



SFERS

San Francisco Employees' Retirement System

City and County of San Francisco Employees' Retirement System

RETIREMENT BOARD MEETING MINUTES

Wednesday, January 8, 2020

1145 Market Street, 6th Floor
San Francisco, CA 94103

1:00 p.m.

Please take notice that the Retirement Board will begin its meeting with a closed session item. The Board will take public comment before going into closed session, limited to the topic of the closed session item. The Board will return to open session and begin the public portion of the meeting with General Public Comment, not earlier than 2:30 PM.

MISSION STATEMENT

San Francisco City and County Employees' Retirement System is Dedicated to Securing, Protecting and Prudently Investing the Pension Trust Assets, Administering Mandated Benefit Programs, and Providing Promised Benefits.

RETIREMENT BOARD MEMBERS

President

Joseph Driscoll

Vice President

Leona Bridges

Commissioners

Al Casciato

Carmen Chu

Scott Heldfond

Ahsha Safai

Brian Stansbury

Executive Director

Jay Huish

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Sunshine Ordinance Task Force
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San Francisco, CA 94103-4689
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OPENING CALENDAR

1. Pledge of Allegiance

2. Roll Call

Commissioner Léona Bridges	1:20 PM
Commissioner Al Casciato	1:20 PM
Commissioner Carmen Chu	2:15 PM
President Joseph Driscoll	1:20 PM
Commissioner Heldfond	1:20 PM
Commissioner Ahsha Safaí	Absent
Commissioner Stansbury	Absent

3. 010820-03 Action Item CLOSED SESSION

President Driscoll called for public comment on the Board going into Closed Session.

There were no comments and public comment was closed.

Action: Moved by Commissioner Heldfond, Seconded by Commissioner Casciato, to invoke the attorney-client privilege and conduct a closed session for existing litigation with legal counsel.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Heldfond

Absent: Commissioners Safaí, Stansbury

The Board entered closed session at 1:20 PM

The following individuals were present for the closed session re Possible Recommendation and/or Action on Sale and Purchase of Particular, Specific Pension Fund Investment under California Government Code Section 54956.81: Commissioners Bridges, Casciato, Chu, Driscoll, Heldfond; Jay Huish, Executive Director; Caryn Bortnick, Deputy Executive Director; William J. Coaker, Chief Investment Officer; Anna Langs, Managing Director Asset Allocation, Risk Management and Innovative Solutions; David Francl, Managing Director, Absolute Returns; Kurt Braitberg, Managing Director, Public Markets; Tanya Kemp, Managing Director for Private Markets; Ed Comerford, Director for Real Assets; Andrew Collins, Director of ESG Investing; Han Pham, Director Public Equity; Chris Chow, Director Natural Resources; Victoria Owens, Justin Lo, Senior Portfolio Managers; Dennis Esselsagoe, Luke Angus, Cynthia Wong, Kien Trinh, Chris Terrazzano, Security Analysts; Kevin Zhang, Investment Fellow; Darlene Armanino, Board Secretary; Robert Bryan, Molly Nordale, Tran Ly, Deputy City Attorneys; Bob Lang, Anelise Hohl, Marc Cardillo, Kelly Jensen, Anita Ng, Rob Long, Cambridge Associates; James Reichert, Allan Martin, NEPC.

Closed Session ended at 2:45 PM

The meeting was recessed from 2:45 PM to 3:05 PM

The Board returned to open session at 3:05 PM

Action: Moved by Commissioner Casciato, Second by Commissioner Heldfond, not to disclose any further discussions held in closed session under San Francisco Administrative Code Section 67.12(a).

Ayes: Commissioners Bridges, Casciato, Driscoll, Heldfond
Absent: Commissioners Chu, Safaí, Stansbury

4. 010820-04 General Public Comment - Not earlier than 2:30 PM

President Driscoll called for General Public Comment.

Herbert Weiner, SEIU 1021, spoke of the passing of Peter Ashe, former Commissioner on the Board, and announced that he placed his name in memory at the National Museum of the Marine Corps because of his service in the US Army and in his memory noted he was a great asset to the Board and that he will be missed.

