



Seattle Retirement

Seattle City Employees' Retirement System

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

Minutes, July 10, 2025

Board Members Present: Sherri Crawford (Chair), Judith Blinder, Joseph Hoffman, Jamie Carnell, Kimberly Loving

SCERS Staff Present: Jeff Davis, Paige Alderete, Jason Malinowski, Nina Melencio, Mengfei Cao, Selam Teklemariam, George Emerson

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Brittany Smith (CliftonLarsonAllen), Julie Smith (Milliman), Nick Collier (Milliman), Kevin Balaod (With.Intelligence), Martha Burke, Lindsay Saienni (Fin News), Elizabeth Paschke (ARSCE), Tom Mikesell (LEG)

Call to Order

Sherri Crawford, 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 June 12, 2025 Retirement board regular meeting, ratification of Retired Payroll, office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$26,215,560.85
Office Payroll*	457,876.56
Admin Expenses	460,968.42
Investment Expenses	1,884,170.07
Total Expenses – June 2025	\$29,018,575.90

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – June 2025			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	21	\$78,810.12	\$1,068,158.73
Withdrawals	20	n/a	\$732,622.49

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

2025 Valuation Study and Actuarial Contribution Rate (ARC) – Milliman

Nick Collier and Julie Smith from Milliman presented the 2025 Actuarial Valuation Report as of January 1, 2025 and answered questions from the Board.

The funding ratio increased from 75.8% in 2024 to 76.0% as of January 1, 2025. The employer actuarially required contribution (ARC) for 2026 decreased from 15.17% to 15.06%. The total actuarial contribution rate is 23.78% as of January 1, 2025.

The actuarial valuation of assets is \$4.4 billion, up from \$4.1 billion last year. The market value of assets is \$4.33 billion, up from \$4.01 billion last year. The market value of assets had 8.3% return in 2024 which is 1.55% greater than the assumed rate of return of 6.75%. The actuarial accrued liability (salaries and benefits) went up from \$5.5 million to \$5.8 million. The liability increased due to salary increases from the City's recent union negotiations.

Ms. Crawford asked if liabilities have gone up, why is Milliman recommending that the contributions go down. Mr. Collier replied that the fund is receiving more contribution dollars since payroll went up due to salary increases.

Ms. Blinder asked if it would not be better to leave the contributions where they are. Mr. Collier replied that progress has been gradual in the last few years, and the plan is in pretty good shape. Ms. Alderete stated that the City has made a commitment to fund the ARC which will help SCERS be fully funded by the end of 2042. Mr. Davis added that in the past SCERS had recommended that the City deviate but that was when there was a compelling reason to do so. We would like to reinforce that the ARC is an important number, and it represents the commitment from the City. This is just a recommendation from the SCERS Board through resolution that goes to City Council.

Ms. Crawford asked if there is any concern that in the future, the City Council commitment to the ARC won't be there due to council turnover. Mr. Davis replied that there is a resolution by the City to commit to the ARC. Ms. Carnell stated that her preference is to stay with the ARC.

Motion: Upon motion by Sherri Crawford, seconded by Jamie Carnell, the Board of Administration accepted the January 1, 2025 Actuarial Valuation Report as presented by Milliman and recommended the City of Seattle set the rate of 15.06% as the employer contribution for 2026. The motion passed unanimously (5-0).

Final Audit Report – Staff and CliftonLarsonAllen

Brittany Smith of CliftonLarsonAllen (CLA) presented SCERS's 2024 Final Audit Report for the year ending December 31, 2024. Ms. Alderete thanked Ms. Smith, the CLA team, and the SCERS teams for another smooth audit.

SCERS received an unmodified opinion in its audit, which is the best opinion you can get on financial statements. Management was very cooperative and professional during the audit process.

Ms. Smith stated there were no significant deficiencies, material weakness or other matters to report on internal controls. She did not expect this result due to the City's Workday implementation in 2024. SCERS did have a lot of errors to

correct after the Workday implementations due to payroll adjustments. The auditors did not find any that were not already identified by SCERS. It was clear that the SCERS team was prepared and had a process in place to address issues during the Workday implementations.

Ms. Blinder asked about the errors found during Workday implementation. Ms. Smith replied that the errors were due to the change to the new payroll system in Workday. For example, SCERS had to manually correct elected officials' hours, so those members received the correct service credit.

Ms. Alderete stated that SCERS staff worked closely with the City's Workday team to prioritize the most impactful errors. As new errors popped up, staff continually reprioritized. The SCERS team did spend a lot of time planning for the Workday implementation and showed a lot of flexibility and adaptability in dealing with what was actually sent to us. The team did a great job, and it is still a work in progress.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted the 2024 Year-End Audited Financial Statements as presented by Seattle City Employees' Retirement System Staff and CliftonLarsonAllen, LLP. The motion passed unanimously (5-0).

Credited Interest

Paige Alderete presented and reviewed the credit interest rate recommendation..

The annual Credited Interest rate is determined using the average yield on a 30-year U.S. Treasury bond during the most preceding June 1 to May 31 period with a maximum credit interest rate equal to 5.75%. For 2026, the Credited Interest rate is calculated to be 4.53%.

If approved, it would go to Council via resolution as part of the budget package.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration set the 2026 credited interest rate on all employee contributions into the pension after December 31, 2011 at 4.53%. The motion passed unanimously (5-0).

Investment Committee Report – June 26, 2025

Jason Malinowski reported on the June 26, 2025 Investment Committee meeting.

There were no voting items. NEPC reviewed the Q2 2025 performance report which had been deferred from the May meeting. The one-year performance was 5.26%, which was in line with the benchmark. The market value of the fund was \$4.3 billion.

Staff reviewed the investment committee reference materials which were developed in collaboration with the investment committee chair, Sherri Crawford. The reference materials will be stored on the Board SharePoint site.

Executive Director Update

Mr. Davis reviewed upcoming agenda items. The July Investment Committee meeting includes a Credit Deep Dive and may have a real estate credit manager recommendation. For the July Administrative Committee, there will be a Q2 2025 operations update and, potentially, a new Investment Advisory Committee member to recommend. Keith Traverse, chair of the IAC, and Mr. Davis will be interviewing two potential candidates for the spot vacated by Joseph Boateng.

Negotiations have been finalized for the lease for the new site for SCERS and the lease will be signed by Mr. Davis and Ms. Alderete the following week.

Closed Session for Quasi-judicial Matter and Potential Litigation

The Board entered a closed session at 11:05 am for the discussion of a quasi-judicial matter and potential litigation. The closed session is expected to last until 11:25 am when the Board will return to open session.

The board returned to the regular session at 11:24 am.

<u>Motion:</u>	Upon motion by <u>Sherri Crawford</u> , seconded by <u>Jamie Carnell</u> , the Board of Administration approved Lowrie Longacre's request to have disability retirement benefits begin at her application date of May 10, 2024. The motion passed unanimously (4-0).
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Good of the Order

There was nothing for the good of the order.

Adjourn Meeting

The meeting adjourned at 11:25 am.