



Seattle City Employees' Retirement System

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

Minutes, Thursday, April 28, 2022

IC Members Present: Robert Harvey, Jr. (Chair), Judith Blinder, Sherri Crawford, Lou Walter, Kimberly Loving

IAC Members Present: Dwight McRae

SCERS Staff Present: Jeff Davis, Jason Malinowski, Paige Alderete, Leola Ross, George Emerson, Mengfei Cao, Nina Melencio, Katie Lac, Mark Schimizze

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Don Stracke (NEPC), Zack Cziryak (Fin News), Matt Courtois (FAS), Joe Ebisa (With Intelligence)

Call to Order

Robert Harvey, Jr., Chair, called the meeting to order at 12:00 pm

Public Comment

There was no public comment.

Minutes

Approved Minutes from the March 31, 2022 Investment Committee.

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Investment Committee approved the minutes from the March 31, 2022 Investment Committee meeting. The motion passed unanimously (5-0).

Credit Fixed Income Manager Recommitment – Arcmont Direct Lending Fund IV

George Emerson presented Staff's recommendation of a recommitment of up to \$40 million to Arcmont Direct Lending Fund IV ("DLF IV"), a private credit strategy focused on lending to European middle-market companies. DLF IV is managed by Arcmont Asset Management Limited ("Arcmont"), a UK-based asset manager.

This recommendation is consistent with the Board's adopted strategic asset allocation that includes a 7% target weight to credit. DLF IV would be SCERS's third allocation to Arcmont, including when it operated as the private debt arm of BlueBay Asset Management. Arcmont now operates as an independent firm.

In 2015, SCERS committed \$24 million to BlueBay Direct Lending Fund II SLP (“DLF II”) and in 2018 SCERS committed \$35 million to BlueBay Direct Lending Fund III SLP (“DLF III”) the predecessor fund to DLF IV. DLF IV has substantially the same strategy and target markets as DLF III.

Mr. Emerson provided an overview and update on Arcmont’s organization, team, strategy, fund performance and ESG process integration. Mr. Emerson addressed a question from the Board about the fund’s risk profile.

NEPC concurred with staff’s recommendation and has underwritten DLF IV with a rating of 1.

Motion: Upon motion by Lou Walter, seconded by Sherri Crawford, the Investment Committee recommended that the Board of Administration commit up to \$40 million to Arcmont Direct Lending Fund IV, pending satisfactory legal review. The motion passed unanimously (5-0).

Infrastructure Manager Recommitment – Brookfield Infrastructure Fund V

Mr. Emerson presented Staff’s recommendation for a recommitment of up to \$25 million to Brookfield Infrastructure Fund V (“BIF V”), a global and sector diversified infrastructure strategy. BIF V is managed by Brookfield Asset Management Inc. (“Brookfield”).

This recommendation is consistent with the Board’s adopted strategic asset allocation that includes a 4% target weight to infrastructure. BIF V would be the third fund investment with Brookfield’s infrastructure unit. SCERS had committed \$12 million to Brookfield Infrastructure Fund III (BIF III) and \$17.5 million to Brookfield Infrastructure IV (BIF IV). SCERS has also committed a total of \$65 million to three Brookfield real estate funds.

Mr. Emerson provided an overview and update on Brookfield’s organization, team, strategy, fund performance and ESG process integration. Mr. Emerson addressed a question from the Board about the fund’s risk profile.

NEPC concurred with staff’s recommendation and has underwritten BIF V with a rating of 1.

Motion: Upon motion by Sherri Crawford, seconded by Lou Walter, the Investment Committee recommended that the Board of Administration commit up to \$25 million to Brookfield Infrastructure Fund V, pending satisfactory legal review. The motion passed unanimously (5-0).

(12:43 p.m. – Lou Walter left meeting.)

Real Estate Manager Recommitment – AG Asia Realty Fund V

Mengfei Cao presented Staff’s recommendation for a \$20 million commitment to AG Asia Realty Fund V (“AG Asia V” or “Fund”), an Asian non-core real estate strategy. AG Asia is managed by Angelo, Gordon & Co. L.P. (“Angela Gordon”).

This recommendation is consistent with the Board’s adopted strategic asset allocation that includes a 12% target weight to real estate, of which 30% is intended to be non-core real estate. It is also consistent with the goal of adding geographic diversification to SCERS’s real estate portfolio. AG Asia V would be SCERS’s second fund investment with Angelo Gordon. SCERS had committed \$15 million to AG Asia Realty Fund IV (“AG Asia IV”), a predecessor fund with a 2018 vintage year.

Ms. Cao provided an overview and update on Angelo Gordon’s organization, team, strategy, fund performance and ESG process integration. AG Asia V will invest across geographies and property types with a specific focus

on Japan, China/Hong Kong, South Korean, and Singapore. Ms. Cao addressed a question from the Board about the fund's risk profile.

NEPC concurred with staff's recommendation and had previously selected AG Asia IV as a Focused Placement List (FPL) strategy with a top rating of 1.

Motion: Upon motion by Judith Blinder, seconded by Sherri Crawford, the Investment Committee recommended that the Board of Administration commit up to \$20 million to AG Asia Realty Fund V, pending satisfactory legal review. The motion passed unanimously (4-0).

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee voted to adjourn the meeting at 1:02 pm. The motion passed unanimously (4-0).