Claire Zvanski, representing Retired Employees of the City and County and SEIU 1021, requested that the Board adjourn the meeting in memory of Peter Ashe and asked for more information when discussing Item No. 7.

There were no additional comments and General Public Comment was closed.

5. 010820-05 Action Item Approval of the Minutes of the December 11, 2019 Meeting

President Driscoll proposed the following amendment to the Minutes on Item No. 9; page 9 of the minutes:

President Driscoll suggested that, when the Investment Policy Statement is next brought back to the Board for amendment, the Investment Beliefs section include reference to integration of ESG considerations in the investment selection process, a statement related to how the increase in uncertainty over the long term impacts the investment process, and reference to organizational decision quality.

President Driscoll called for public comment.

There were no comments and public comment was closed.

Action: Moved by Commissioner Heldfond, Seconded by Commissioner Casciato, to amend Minutes to include President Driscoll's comments noted above which were made at the December 11, 2019 Retirement Board Meeting.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Heldfond
Absent: Commissioners Safaí, Stansbury

CONSENT CALENDAR

All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Retirement Board and will be acted upon by a single vote of the Retirement Board. There will be no separate discussion of these items unless a member of the Retirement Board so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

6. 010820-06	Action Item	Consent Calendar
010820-06b	Action Item	Voluntary Retirement Board List No. 7-19
010820-06c	Action Item	Decisions of Hearing Officers
Rebecca A. Atwater Effective Date: 7/1/16	H2 Firefighter Fire	Industrial Disability Retirement Granted
Maurice E. Castain Effective Date: 8/1/17	H2 Firefighter Fire	Industrial Disability Retirement Denied
Rachelle E. Hardie Effective Date: 7/1/19	2320 Registered Nurse Public Health	Ordinary Disability Retirement Granted
Luis A. Henriquez Effective Date: 5/1/17	2708 Custodian Library	Ordinary Disability Retirement Granted
Albert W Jang Effective Date: PERS	8306 Sr. Deputy Sheriff Sheriff	Cal-PERS - Disability Retirement Certified
Jacklyn M. Jehl Effective Date: 9/16/09	Q4 Police Officer III Police	Industrial Disability Retirement Granted
Kevin A. Lee Effective Date: 5/19/18	Q4 Police Officer III Police	Industrial Disability Retirement Granted
Jon McMahon Effective Date: 6/29/19	Q52 Sergeant III Police	Industrial Disability Retirement Granted
Thomas A. Molletta Effective Date: 11/1/16	7325 General Utility Mechanic PUC-Hetch Hetchy	Ordinary Disability Retirement Granted

John H. Monroe Effective Date: 6/10/17	0380 Inspector (Police Dept) Police	Industrial Disability Retirement Granted
James V. Peralta Effective Date: PERS	8304 Deputy Sheriff Sheriff	Cal-PERS - Disability Retirement Certified
Lauifi F. Seumaala (Deceased – 12/25/15) Effective Date: 12/26/15	H2 Firefighter Fire	Death As A Result of Duty Granted

010820-06d Action Item Travel Requests

Request travel approval for Commissioner Leona Bridges to attend the Milken Institute Global Conference, May 2-6, 2019 in Los Angeles.

010820-06e Discussion Item Retirement Board Member Reports and Comments

Action: This is a discussion only item.

Documents provided to the Retirement Board prior to the current meeting: Voluntary Retirement Board List, Hearing Officer Decisions, Travel Request

President Driscoll called for public comment.

There were no comments and public comment was closed.

Action: Moved by Commissioner Casciato, Seconded by Commissioner Heldfond, to approve Consent Calendar.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Heldfond
 Absent: Commissioners Safai, Stansbury

INVESTMENT CALENDAR

7. 010820-07 Action Item Recommendation to Initiate a Securities Lending Program with BNY Mellon

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Investment Guidelines for SFERS Cash Collateral Account, NEPC Memorandum

William Coaker, Chief Investment Officer, Kurt Braitberg, Managing Director, Public Markets, and Anna Langs, Managing Director, Asset Allocation, Risk Management, Innovative Solutions, Tom Daniels, BNY Mellon and James Reichert, NEPC, presented an oral and written report on this item.

