



Seattle City Employees' Retirement System

Administrative Committee Meeting
Pacific Building, 720 3rd Avenue, Suite 900, Seattle, WA
(206) 386-1293

Minutes, Thursday, April 28, 2022

AC Members Present: Robert Harvey, Jr. (Chair), Judith Blinder, Sherri Crawford, Teresa Mosqueda

SCERS Staff Present: Jeff Davis, Paige Alderete, Jason Malinowski, Leola Ross, Nina Melencio

Others Present: Mike Monaco (MMPL)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 2:00 pm.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the March 31, 2022 Administrative Committee.

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Administrative Committee approved the minutes from the March 31, 2022 Administrative Committee meeting. The motion passed unanimously (4-0).

Charter Revisions

At a previous Administrative Committee meeting, staff and committee discussed adding a section to both the Administrative Committee and Investment Committee charters on the role of the committee chair.

Both charters have been revised to add a new paragraph on the committee chair role. In addition, a small tweak was made to the Board of Administration charter to make it clear that the Board is responsible for assigning committee chairs.

Mike Monaco, of MMPL, has reviewed the changes to the three charters as well as the draft ESG policy update that will be discussed shortly.

Committee members concurred that the updated language was a good addition to the charters.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Administrative Committee recommended that the Board of Administration adopt the revised Administrative Committee Charter. The motion passed unanimously (4-0).

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There were a few more changes to the Investment Committee charter including its responsibility in determining the strategic asset allocation and its process of acting on staff and consultant recommendations when selecting and terminating investment managers.

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Administrative Committee recommended that the Board of Administration adopt the revised Investment Committee Charter. The motion passed unanimously (4-0).

Investment Advisory Committee (IAC) Appointment

Cathy Cao and Steven Hill's terms on the Investment Advisory Committee (IAC) run through June. Both joined the IAC in 2016 and have provided value to SCERS and to staff during their tenure. If approved, this will be their third term on the committee.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Administrative Committee recommended that the Board of Administration reappoint Cathy Cao and Steven Hill to the Investment Advisory Committee with a three-year term commencing July 1, 2022. The motion passed unanimously (4-0).

ESG Policy revision – ESG 2.0

Staff presented proposed revisions to the ESG policy following a presentation and discussion at the April 14, 2022 board meeting. Staff plans to collect feedback on the draft policy before bringing it back for Administrative Committee approval in May and Board approval in June.

The proposed ESG policy adds a section on ESG Process Integration that is generalized to include all financially-material ESG risks and opportunities. The existing Climate Positive Action Strategy is enhanced by establishing a goal of improving investment portfolio outcomes by contributing to the successful decarbonization of the real economy, reframing corporate voting and engagement activities to be more assertive, and adding policy advocacy given the critical role of governments to address climate change. A positive action strategy is added for Diversity, Equity, and Inclusion (DEI) to improve portfolio outcomes by harnessing the superior decision-making of diverse teams. Lastly, the frequency of ESG updates to the Board is revised from quarterly to semiannual to allow staff more time in implementing the ESG program, which is also consistent with the frequency at other plans.

Several committee members stated that they liked the way the proposed policy has been organized and how the purpose has been fleshed out as well as the paragraph that states that manager research is the most impactful part of the ESG integration process.

SCERS Update

Paige Alderete gave a brief update on SCERS's operations which includes the first annual retiree letter being mailed out this week. Staff are also working on the 2023 budget and will be bringing that to the May Board meeting.

The work with the auditors and actuary is wrapping up as well. Both will be presenting at a future board meeting.

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Administrative Committee voted to adjourn the meeting at 2:44 p.m. The motion passed unanimously (4-0).