



# SFERS

San Francisco Employees' Retirement System

## City and County of San Francisco Employees' Retirement System

RETIREMENT BOARD MEETING

MINUTES

**Wednesday, March 10, 2021**

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.

### **Meeting Held by Teleconference Pursuant to the Governor's Executive Order N-29-20 and the Fifth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency**

**During the Coronavirus Disease (COVID-19) emergency, the Retirement System's regular meeting room, 1145 Market Street, 6<sup>th</sup> Floor, is closed.** Commissioners and Retirement Staff will convene remotely. The Retirement Board meeting will be streamed live on SFGovTV ([www.sfgovtv.org/sfersLIVE](http://www.sfgovtv.org/sfersLIVE)) and the public will be able to provide public comment during the meeting by live call-in. The public may listen to the meeting "live" by dialing **415-655-0001 and using Access Code: 187 976 7075** and will be able to provide public comment during the meeting by live call-in. The public is encouraged to submit comments in advance of the meeting either by: (1) email to [sferspubliccomment@sfgov.org](mailto:sferspubliccomment@sfgov.org) or (2) recording your public comment on the Retirement System's public comment line 415-487-7020. Written public comments are limited to 150 words or less [Admin. Code § 67.16]

Public comments submitted by 5:00 p.m. PST, Friday, March 5, 2021 will be included in the record.

#### 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**

Leona Bridges, President  
Al Casciato, Vice President  
Joseph Driscoll  
Scott Heldfond  
Ahsha Safaí  
Brian Stansbury

Jay Huish, Executive Director

## Retirement Board Meeting

**PUBLIC COMMENT CALL-IN:** 415-655-0001

**Access Code:** 187 976 7075

### Providing Public Comment

- Public comment will be available on each item on this agenda. Each speaker will be allowed 2 minutes to speak. Comments or opportunities to speak during the public comment period are available via phone call by calling (415) 655-0001, access code [187 976 7075], then '#' and then '#' again.
- When connected you will hear the meeting discussions, but you will be muted and in listening mode only.
- When your item of interest comes up, dial \*3 to be added to the speaker line. Best practices are to call from a quiet location, speak clearly and slowly, and turn down your television, radio or computer.

DISABILITY ACCESS

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There is accessible parking in the vicinity of 1145 Market Street at Civic Center Plaza. Accessible **MUNI** lines are available at the corner of Market Street and 8<sup>th</sup> Street. The closest accessible **MUNI /BART** station is Civic Center Station.

Materials accompanying the agenda are available for public inspection and copying at SFERS, 1145 Market Street, 7th Floor. For additional information, please contact Darlene Armanino, Executive Assistant, at (415) 487-7012.

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**The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.**

**Know Your Rights Under the Sunshine Ordinance**

**(Chapter 67 of the San Francisco Administrative Code)**

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. FOR MORE INFORMATION ON YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE OR TO REPORT A VIOLATION OF THE ORDINANCE, CONTACT THE SUNSHINE ORDINANCE TASK FORCE.

Sunshine Ordinance Task Force  
City Hall  
1 Dr Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94103-4689  
(415) 554-7724  
by fax at (415) 554-7854  
or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org)

**Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>**

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**Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (San Francisco Campaign and Governmental Conduct Code sections 2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94103, telephone (415) 252-3100, fax (415) 252-3112 and web site: [www.sfgov.org/ethics](http://www.sfgov.org/ethics)

Meetings are recorded by SFGovTV, the Government Channel 26. For DVD copies and rebroadcast scheduling call (415) 554-4188. Video on demand is available at: <http://sfgovtv.org>



Managers; Adrienne von Schulthess, Chris Terrazzano, Cynthia Wong, Patrick Li, Kien Trinh, Brady Jewett, Jiada Tu, Investment Analysts; Ba Do, Investment Operations Manager; Robert Bryan, Deputy City Attorney; Allan Martin, NEPC; Anita Ng, Kelly Jensen, Jacquelyn Klehm, Scott Martin, Cambridge.