Ms. Langs recommended that SFERS reinstate a securities lending program through SFERS' Custodian, BNY Mellon. Ms. Langs noted that in July 2017 SFERS transferred its custody from Northern Trust to BNY Mellon. Ms. Langs stated Staff and NEPC thoroughly reviewed BNY Mellon's offering in securities lending and was impressed with the offering.

Mr. Braitberg provided an explanation on securities lending and noted the motivation is the ability for SFERS to earn incremental fees.

Based on BNY Mellon's estimates, the program will include total lendable assets of approximately \$6.9 billion of which approximately 19% (\$1.3 billion) will be utilized (lent). Subject to the proposed guidelines for cash collateral account detailed in the Appendix, BNY Mellon estimates the annual net revenue from the program will be approximately \$2.27 million.

NEPC recommended that SFERS reenter securities lending with BNY Mellon using a conservative philosophy across lending, non-cash collateral and cash reinvestment components, the three primary risk drivers of a lending program. NEPC indicated that the following factors will help to minimize possible risk to SFERS:

- Lending of securities will be capped in Treasuries and Agencies to minimize liquidity issues.
- Non-cash collateral is high quality and over collateralized, indemnified by BNY Mellon.
- Cash collateral will be invested in a separate account managed to conservative money market like guidelines, allowing for SFERS to customize risk tolerance. BNY Mellon will offer indemnification on Repurchase agreements ("Repo") in cash collateral pool.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

President Driscoll called for public comment.

Fred Sanchez, Protect our Benefits, spoke about the SFERS rate of return and bottom-line numbers.

There were no comments and public comment was closed.

Action: Moved by Commissioner Heldfond, Seconded by Commissioner Bridges, to approve Staff's recommendation to initiate a securities lending program with BNY Mellon subject to the cash collateral guidelines described in the Appendix as an Exhibit at this meeting.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Heldfond

Absent: Commissioners Safai, Stansbury

8. 010820-08 Action Item SFERS Investment Division Strategic Plan for the Next 10 Years

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, SFERS "Investment Division Strategic Plan for the Next 10 Years"

William Coaker, Chief Investment Officer, Kurt Braitberg, Managing Director, Public Markets, Tanya Kemp, Managing Director, Private Markets, David Francl, Managing Director, Absolute Return, and Anna Langs, Managing Director, Asset Allocation, Risk Management, Innovative Solutions, presented an oral and written report on this item.

CIO Coaker reported that the SFERS investment objective is to earn high long-term returns and reduce the impact on our funded status caused by a market decline. SFERS seeks to reduce the impact of a market decline through a differentiated approach to asset allocation. SFERS seeks to earn high returns through manager selection, by emphasizing managers in unique, niche strategies and with specialty skill.

CIO Coaker reported that SFERS liabilities are projected to grow to \$40 billion in 2028 and \$60 billion in 2038. He indicated that to earn high returns SFERS needs to make changes in its: investment strategy, resources, decision-making, and the Investment Division career track.

CIO Coaker reported that the Board and Staff have two options to address the projected increase in SFERS liabilities:

Option 1 would maintain current resources and require investment more in large platforms - money managers that have the resources and strategies where SFERS can invest large sums of money. CIO Coaker reported that this option would require a change in investment strategy, in SFERS' approach to manager selection and may require a change in asset allocation as well.

Option 2 would maintain current strategy, meaning SFERS' approach to asset allocation and manager selection, and invest approximately 20% in co-investments. Option 2 would require additional resources as well changes in delegation and decision-making.

The presentation also included a recommendation that SFERS improve its Investment Division career track to enhance recruitment and retention of investment professionals.

CIO Coaker reported that SFERS has built a lineup of premier external managers. Co-investments enable SFERS to extract more from General Partner relationships and to do so at much lower cost than SFERS' fund investments. Staff recommends Option 2 as SFERS' investment strategy for the next 10 years.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

Commissioner Chu discussed critical hiring strategies.

