



Seattle City Employees' Retirement System

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

Minutes, Thursday, May 12, 2022

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

SCERS Staff Present: Jeff Davis, Jason Malinowski, Nina Melencio, Mark Schimizza, Leola Ross, George Emerson, Mengfei Cao, Selam Teklemariam, Katie Lac, Michiko Togashi

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Michael Nagan (ARSCE), Frank NLN, Matt Courtois (FAS), Joe Ebisa (With.Intelligence), Alexandria Zhang (CBO), Tom Mikesell (LEG)

Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:00 am.

Public Comment

There was no public comment. Ms. Mosqueda shared that an advocacy group complimented staff for SCERS's corporate engagement on climate change.

Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the April 14, 2022 Retirement Board regular meeting, ratification of Retired Payroll, Office Payroll, and other payments and withdrawals.

The following items represent normal expenses:	
Pension Payroll	\$21,511,806.68
Office Payroll	403,019.09
Admin Expenses	341,324.24
Investment Expenses	399,470.93
Total Expenses – April 2022	\$22,655,620.94

**Includes estimated benefit costs*

Retirements, Withdrawals, Other Payouts – April 2022			
	Count	Monthly Pension	Lump Sum Distribution
Retirements	21	\$62,909.23	\$424,217.76
Withdrawals	32	n/a	\$1,149,375.25

Motion: Upon motion by Lou Walter, seconded by Judith Blinder, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (7-0).

SCERS 2023-2024 Budget

Mark Schimzze presented the 2023-2024 Administrative & Operations budget for SCERS.

Staff proposed a budget of \$10.46 million for 2023 and \$10.40 million for 2024, which is an \$1.15 million increase in 2023 from the baseline budget and a \$64,000 decrease in 2024 from the 2023 budget. The proposal also includes an increase in staffing from 29 FTE to 30.5 FTE.

There was discussion on expenses versus revenue of the plan, forecasting on retirement trends, as well as discussion on potentially being more aggressive on staffing up. Staff will provide the Board more information on SCERS's revenues and expenses.

Motion: Upon motion by Lou Walter, seconded by Robert Harvey, Jr., the Board of Administration accepted the 2023-2024 Seattle City Employees' Retirement System budget, including any future internal service fund rate updates, for submission to the City Budget Office. The motion passed unanimously (7-0).

Board Training – Fiduciary Responsibility/Personal Liability and Open Public Meetings Act/City Ethics

Mike Monaco, of MMPL, provided an update to the board's training on Fiduciary Responsibility and Personal Liability.

Since the board's training in 2021, there has been more discussion on ESG investing. Under the Biden administration, new rules on ESG considerations in private pension plans are being proposed. The proposed rules are a more concrete way of doing ESG issues analysis but is consistent with what SCERS is already doing.

SCERS is subject to state law in which the Washington State Supreme Court has issued clear guidance on considering ESG investment actions

Gary Smith, of the City Attorney's Office, provided training on the Open Public Meetings Act (OPMA) and reviewed the City's Ethics Code.

SCERS's Board of Administration and its sub committees are subject to the OPMA. All meetings are open to the public, except for executive session. Meetings must have a quorum. Once there is a quorum, a meeting can occur in person, by phone, or by email exchange. Final action must always take place in an open public meeting even if deliberations occurred during closed session.

The City's Ethics code applies to City employees, contractors, and volunteers.

Investment Committee Report – April 28, 2022

Jason Malinowski followed up to Ms. Mosqueda’s comment during the Public Comment section. Staff have been having dialogue with an offshoot advocacy group of 350 Seattle who have recently shifted their focus from divestment to corporate engagement. Staff let them know that SCERS is supporting climate-related shareholder resolutions at several US banks, and they were appreciative for the information.

Mr. Malinowski reported that there were three motions at the April 28th Investment Committee meeting. Each is for a commitment to an existing manager where staff maintains high conviction. NEPC concurred with each recommendation.

Staff recommended a commitment of up to \$40 million to Arcmont Direct Lending Fund IV, a private credit strategy focused on lending to European middle-market companies.