The Board ended Closed Session at 2:55 PM

The Board returned to Open Session at 3:00 PM

President Bridges called for public comment.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Driscoll, seconded by Commissioner Casciato, not to disclose any discussions held in Closed Sessions a and b under San Francisco Administrative Code Section 67.12(a).

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

**4. 031021-04 General Public Comment – Not earlier than 2:30 PM**

President Bridges called for General Public Comment.

Email from John Stenson for General Public Comment:

CHINA IS THE BIGGEST ABUSER OF HUMANS AND ANIMALS IN THE WORLD. AND I WOULD LIKE OUR SOCIAL RESPONSIBLE PENSION FUND TRY TO DO SOMETHING ABOUT IT.

EVERY YEAR IN YULIN CHINA, THEY HAVE A "YULIN DOG MEAT FESTIVAL" AT THIS FESTIVAL THOUSANDS OF DOGS ARE TORTURED BEFORE THEY ARE KILLED FOR DOG MEAT.

IF YOU WOULD LIKE TO SEE WHAT I AM TALKING ABOUT GO TO YOUTUBE.

OUR PENSION FUND ALONG WITH OTHER PENSION FUNDS COULD PUT AN END TO THE "YULIN DOG MEAT FESTIVAL" BY DIVESTING FROM ANY INVESTMENTS IN CHINA.

WITH BEST REGARDS FROM JOHN STENSON A 46 YEAR MEMBER OF SAN FRANCISCO RETIREMENT SYSTEM.

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

President Bridges continued Item #5 to the April 14, 2021 Retirement Board Meeting

**5. 031031-05            Action Item            2020 Review of Economic Assumptions: Discount Rate  
 (THIS ITEM WAS CONTINUED FROM THE FEBRUARY 10,  
 2021 RETIREMENT BOARD MEETING)**

**6. 031021-06            Action Item            Approval of the Minutes of the February 10, 2021 Meeting**

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the February 10, 2021 Retirement Board Meeting.

President Bridges called for public comment.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Driscoll, seconded by Commissioner Casciato, to approve Minutes of the February 10, 2021 Retirement Board Meeting.

Ayes: Commissioners Bridges, Casciato, Driscoll, Heldfond, 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.*

<b>7. 031021-07</b>	<b>Action Item</b>	<b>Consent Calendar</b>
<b>031021-07b</b>	<b>Action Item</b>	<b>Voluntary Retirement Board List No. 09-20</b>
<b>031021-07c</b>	<b>Action Item</b>	<b>Decisions of Hearing Officers</b>
Edward D Banks Effective Date: 06/03/20	H4 Inspector, Fire Department Fire	Industrial Disability Retirement/Stip & Death as a Result of Duty Granted ( <b>Date of Death – 06/02/20</b> )

Laryta Blount Effective Date: 06/30/19	1705 Communications Dispatcher II MTA	Ordinary Disability Retirement Granted
Gordon G Clark Effective Date: 09/20/2015	Q4 Police Officer III Police	Death as a Result of Duty Granted ( <b>Date of Death – 09/19/15</b> )
Sean M Healy Effective Date: 06/27/19	7220 Asphalt Finisher Supervisor I Dept of Public Works	Ordinary Disability Retirement Granted ( <b>VR – 07/01/19</b> )
Matthew V Kabanuck Effective Date: 06/15/19	Q4 Police Officer III Police	Industrial Disability Retirement Granted
Damon Z Keeve Effective Date: 12/14/19	Q062 Lieutenant III Police	Industrial Disability Retirement/Stip Granted
Edith L Lewis-Luenow Effective Date: 08/07/18	Q4 Police Officer III Police	Industrial Disability Retirement/Stip Granted
Edouard D Marchand Effective Date: 02/08/20	Q4 Police Officer III Police	Industrial Disability Retirement/Stip Granted
Jessica L Perez Effective Date: 07/01/19	5262 Landscape Architectural Associate I Dept of Public Works	Ordinary Disability Retirement Granted ( <b>VR – 07/01/19</b> )
Chester A Spirlin Effective Date: 09/01/18	H2 Firefighter Fire	Industrial Disability Retirement/Stip Granted
David V Vizcay Effective Date: 09/13/19	Q3 Police Officer II Police	Death as a Result of Duty Granted ( <b>Date of Death – 09/12/19</b> )
Frances H Williams Effective Date: 12/17/16	Q4 Police Officer III Police	Industrial Disability Retirement/Stip Granted
Veronica L Williams Effective Date: 03/01/18	9131 Station Agent MTA	Ordinary Disability Retirement/Stip Granted
James B Wilson Effective Date: PERS	8304 Deputy Sheriff Sheriff	Cal-PERS – Disability Retirement Certified
Zhi Jiar Zhuang Effective Date: 06/29/19	2232 Senior Physician Specialist Dept of Public Health	Ordinary Disability Retirement/Stip Granted