President Driscoll discussed the City's hiring process and administrative costs and stated that he agrees with significantly increasing co-investments, but that SFERS advocacy system being used now is not decision quality. He believes SFERS Beliefs should include organization, decision and quality.

President Driscoll called for public comment.

Mike Hebel, on behalf of the San Francisco Police Officer's Association stated four words: "clear, concise, thoughtful, justified."

There were no additional comments and public comment was closed.

Action: Moved by Commissioner Casciato, Seconded by Commissioner Heldfond, to approve SFERS "Investment Division Strategic Plan for the Next 10 Years."

Ayes: Commissioners Bridges, Casciato, Chu, Heldfond

Nays: Commissioner Driscoll

Absent: Commissioners Safai, Stansbury

9. 010820-09 Discussion Item Public Equity Portfolio Update

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum

William Coaker, Chief Investment Officer, Kurt Braitberg, Managing Director, Public Markets, Han Pham, Public Equity Director, presented and oral and written report on this item.

CIO Coaker reported that SFERS public equity portfolio has undergone significant changes over the last several years, shifting from style constrained strategies that were very similar to their benchmarks to unconstrained specialist strategies that are differentiated from their benchmarks. As a result of these changes, the public equity portfolio over the last several years has outperformed its benchmark (ACWI).

CIO Coaker stated that SFERS seeks high excess returns mainly through asset allocation and manager selection. SFERS believes in the long-term growth of China, technology, and healthcare and have overweights to these regions and sectors. SFERS aims to partner with exceptional managers with unique, significant, and sustainable competitive advantages, and with whom there is a high alignment of interests. SFERS favors managers with specialty skills and with unique or niche strategies.

Staff reported that over the last several years, SFERS has been focused on evolving the Public Equity portfolio from diversified, style-constrained strategies to concentrated high-active share, unconstrained fundamental strategies. He reported that SFERS has complemented these fundamental strategies with more diversified quantitative strategies. Staff reported that, in terms of alignment of interest, SFERS prefers managers who have performance-based fees, capacity

discipline (versus asset gatherers with large assets under management), single strategies, and significant partner capital invested in the relevant strategy.

Staff reported that the investment objective of the Public Equity portfolio is to generate long-term capital appreciation plus excess returns over the global public equity index (ACWI). Staff reported that, as SFERS continues to evolve the portfolio to capture more alpha, rather than just beta, SFERS expects their excess returns will increase to a range of 1.50% to 2.0% annualized.

President Driscoll called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

10. 010820-10 Discussion Item Public Fixed Income Portfolio Update

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum

William Coaker, Chief Investment Officer, Kurt Braitberg, Managing Director, Public Markets, Victoria Owens, Senior Portfolio Manager, Public Fixed Income, presented and oral and written report on this item.

Ms. Owens reported that for the quarter ended September 30, 2019, the Public Fixed Income portfolio was valued at \$2.54 billion and accounted for 9.6% of the Retirement Fund. The Liquid Credit component of the portfolio was valued at \$1.15 billion and the Treasuries allocation was valued at \$1.39 billion.

Ms. Owens reported that SFERS' Public Fixed Income portfolio is structured to provide income and diversification. She indicated that the role of the Treasuries component is to provide capital preservation and liquidity while the Liquid Credit allocation seeks to generate added yield compared to Treasuries over a market cycle. She reported that the Public Fixed Income portfolio has achieved long-term outperformance relative to its policy benchmark, however returns have lagged over the past year given a tilt toward higher yielding areas within Liquid Credit. Staff reported that, amid the challenge of low return expectations in the current environment, implementing revised asset allocation targets and creating a barbell risk/return profile between Treasuries and Liquid Credit have been key initiatives and remain an ongoing priority. Current initiatives also include identifying one or more multi-sector managers to navigate the changing opportunity set within Liquid Credit and evaluating actively managed strategies within Treasuries.

