liability by \$48 million.

Valuation Study and 2023 Actuarial Contribution Rate (ARC) - Milliman

Mr. Collier and Ms. Smith from Milliman presented the 2023 Actuarial Valuation Report as of January 1, 2023.

The funding ratio increased from 75% in 2022 to 75.7% as of January 1, 2023. The employer actuarially required contribution (ARC) for 2024 is 15.17% for 2024. This is a decrease from the 2023 rate of 15.82%. The contribution rate is projected to increase in future years, prompting Milliman to present the option of maintaining the City's contribution rate at the current 15.82% to minimize the impact of expected future increases in the ARC.

Motion: Upon motion by Sherrri Crawford, seconded by Judith Blinder, the Board of Administration accepted the January 1, 2023 Actuarial Valuation Report as presented by Milliman and recommended the City of Seattle set the rate of 15.82% as the employer contribution for 2024. The motion passed unanimously (5-0).

Investment Committee Report – May 25, 2023

Jason Malinowski reported on the May 25, 2023 Investment Committee meeting. The committee was introduced to Rose Dean who recently joined NEPC from Wilshire. Ms. Dean will be SCERS's consultant and will transition with Allan Martin during 2023. NEPC reviewed SCERS's investment performance for the period that ended

March 31, 2023. There were staff presentations on liability aware investing and the risk management framework. Mr. Malinowski introduced the risk preference survey which is due by the end of June.

Administrative Committee Report – May 25, 2023

Mr. Harvey reported on the May 25, 2023 Administrative Committee. The committee reviewed the results of the 2022 Board Self-Evaluation.

Mr. Harvey shared the results with the Board of Administration.

Executive Director Update

Mr. Davis gave an update on the 2023 Trustee Elections for the retired member seat. Judith Blinder won the election with 77.59% of the votes.

Motion: Upon motion by Jamie Carnell, seconded by Sherri Crawford, the Board of Administration appointed Judith Blinder to the Retired Member seat of the Board of Administration for a three-year term (July 1, 2023 – June 30, 2026). The motion passed 4-0-1 with Judith Blinder abstaining.

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Jamie Carnell, the Board of Administration voted to adjourn the meeting at 11:13 am. The motion passed unanimously (5-0).