**031021-07d**

**Action Item**

**Travel Requests**

Approval for President Leona Bridges who attended the NASP Virtual Diverse Manager Forum on February 25, 2021.

<b>031021-07e</b>	<b>Discussion Item</b>	<b>Retirement Board Member Reports and Comments</b>
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Report by President Leona Bridges who attended the 2021 NASP Virtual Diverse Manager Forum, February 25, 2021.

Documents provided to the Retirement Board prior to the current meeting: Voluntary Retirement Board List, Decisions, Virtual Conference Request, Conference Attendance Report.

President Bridges called for public comment.

There were no callers and public comment was closed.

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

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

**INVESTMENT CALENDAR**

<b>8.</b>	<b>031021-08</b>	<b>Discussion Item</b>	<b>Report on Investment Performance of the Retirement Fund for the Quarter Ended December 31, 2020</b>
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Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum

Allan Martin, NEPC, presented an oral and written report on this item.

Mr. Martin provided a detailed review of the market environment as well as risk and return information at the Total Fund and Asset Class levels.

For the quarter ended December 31, 2020, the Retirement Fund was valued at \$30.8 Billion. The net of fee total returns for the quarter and the trailing one-year were 9.75% and 13.59%, respectively.

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

President Bridges called for public comment.

There were no callers and public comment was closed.



**Action:** This is a discussion only item.

**9. 031021-09 Discussion Item Chief Investment Officer Report**

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

CIO Coaker reported that in February 2021, SFERS investments gained 1.32%. He reported that Public and Private Equity posted returns of 2.08% and 1.66% for the month, respectively. The IPO market has remained very strong, while in public equity the rally has broadened beyond a narrow tech to include international equities, small stocks, and non-tech related sectors. CIO Coaker reported that Private Credit gained 2.38%, a particularly strong month for a credit book. He reported that Real Assets posted a return of 0.77% for the month, as the economic outlook brightened amid the rollouts of COVID-19 vaccines and gradual reopening of some businesses. CIO Coaker reported that the Fixed Income portfolio lost -0.96% for the month, as interest rates have moved higher in anticipation of another round of large scale stimulus and an improving economy.

CIO Coaker reported that, in sum, the wide-ranging rally in equities and private credit plus the decline in treasuries and fixed income bonds indicate the market is pricing in an expectation of a broad economic recovery this year.

Board Approved Investments:

**BATTERY VENTURES SELECT FUND I L.P.**

At its meeting on January 13, 2021, the Retirement Board approved in closed session an investment of up to \$50 million to Battery Ventures Select Fund I L.P. The investment was approved by the following votes:

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

Nays: None

Absent: Commissioner Chu

SFERS' total investment of \$25 million closed on February 10, 2021.

This fund is classified as a Venture Capital investment within SFERS' Private Equity portfolio.