Ms. Owens reported that the SFERS Public Fixed Income portfolio has achieved long-term excess returns compared to its policy benchmark. She reported that strong performance from the high yield/bank loans sleeve added to relative returns over the trailing 10-year period.

The Board reviewed and discussed the material and engaged in a question and answer session with staff.

President Driscoll called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

11. 010820-11 Discussion Item Chief Investment Officer Report

Documents provided to the Retirement Board prior to the current meeting: CIO Report

William Coaker, CIO, reported that it was announced this morning that TorreyCove, one of SFERS private equity consulting companies, is being acquired by Aksia and that SFERS two key consultants, David Fann and Kara King will remain on the SFERS account for at least two more years.

CIO Coaker reported that, in 2019, SFERS investments posted a return of 14.92%. Public Equity led the way, recording gains of 27.76% backed by the S&P 500 which gained 32% for the year and international markets which were up over 20%. Private Equity gained 13.27% for the year while Absolute Return and Fixed Income posted returns of 7.37% and 8.02%, respectively. Private Credit and Real Assets were up 6.71% and 7.37%, respectively, for the calendar year.

Cabot Industrial Value Fund VI, L.P.

At its meeting on November 13, 2019, the Retirement Board approved in closed session an investment of up to \$75 million in Cabot Industrial Value Fund VI, L.P. The investment was approved by the following vote:

Ayes: Commissioners Bridges, Chu, Driscoll, Casciato, Stansbury

Absent: Commissioners Heldfond, Safai

SFERS' commitment of \$75 million closed on December 18. SFERS' investment in Cabot Industrial Value Fund VI, L.P. is classified as a real estate investment within SFERS' Real Assets portfolio and is SFERS' first investment with Cabot Properties L.P.

More information about the firm is available at cabotprop.com.

Castlelake Aviation IV Stable Yield, L.P. and Castlelake Aviation IV Stable Yield Opportunities, L.P

At its meeting on December 11, 2019, the Retirement Board approved in closed session an investment of up to \$75 million in Castlelake Aviation IV Stable Yield, L.P. and an investment of up to \$25 million in Castlelake Aviation IV Stable Yield Opportunities, L.P. The investments were approved by the following vote:

Ayes: Commissioners Casciato, Driscoll, Heldfond, Safai, Stansbury

Absent: Commissioners Bridges, Chu

SFERS' investments of \$75 million in Castlelake Aviation IV Stable Yield, L.P. and \$25 million in Castlelake Aviation IV Stable Yield Opportunities, L.P. closed on December 13, 2019. These investments will be classified as specialty finance investments within the SFERS' Private Credit Portfolio.

More information about Castlelake is available at www.castlelake.com.

Clearlake Capital Partners VI, L.P.

At its meeting on November 13, 2019, the Retirement Board approved in closed session an investment of up to \$100 million in Clearlake Capital Partners VI, L.P. The investment was approved by the following vote:

Ayes: Commissioners Bridges, Chu, Driscoll, Casciato, Stansbury

Absent: Commissioners Heldfond, Safai

SFERS' investment of \$50 million in Clearlake Capital Partners VI, L.P. closed on December 10, 2019.

This investment is classified as Special Situations within SFERS' private equity portfolio and is SFERS' third investment with Clearlake Capital Group.

More information about Clearlake Capital Group is available on <https://clearlake.com>

Elliott Associates, L.P.

At its meeting on August 14, 2019 the Retirement Board approved in closed session an additional commitment of \$200 million to Elliott Associates, L.P. by San Francisco Absolute Return Investors II, LP ("SFARIII"). The investment was approved by the following vote:

Ayes: Commissioners Bridges, Casciato, Driscoll, Heldfond, Stansbury

Nayes: None

Absent: Commissioners Chu, Safai,

SFERS's commitment of \$200 million in Elliott Associates, L.P. closed on October 31, 2019.

This investment is classified as a Multi-Strategy investment within SFERS' absolute return portfolio and is SFERS' first investment with Elliott via share class B of SFARIII.

