



Seattle Retirement

Seattle City Employees' Retirement System

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

Minutes, Thursday, January 30, 2025

IC Members Present: Sherri Crawford (Chair), Judith Blinder, Maria Coe, Kimberly Loving, Jamie Carnell, Dan Strauss

IAC Members Present: Dwight McRae

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

Others Present: Mike Monaco (MMPL), Gary Smith (City Attorney's Office), Rose Dean (NEPC), Dan Hennessy (NEPC), Joe Ebisa (With.Intelligence), Andrew Robinson (FAS), Thao Nguyen (NEPC), Lindsay Saienni (Fin News), Joseph Boateng

Call to Order

Sherri Crawford, chair, called the meeting to order at 11:00 am.

Public Comment

There was no public comment.

Minutes

Approved Minutes from the November 21, 2024 Investment Committee.

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee approved the minutes from the November 21, 2024 Investment Committee meeting. The motion passed unanimously (5-0).

Investment Consultant Evaluation

Jason Malinowski briefly reviewed results from the annual investment consultant evaluation. There was generally positive feedback from the Investment Committee and Investment Advisory Committee members, as well as staff. Ratings ranged from "Somewhat Agree" to "Strongly Agree" on the positive statements that respondents were asked to address.

(11:02 am – Dan Strauss joined the meeting.)

Ms. Blinder noticed that the consultant received slightly lower scores in innovation and ESG. She did notice that staff gave high scores on the question regarding collaboration.

Mr. Malinowski replied that the consultant's rating on ESG has been improving the past few years. They have consistently scored lowest with "consultant provides innovative approaches to tackle the issues facing SCERS." This may be due to innovation meaning different things to different people and not necessarily being a positive in the financial sector. NEPC has fully supported SCERS in some of the unique projects that have been undertaken, even though those ideas may have come from staff. Dr. Ross stated that this was not a negative but rather a characteristic on how consultants approach client relationships.

Ms. Coe suggested that the question be reframed for next year's evaluation. Mr. Malinowski and Rose Dean, of NEPC, agreed to do so.

Investment Outlook and Capital Market Assumptions – NEPC

Ms. Dean reported on NEPC's 2025 Investment Outlook and Capital Market Assumptions and answered questions from the committee members.

Inflation is lingering and the economy is still doing quite well. NEPC is not seeing significant weakness in the market. It remains to be seen how the new administration will impact markets.

On an annual basis, NEPC identifies the market themes that they believe will impact the investment landscape over the coming year. These themes represent factors that are likely to exert significant influence on markets and investor sentiment. NEPC's key market themes entering 2025 are pockets of euphoria; AI spending; tariffs explained; and world affairs.

Ms. Dean reviewed NEPC's building block framework for developing asset class return assumptions. The 10-year expected return for SCERS's investment portfolio increased from 6.3% to 6.7% over 2024 largely driven by an adjustment to the equity return assumption methodology. Expected volatility remains the same. The 30-year expected return increased slightly from 7.6% to 7.8%.

Mr. Malinowski said that the fund's actuary, Milliman, uses a 6.75% investment return assumption to determine the contribution rate, which was last updated during the 2022 experience study. NEPC's capital market expectations over the 30-year horizon are now higher than this investment return assumption, which is a good situation. Historically, the investment return assumption has been reduced during experience studies, which leads to an increased contribution rate. As of now, it would likely not be necessary to reduce the investment return assumption further.

Adjourn Meeting

Motion: Upon motion by Sherri Crawford, seconded by Judith Blinder, the Investment Committee voted to adjourn the meeting at 11:48 am. The motion passed unanimously (6-0).