More information about Battery Ventures is available on <https://www.battery.com/>

**CIVF VI DEVELOPMENT FUND, L.P.**

At its meeting on January 13, 2021, the Retirement Board approved in closed session an investment of up to \$25 million to CIVF VI Development Fund, L.P. The investment was approved by the following vote:

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

SFERS' commitment of \$25 million closed on February 26, 2021. SFERS' investment in CIVF VI Development Fund, L.P. is classified as a Real Estate investment within the Real Assets portfolio and is SFERS' second investment with Cabot Properties.

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

#### **C-BRIDGE HEALTHCARE FUND VI, L.P.**

At its meeting on February 10, 2021, the Retirement Board approved in closed session an investment of up to \$75 million in C-Bridge Healthcare Fund V, L.P. and SFERS CB, L.P. The investment was approved by the following vote:

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

SFERS' investment of \$50 million to C-Bridge Healthcare Fund V, L.P. closed on March 5, 2021. The investment is classified as a small buyout investment within SFERS' Private Equity portfolio and is SFERS' second investment with CBC Group.

More information about CBC Group is available at [www.cbridgecap.com](http://www.cbridgecap.com).

#### **SUSTAINABLE ASSET FUND III (US FEEDER), LP**

At its meeting on February 10, 2021, the Retirement Board approved in closed session an investment of up to \$100 million to Sustainable Asset Fund III (US Feeder), LP ("SAF III") and Sustainable Asset Fund SF, LP. The investment was approved by the following vote:

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

SFERS' commitment of \$60 million to SAF III closed on March 5, 2021. SFERS' investment in SAF III is classified as a Natural Resources investment within the Real Assets portfolio and is SFERS' second investment with Vision Ridge Partners.

More information about the firm is available at <https://vision-ridge.com/>.

**LOGOS GLOBAL MASTER FUND, L.P.**

At its meeting on February 10, 2021, the Retirement Board approved in closed session an investment of up to \$100 million in the Logos Global Master Fund, L.P. The investment was approved by the following vote:

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

SFERS' investment of \$50 million closed on March 1, 2021. SFERS expects to invest another \$50 million over the next couple months. The investment is classified as an opportunistic investment within SFERS' public equity portfolio and is SFERS' first investment with Logos Global Management, L.P.

More information about the Firm is available at <https://www.logoscapital.com/>

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

President Bridges called for public comment.

There were no callers and public comment was closed.

**Action:** This is a discussion only item.

**DEFERRED COMPENSATION PLAN CALENDAR**

**10. 031021-10 Discussion Item Deferred Compensation Manager Report**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Monthly Activity Report.

Diane Chui Justen, Deferred Compensation Plan Manager, presented an oral and written report on this item.

Ms. Chui Justen provided the January 2021 Monthly Activity Report and spoke on Deferred Compensation industry trends.

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

Commissioner Casciato asked that performance of target date funds be placed as the first item on the next Deferred Compensation Committee calendar.

President Bridges called for public comment.

There were no callers and public comment was closed.

**Action:** This is a discussion only item.

**11. 031021-11            Discussion Item        Review of SFDCP Investment Performance for the Second Half of 2020**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Callan Presentation, Investment Measurement Service Q4 Report.

Greg Ungerman, Callan Associates, presented a review of the Plan's investment performance for the second half of 2020.

Mr. Ungerman reported that the Deferred Compensation Plan was valued at \$4.4 billion on December 31, 2020. He reported that total Plan assets increased by \$551 million for the calendar year of 2020. This was despite a net decrease of \$484 million in the first quarter due to the market collapse.

Mr. Ungerman reported that the target date funds had another strong quarter and finished the year with returns between 11% and 13.7% depending on the vintage. He reported that all of the vintages performed ahead of their custom benchmark returns on a since inception basis and the shorter dated funds have tended to outperform their respective benchmarks by a wider margin than the longer dated funds.

Mr. Ungerman reported that, given the strong equity and fixed income market during the quarter, the absolute results for the core investment funds have been very good. Relative performance has also been strong across short and longer term time periods.