More information about the firm is available at: <https://www.elliottmgmt.com>

Matrix Capital Management Fund, LP

At its meeting on December 11, 2019, the Retirement Board approved in closed session an

investment of up to \$300 million in the Matrix Capital Management Fund, LP. The investment was approved by the following vote:

Ayes: Commissioners Casciato, Chu, Driscoll, Heldfond, Safai, Stansbury

Absent: Commissioner Bridges

SFERS' commitment of \$100 million closed on January 1, 2020. SFERS expects to commit another \$100 million in 1Q 2020. The investment is classified as an opportunistic investment within SFERS' public equity portfolio and is SFERS' first investment with Matrix Capital.

MCP Private Capital Fund IV SCSp

At its meeting on December 11, 2019, the Retirement Board approved in closed session an investment of up to €50 million in MCP Private Capital Fund IV SCSp. The investment was approved by the following vote:

Ayes: Commissioners Casciato, Chu, Driscoll, Heldfond, Safai, Stansbury

Absent: Commissioner Bridges

SFERS' investment of €50 million in MCP Private Capital Fund IV SCSp closed on December 20, 2019. This investment will be classified as a capital appreciation investment within the SFERS' Private Credit Portfolio.

More information about Metric Capital Partners is available at www.metric-capital.com

Peppertree Capital Fund VIII QP, LP

At its meeting on October 9, 2019, the Retirement Board approved in closed session an investment of up to \$75 million in Peppertree Capital Fund VIII QP, LP ("Peppertree VIII"). The investment was approved by the following vote:

Ayes: Commissioners Bridges, Casciato, Driscoll, Heldfond, Safai, Stansbury

Absent: Commissioner Chu

SFERS' commitment of \$75 million closed on November 22, 2019. SFERS' investment in Peppertree VIII is classified as a real estate investment within the Real Assets portfolio and is SFERS' first investment with Peppertree.

More information about the firm is available at <https://www.peppertreecapital.com/>.

CIO Coaker announced that the Investment Committee meeting on January 15, 2020 has been canceled. Notice will be provided when the meeting is rescheduled.

President Driscoll called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

DEFERRED COMPENSATION PLAN CALENDAR

12. 010820-12 Discussion Item Deferred Compensation Committee Report

Documents provided to the Retirement Board prior to the current meeting: Deferred Compensation Committee Report for December 18, 2019

Deferred Compensation Committee Chair Bridges reported that the Deferred Compensation Committee met on Monday, December 18, 2019, with the following actions taken:

- Approved Minutes of the September 17, 2019 Deferred Compensation Committee Meeting
- Approved Principal as the US REIT mandate for the core fund lineup as well as Principal for the Global REIT mandate as an underlying fund in our Target Date Funds both using the CIT Vehicle to be forwarded to the Retirement Board with Committee recommendation to approve
- Adopted staff's proposed revisions to the SFDCP Investment Policy Statement to be forwarded to the Retirement Board with Committee recommendation to approve
- Received a recordkeeper update presentation regarding current accomplishments and upcoming initiatives, including the future roll out of DB/DC integration via the SFDCP participant website.

President Driscoll called for public comment.

Mike Hebel, on behalf of the San Francisco Police Officer's Association, commended Joe Collins and staff at Voya as well as internal staff, for their handling of issues that emerged from Voya regarding required minimum distributions.

President Driscoll acknowledged receipt of a letter and confirmed staff will be advising member that they will not suffer any penalties for any misunderstandings and noted excellent service efforts by SFDCP Director Diane Chui-Justen.

There were no additional comments and public comment was closed.

Action: This is a discussion only item.

Commissioner Heldfond left the Board meeting at 5:15 PM.

ADMINISTRATION CALENDAR

13. 010820-13 Discussion Item Educational Presentation on Fiduciary Duties: Part 1 – Legal Framework

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, City Attorney Presentation

Robert Bryan, Deputy City Attorney, presented Part 1 of a two-part educational presentation on fiduciary duties of the SFERS Board trustees.

