



# Seattle City Employees' Retirement System

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

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## Minutes, Thursday, December 14, 2023

**Board Members Present:** Teresa Mosqueda (Chair), Sherri Crawford, Judith Blinder, Maria Coe, Joseph Hoffman, Jaime Carnell, Kimberly Loving

**SCERS Staff Present:** Jeff Davis, Jason Malinowski, Paige Alderete, Nina Melencio, Mengfei Cao, George Emerson, Leola Ross

**Others Present:** Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Tim Atwell (Tacoma ERS), Elizabeth Paschke (ARSCE), Andrew Robinson (FAS), Kevin Balaod (With Intelligence), Lindsay Saienni (Fin News)

### Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:02 am.

Ms. Mosqueda stated this was her last Board meeting and that she will be on the King County Council starting 2024. She said that since her first meeting at the beginning of the pandemic, SCERS has sustained the stability of the fund and provided assurance for retirees.

### Public Comment

There was no public comment.

### Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the November 8, 2023 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$23,976,673.75
Office Payroll	395,270.69
Admin Expenses	362,231.77
Investment Expenses	2,366,545.07
<b>Total Expenses – November 2023</b>	<b>\$27,100,721.28</b>

*\*Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – November 2023			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	17	\$42,648.34	\$1,382,160.88
Withdrawals	10	n/a	\$253,976.11

**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 (7-0).

### **Investment Committee Report – November 30, 2023**

Jason Malinowski reported on the November 30, 2023 Investment Committee meeting, which the Investment Advisory Committee also attended.

The Investment Policy was updated to reflect the new strategic asset allocation that resulted from the asset-liability study conducted throughout 2023. Additionally, references were added to SCERS's liabilities in several sections, Long-Term Fixed Income was added as an asset class, and language around ESG was updated to be in line with the ESG Policy adopted in 2022.

**Motion:** Upon motion by Sherri Crawford, seconded by Joseph Hoffman, the Board of Administration accepted the Investment Committee's recommendation to adopt the revised Investment Policy effective January 1, 2024, that reflects updated strategic asset allocation targets of 46% Public Equity, 11% Private Equity, 14% Core Fixed Income, 5% Long-Term Fixed Income, 7% Credit Fixed Income, 12% Real Estate and 5% Infrastructure. The motion passed unanimously (7-0).

The addition of the Long-Term Fixed Income asset class required hiring an investment manager. Staff recommended a \$180 million investment in a passive separate account managed by Russell Investments. NEPC concurred with the recommendation. Russell Investments was recommended because of their well-resourced and longstanding team, attractive fees, and their low tracking error in similar accounts.

**Motion:** Upon motion by Sherri Crawford, seconded by Maria Coe, the Board of Administration accepted the Investment Committee's recommendation to invest \$180 million in a long-term fixed income account managed by Russell Investments, pending satisfactory legal review. The motion passed unanimously (7-0).

Staff also recommended a commitment of up to \$17.5 million to Global Infrastructure Partners V, a global and sector diversified infrastructure strategy. SCERS has invested in two prior funds managed by Global Infrastructure Partners. NEPC concurred with the recommendation and has underwritten GIP V as a Focused Placement List (FPL) strategy with the highest rating of 1.

Ms. Blinder stated that she has confidence in this manager and noted that they invest in large projects, which makes them a little less diversified. She would like to see updates as the portfolio is being invested given this potential concern.

**Motion:** Upon motion by Sherri Crawford, seconded by Judith Blinder, the Board of Administration accepted the Investment Committee's recommendation to commit up to \$17.5 million plus applicable management fees to Global Infrastructure Partners V, pending satisfactory legal review. The motion passed unanimously (7-0).

Mr. Malinowski covered the other items on the agenda. NEPC reviewed investment performance through September 2023. Staff detailed how the new strategic asset allocation would be implemented, and previewed the investment consultant search that will be conducted next year as NEPC's contract expires on June 30, 2024. Lastly, staff presented the annual cost effectiveness and fee analysis, which showed that investment-related costs were stable year-over-year and that SCERS continued to get value from the costs incurred.

### **Administrative Committee Report – November 30, 2023**

Paige Alderete reported on the November 30, 2023 Administrative Committee. Ms. Alderete provided a recap of SCERS's Pension Administration System (PAS), the current state of the system, and next steps. SCERS's current system went live in January 2019 and the contract with Vitech ends in December 2024.

Vitech has changed its business model. Going forward, they will only offer their new cloud platform/subscription model called V3locity. SCERS has a decision to make since the current contract with Vitech includes hosting services, which are ending.

Options include:

- Move to V3locity
- Move hosting on-premises
- Select new vendor

In the first quarter of 2024, staff will be doing an options analysis and plan to come back to the committee in April with recommendations.

### **Executive Director Update**

Mr. Davis reported that the City Council did not move forward with the Board's recommendation to leave the City contribution rate at 15.82%. The City Council chose to set the rate at 15.17% which is the actuarially required contribution. The only concern is that the contribution rate is expected to increase in the future since there is a deferred loss. SCERS needs to ensure that the City continues to honor their commitment to SCERS.

CM Mosqueda is budget chair for the City Council. She stated that despite SCERS's best efforts to educate the council about the board's recommendation, the slightly lower rate was ultimately approved against her objections.

Mr. Davis and other board members thanked CM Mosqueda for her leadership, partnership and working with SCERS through tumultuous times post-Covid. He congratulated her on her election to the King County Council.

### **Quasi-judicial/Expected Litigation to review Disability Retirement Application**

The Board entered into a closed session for approximately 20 minutes at 11:29 am to discuss a quasi-judicial matter and actual or pending litigation with legal counsel.

The Board returned to regular session at 10:52 am.

**Motion:** Upon motion by Kimberly Loving, seconded by Jamie Carnell, the Board of Administration affirmed the conclusion of the independent medical examination and did not approve the retirement disability application of Marco Hernandez. The motion passed unanimously (7-0).

CM Mosqueda stated that there is an opportunity for next steps for Mr. Hernandez and he will be notified by staff.

**Adjourn Meeting**

CM Mosqueda adjourned the meeting at 10:55 a.m.