Motion: Upon motion by Robert Harvey, Jr., seconded by Lou Walter, the Board of Administration accepted the Investment Committee’s recommendation to commit up to \$40 million to Arcmont Direct Lending Fund IV, pending satisfactory legal review. The motion passed unanimously (7-0).

Staff recommended a commitment of up to \$25 million to Brookfield Infrastructure Fund V (“BIF V”), a global and sector diversified infrastructure strategy.

Motion: Upon motion by Robert Harvey, Jr., seconded by Lou Walter, the Board of Administration accepted the Investment Committee’s recommendation to commit up to \$25 million to Brookfield Infrastructure Fund V, pending satisfactory legal review. The motion passed unanimously (7-0).

Staff recommends a \$20 million commitment to AG Asia Realty Fund V (“AG Asia V” or “Fund”), an Asian non-core real estate strategy.

Motion: Upon motion by Robert Harvey, Jr., seconded by Lou Walter, the Board of Administration accepted the Investment Committee’s recommendation to commit up to \$20 million to AG Asia Realty Fund V, pending satisfactory legal review. The motion passed unanimously (7-0).

Administrative Committee Report – April 28, 2022

Jeff Davis reported on the April 28, 2022 Administrative Committee. The committee approved recommendations to amend the Administrative Committee and Investment Committee charters to include language on the role of the committee chair. The Board of Administrative charter was also amended to include language that makes it clear that it is the Board’s responsibility to appoint committee chairs.

Motion: Upon motion by Robert Harvey, Jr., seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee’s recommendation to adopt the revised Administrative Committee Charter. The motion passed unanimously (7-0).

Motion: Upon motion by Robert Harvey, Jr., seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee’s recommendation to adopt the revised Board of Administration Charter. The motion passed unanimously (7-0).

Motion: Upon motion by Robert Harvey, Jr., seconded by Judith Blinder, the Board of Administration accepted the Administrative Committee's recommendation to adopt the revised Investment Committee Charter. The motion passed unanimously (7-0).

The Administrative Committee also recommended that the Board reappoint Cathy Cao and Steven Hill to the Investment Advisory Committee for a new three-year term.

Motion: Upon motion by Lou Walter, seconded by Glen Lee, the Board of Administration accepted the Administrative Committee's recommendation to reappoint Cathy Cao and Steven Hill to the Investment Advisory Committee with a three-year term commencing July 1, 2022. The motion passed unanimously (7-0).

The committee also discussed the ESG policy. Discussions will continue at the May committee meeting with plans to bring the final recommendation to the June board meeting.

Executive Director Update

Mr. Davis stated that voting for the active member seat for the 2022 trustee elections started today. There are two candidates on the ballot: Judith Blinder and Maria Coe. Elections end on June 6, 2022.

Since in-person meetings will be required as of June 1st, we will begin having in-person board meetings at the June 9, 2022 board meeting. Some staff will physically be in the office for the meeting and members of the public may attend in-person. A virtual Web-ex option will remain available.

Executive Session for Evaluating the Performance of the Board, which includes public employees; Executive Session for Actual or Pending Litigation/Quasi-judicial matter

Executive Session started at 11:20 am and is anticipated to be 30 minutes.

Executive Session ended and regular session started at 11:52 am.

Motion: Upon motion by Kimberly Loving seconded by Glen Lee, the A Board of Administration denied Donald Tinker's request to recalculate his retirement benefits. The motion passed unanimously (7-0).

Motion: Upon motion by Kimberly Loving, seconded by Robert Harvey, Jr., the Board of Administration reapproved and reconfirmed the Seattle City Employees' Retirement System's practice of treating retroactive pay increases as earned based on the work performed and not when paid. The motion passed unanimously (7-0).

Adjourn Meeting

Motion: Upon motion by Judith Blinder, seconded by Glen Lee, the Board of Administration voted to adjourn the meeting at 11:58 am. The motion passed unanimously (7-0).