President Driscoll called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

**14. 010820-14 Action Item Presentation of June 30, 2019 GASB 67/68 Report
010820-14 (a) Highlights of the GASB Report (audio link)**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Cheiron's GASB 67/68 Report as of June 30, 2019

Janet Brazelton, Actuarial Services Coordinator, reported that SFERS must report financial information in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. Key schedules from this GASB 67/68 Report will appear in both SFERS' audited June 30, 2019 financial statements and in our June 30, 2019 annual report.

Ms. Brazelton indicated that the GASB 67/68 Report is separate from the actuarial funding valuation reports. SFERS' annual Valuation Reports no longer contain GASB financial accounting disclosures.

Ms. Brazelton reported that each of the four sponsoring employers (City and County of San Francisco, Trial Courts, SFUSD, and SFCCD) report pension information under GASB Statement No. 68, Accounting and Financial Reporting for Pensions. She reported that the sponsoring employers have opted to use measurement dates 12 months prior to their fiscal year-ends. That means that information from this June 30, 2019 report will be used for the employers' required June 30, 2020 GASB disclosures.

Ms. Brazelton presented a summary of the results of the June 30, 2019 GASB 67/68 Report to the Board.

President Driscoll called for public comment.

There were no comments and public comment was closed.

Action: Moved by Commissioner Casciato, Seconded by Commissioner Chu, to accept the GASB 67/68 Report.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll

Absent: Commissioners Heldfond, Safai, Stansbury

15. 010820-15 Discussion Item Governance Committee Report

Documents provided to the Retirement Board prior to the current meeting: Governance Committee Report

Joseph Driscoll, Chair of the Governance Committee, reported that the Governance Committee met on Monday, December 2, 2019. At the meeting the Governance Committee focused on planning the next retreat and confirmed date/time/location. Chair Driscoll noted he was directed to bring in a facilitator or educator to help the Board governance issues. He reported that the agenda for the Retreat has not yet been finalized.

Mr. Huish stated that the date/time of the retreat is Wednesday, February 19, 2020 starting at noon. The retreat will be held at the office of Nossaman LLC, located 50 California and the meeting is open to the public.

Action: This is a discussion only item.

16. 010820-16 Discussion Item Executive Director's Report

Documents provided to the Retirement Board prior to the current meeting: Executive Director's Report

Administrative Update:

- SPECIAL BOARD MEETING: Tuesday, January 21, 2020 at 1:00 p.m.
- SFERS Operations Management Dashboard – November 2019
- **Offsite Board Retreat – Wednesday, February 19, 2020; 12:00 noon; Nossaman's Office at 50 California Street, San Francisco**
- *SECURE Act Becomes Law* – Legal Update from Ice Miller LLP

Attachments for Informational Purposes:

- SFERS Operations Management Dashboard – November 2019
- *SECURE Act Becomes Law* – Ice Miller LLP
- Retirement Board Forward Calendar for January 2020 to January 2021
- Request for Proposal in Progress Blackout Period
- *Public Retirement Conferences and Training Programs for SFERS Trustees* – Nossaman LLP

President Driscoll requested that a service satisfaction survey be introduced to collect service quality feedback from all members who receive face-to-face retirement counseling from SFERS staff. Mr. Huish stated that this will be part of the rollout of the member service enhancement strategic initiative later in 2020.

President Driscoll called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

17. 010820-17 Discussion Item Retirement Board Member Good of the Order.

Retirement Board members may request that any matter be calendared at a future meeting. All such requests shall be calendared in a reasonable time. (Board Operations Policy ¶24.) The Board will not discuss any items requested to be calendared until a subsequent meeting when the matter is included on the agenda with the required public notice.

Commissioner Casciato made a motion to adjourn the meeting in honor of Peter Ashe, former trustee of the SFERS Retirement Board.

Action: Moved by Commissioner Casciato, Seconded by Commissioner Bridges, to adjourn the meeting in honor of Peter Ashe.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll
Absent: Commissioners Heldfond, Safai, Stansbury

18. 010820-18 Adjournment

Having no further business, the Board adjourned the meeting in honor of Peter Ashe, former SFERS Retirement Board trustee, at 5:40 PM



Respectfully submitted,
Jay Huish, Executive Director