



Seattle City Employees' Retirement System

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

Minutes, Thursday, December 10, 2020

Due to the "Stay Safe, Stay Home" order issued by Governor Inslee, the meeting was held remotely.

SCERS Board Present: Teresa Mosqueda, Robert Harvey, Jr. (Acting Chair), Judith Blinder, Sherri Crawford, Glen Lee

SCERS Staff Present: Jeff Davis, Paige Alderete, Jason Malinowski, Tony Smith, Jill Johnson, Cecelia Chen, Nina Melencio, Doug Noble, Mark Schimizze

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), George Emerson (CBO)

Call to Order

Robert Harvey, Jr., acting chair, called the meeting to order at 10:00 a.m.

Public Comment

There was no public comment.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the November 12, 2020 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$19,400,225
Office Payroll	341,097*
Admin & Investment Expenses	1,115,570
Total Expenses – November 2020	\$20,846,892

**includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – November 2020			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	18	\$44,758.83	\$418,327.40
Withdrawals	10	n/a	\$457,002.60

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

ESG Quarterly Update

Jason Malinowski and Jill Johnson presented the ESG Quarterly Update for fourth quarter 2020 and provided a brief overview of the positive action strategy which includes shareholder advocacy, sustainability investments, and integrating climate risk into the investment process.

Ms. Johnson provided an update on shareholder advocacy activities. The Federal Reserve characterized climate change as a risk to financial stability for the first time ever. SCERS had signed-on to letters to the Federal Reserve and other financial regulators urging them to incorporate climate change in their regulatory mandate. The Securities and Exchange Commission finalized a rule that makes it more difficult for investors to submit shareholder resolutions. SCERS and other institutional investors had vigorously opposed it during the public comment period. The rule has the potential to increase the power of corporate management at the expense of shareholders. SCERS also joined an investor initiative asking that all companies included in the Russell 3000 Index disclose the gender, racial, and ethnic composition of their board of directors.

Mr. Malinowski provided an update on sustainability investments. Brookfield, a SCERS-invested manager, made an investment in Polenergia, a renewable power company in Poland.

Mr. Malinowski shared that the New York State Comptroller had made a recent announcement with regard to fossil fuel investments in the state's Common Retirement Fund, which staff was still reviewing. Staff answered questions from the Board regarding fossil fuel divestment. Councilmember Mosqueda asked that a follow-up discussion on divestment be scheduled for early 2021.

Investment Committee Report – November 19, 2020

Mr. Malinowski reported on the November 19, 2020 Investment Committee meeting.

RVK presented their research on investment committee best practices and NEPC reviewed Q3 2020 performance. Staff and NEPC also recommended changing the short-term investment fund to the BlackRock T-Fund, which is more conservatively managed because it invests exclusively in U.S. Treasury debt and treasury-backed repurchase agreements. Mr. Malinowski disclosed to the committee that prior to joining SCERS, he worked for BlackRock. Mr. Malinowski has no financial interest in BlackRock and has no personal relationship with anyone involved in managing the fund.

Motion: Upon motion by Teresa Mosqueda, seconded by Sherri Crawford, the Board of Administration accepted the Investment Committee's recommendation to change the short-term investment fund for excess cash to the BlackRock T-Fund. The motion passed unanimously (5-0).

Member Communications Deep Dive

Paige Alderete provided a deep dive into SCERS's Member Communications from where SCERS started and where SCERS is headed.

There were unprecedented times in 2020. Due to the pandemic, SCERS's staff were working remotely and all appointments with members were held virtually.

SCERS focus was on improving:

- Access to information
- Clear and consistent communications
- Pro-active and educational communications
- Service request response times
- Cross department and agency communications

The new Pension Administration System (PAS) went on-line in 2019 which was helpful for working remotely. The new system continues to provide consistency in the templates being used and the timing of communications with members.

The Member Self-Service (MSS) Portal began its rollout in 2020. The portal provides members access to their account information. Active members can also use a benefit calculator tool. As of the end of November 2020, 13,000 invites were sent out and over 3,500 members have registered to use the service. The implementation should be completed by first quarter 2021. Use of the portal is voluntary for members.

Retirement seminars were offered online making them more accessible. Staff are working on a recorded retirement seminar that will be posted to the SCERS website soon.

All SCERS staff attended customer service essential training at the beginning of 2020, which included a focus on the impact of word choices.

For 2021, goals include:

- Reducing service request back log
- Focusing on turnaround times
- Offering additional online seminars and recorded trainings
- Creating new pro-active member communications
- Member satisfaction survey

Administrative Committee Report – November 19, 2020

Jeff Davis reported on the November 19, 2020 Administrative Committee meeting.

The Administrative Committee members discussed doing a board self-evaluation in early 2021. The board self-evaluation reflects the board as a whole and not focused on individual board members.

The other topic was having a formalized succession planning for the Board's at-large position and for members of the Investment Advisory Committee.

Executive Director Update

Mr. Davis commented on the leadership shown by Ms. Alderete and Mr. Malinowski as staff transitioned to the virtual environment.

Closed Deliberation to review Disability Retirement Application

The Board entered closed deliberations to review a Disability Retirement Application at 11:00 a.m. for approximately 20 minutes.

Closed deliberation was closed, and the Board re-entered into regular session at 11:05 a.m.

<u>Motion:</u>	Upon motion by <u>Robert Harvey, Jr.</u> , seconded by <u>Sherri Crawford</u> , the Board of Administration approved the retirement disability application that was presented in accordance with the determination of the independent medical examination. The motion passed unanimously (5-0).
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Adjourn Meeting

The meeting adjourned at 11:06 a.m.