



Seattle City Employees' Retirement System

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

Minutes - Special Meeting, Wednesday, November 10, 2021

This was a virtual meeting.

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

SCERS Staff Present: Jeff Davis, Paige Alderete, Nina Melencio, Ronda Iriarte, George Emerson, Maya Collins, Dr. Leola Ross

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Lauren Albanese (Fin News), Tim Morrison (FAS)

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 October 14, 2021 Retirement board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$20,844,066.05
Office Payroll	343,359.40
Admin & Investment Expenses	682,552.53
Total Expenses – October 2021	\$21,869,977.98

**includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – October 2021			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	40	\$124,702.43	\$1,646,945.73
Withdrawals	24	n/a	\$871,955.96

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).

Investment Committee Report – October 28, 2021

Jeff Davis reported on the October 28, 2021 Investment Committee meeting. Agenda items included a private equity recommitment to Adams Street Partners and an inflation update. Jeff Burgis and Michelle Gandhi were present to provide information on the commitment for Adams Street Partners-SCERS III and to answer questions from the committee. Don Stracke, NEPC, provided the inflation update.

Staff and NEPC recommended a commitment of up to \$280 million to Adams Street Partners-SCERS III (“ASP III”), the third tranche of a private equity custom strategy.

The Investment Committee approved the recommendation.

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Board of Administration accepted the Investment Committee’s recommendation to commit up to \$280 million to Adams Street Partners-SCERS III, pending satisfactory legal review. The motion passed unanimously (5-0).

Administrative Committee Report – October 28, 2021

Mr. Davis reported on the October 28, 2021 Administrative Committee meeting. Agenda items included the Investment Consultant Evaluation follow-up, Trustee Education, Investment Advisory Committee appointments, and the member satisfaction survey.

The member satisfaction survey will be sent out to active and retired members who have received services in the past year. The Board will be informed of the results at a future meeting.

Joseph Boateng and Dwight McRae serve on the Investment Advisory Committee (IAC). Their three-year terms are expiring at the end of this year. Both have indicated a willingness to continue on the IAC. Mr. Boateng has also been chair of the IAC for the last 10 years and is wanting to step back. Keith Traverse is currently vice chair and will step into the role of Chair.

Motion: Upon motion by Judith Blinder, seconded by Glen Lee, the Board of Administration accepted the Administrative Committee’s recommendation and reappointed Joseph Boateng and Dwight McRae to the Investment Advisory Committee with a three-year term commencing on January 1, 2022. The motion passed unanimously (5-0).

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee’s recommendation and appointed Keith Traverse as Chair of the Investment Advisory Committee commencing on January 1, 2022. The motion passed unanimously (5-0).

Deep Dive – Fraud Prevention and Monitoring

Paige Alderete provided the Deep Dive on Fraud Prevention and Monitoring for the Seattle City Employees' Retirement System. Ms. Alderete's presentation provided an overview of what SCERS is doing and the reasons why.

SCERS is responsible for ensuring that members get the benefits they have earned and that their information is protected. This requires safeguarding funds and having strong controls and security to protect against fraud.

The type of information that the pension fund maintains includes member names, date of birth, home address, Social Security numbers, as well as financial and investment information.

Ms. Alderete reviewed the system focused controls and member focused controls for the pension administration system and the types of controls in place for the Member Self-Service (MSS) portal. The MSS Portal currently has 7,000 users. Registration and login security requires five pieces of information, multi-factor authentication, and a pass phrase.

(10:29 am – Glen Lee and Kimberly Loving left the meeting.)

For investments, due diligence includes site visits, use of a custodian bank, use of a specialty operational due diligence firm, an investment transfer review and approval process, and use of known, validated accounts for wire transfers.

SCERS vision for the future is to develop a risk assessment matrix; formalize an incident response plan and policy; education to members on security and minimizing risk; continued education and training for SCERS staff; and red flag monitoring. Additionally, further enhancements will include additional audit log functionality; enhanced identity verification; and enhanced EFT account verification.

Executive Director Update

The current estimated funding level is 81% based on mark-to-market methodology and SCERS has \$4 billion in assets. SCERS is reaping the benefits of a well-managed portfolio.

Adjourn Meeting

The meeting adjourned at 10:41 am.