Mr. Ungerman reported that three managers qualify for the watch list. He summarized the details for each of these managers:

LSV is the sole large cap value manager for the SFDCP Large Cap Value Equity fund. Their poor performance during the dramatic sell off during the first quarter of this year has brought their longer term performance of 3 and 5 years below benchmark and ranks below median. Their diversified approach with sizable allocations to the hard hit industries like Financials and Energy were the largest detractor to their relative results. The fourth quarter results showed improvement given the bounce back of the value style during the period.

The SFDCP Active Equity fund is comprised of the Fidelity Low-priced Stock Fund, a very eclectic all cap fund with a valuation focus. This fund fell dramatically short of the benchmark and peer group median and has caused the fund's longer term measures of 3 and 5 years to sag below the benchmark and peer group.

Both the DFA World Core Equity fund and the DFA Emerging Markets Fund are component funds Russell Investments uses to complete the target date custom portfolios. DFA has a systematic process to favor value and smaller cap, which has generally been two key detractors over the last few years. Both funds are now below their respective benchmarks and peer group medians for the 3 and 5 year periods, however both showed improvement during the fourth quarter given the change to a value driven market.

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

Commissioners Casciato and Driscoll expressed their concern about educating members on staying the course during market downturns. Diane Chui Justen, Deferred Compensation Manager, reported that dedicated counselors are available to discuss concerns with members and will share ideas for 2021 at the next Deferred Compensation Committee meeting on March 31, 2021.

President Bridges called for public comment.

There were no callers and public comment was closed.

**Action:** This is a discussion only item

#### **ADMINISTRATION CALENDAR**

- 12. 031021-12      Discussion Item      Review of Audited Financial Statements and Supplemental Schedules for Years Ended June 30, 2020 and 2019 and Communications to the Retirement Board for the Year Ended June 30, 2020**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, SFERS Audited Financial Statement and Required Supplementary information for Years Ended June 30, 2020 and 2019, Communications to the Retirement Board for the Year Ended June 30, 2020.

Craig Harner of Macias Gini & O'Connell, the external audit firm selected by the Controller's Office, presented the 2020 audited financial statements.

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

President Bridges called for public comment.

There were no callers and public comment was closed.

**Action:** This is a discussion only item.

**13. 031021-13 Action Item Review and Approval of 2020 SFERS Annual Report**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Draft Annual Report.

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

Commissioner Driscoll asked that the next Annual Report include a vision statement.

President Bridges called for public comment.

There were no callers and public comment was closed.

Action: Moved by Commissioner Driscoll, seconded by President Bridges, to approve 2020 SFERS Annual Report.

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

Absent: Commissioner Safai

**14. 031021-14 Discussion Item Executive Director's Report**

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

**Administrative Update:**

- 2021 Annual Form 700 and Ethics and Sunshine Training Declaration Form due **Thursday, April 1, 2021**
- SFERS LinkedIn Page – content of LinkedIn posts and supporting documents

**Attachments for Informational Purposes:**

- Statement of Economic Interests (Form 700) information sheet
- San Francisco Employees' Retirement System LinkedIn Posts and Supporting Documents
- Retirement Board Forward Calendar for March 2021 to March 2022
- Request for Proposal in Progress Blackout Period
- *Public Retirement Conferences and Training Programs for SFERS Trustees – Nossaman LLP*

President Bridges called for public comment.

There were no callers and public comment was closed.

**Action:** This is a discussion only item.

**15. 031021-15            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 ¶124.) 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 Heldfond asked staff to look into correcting background noise issues during remote meetings.

Commissioner Driscoll asked that the Board consider adding the Deferred Compensation Board material to the Deferred Compensation website.

President Bridges reminded Committee Chairs to coordinate their Committee schedules with the Board Secretary.

President Bridges called for public comment.

There were no callers and public comment was closed.

**Action:** This is a discussion only item.

**16. 031021-16**

**Adjournment**

Having no further business, the Board adjourned the meeting at 5:13 PM

Respectfully submitted,



Jay Hulsh  
Executive Director