



# SFERS

San Francisco Employees' Retirement System

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

SPECIAL RETIREMENT BOARD

MEETING MINUTES

**Wednesday, April 28, 2021**

12:00 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 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: 187 419 9229** 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, Monday, April 26, 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:** 187 419 9229

### 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 [**187 419 9229**], 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.

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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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##### **(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)

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**OPENING CALENDAR**

1. **Roll Call**

Commissioner Leona Bridges	12:05 PM
Commissioner Al Casciato	12:05 PM
Commissioner Joseph Driscoll	12:05 PM
Commissioner Heldfond	12:05 PM
Commissioner Ahsha Safai	12:05 PM
Commissioner Stansbury	Absent
  
2. **Communications**

Announcement regarding instructions to follow for the teleconference Retirement Board Meeting.
  
3. **042821-03      Action Item      2020 Review of Economic Assumptions: Discount Rate (THIS ITEM WAS CONTINUED FROM THE APRIL 14, 2021 RETIREMENT BOARD MEETING)**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Cheiron's Updated Discount Rate Recommendation dated March 10, 2021

Janet Brazelton, Actuarial Services Coordinator, Bill Hallmark and Anne Harper, Cheiron, presented an oral and written report on this item.

Ms. Brazelton reported that in the March 10, 2021 CIO Report, CIO Coaker noted that NEPC has updated its capital market assumptions for December 2020. Capital market assumptions are updated periodically and are an important component of the discount rate decision. Ms. Brazelton indicated that NEPC's 10-year expected return for the new asset allocation declined from 7.5% to 6.9%, and their 30-year expected return declined from 8.1% to 7.8%. She reported that there is an on-going concern that the aging pension plan take steps (however small) to position itself to increase funding security of plan members by increasing the probability of achieving the long-term assumed investment return. Maturing plans cannot take the same risks as younger plans. Ms. Brazelton reported that this ongoing concern, combined with the decline in capital market assumptions, prompted her to recommend a reduction in the plan's discount rate from 7.4% to 7.3% effective July 1, 2020.

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

Commissioner Casciato asked to confirm that the original recommendation was 7.4% and now the recommendation is 7.3% and asked regarding the impact of lowering the return assumption on active members' contribution rates. Ms. Brazelton stated that there is no impact on the active employee contribution rates. Commissioner Casciato asked regarding the impact of lowering the

return assumption on the City's contribution rate. Ms. Brazelton stated the City's contribution would go up relative to leaving the return assumption at 7.4%. Mr. Hallmark confirmed.

Commissioner Driscoll commented that there are investment officers to be hired and positions to be filled and asked Executive Director Huish for an update on where we are in the budget process.

Jay Huish, Executive Director, reported the budget was submitted which included increasing investment staff by 10 positions over a two-year period. A budget proposal included substituting current vacant positions to build out career path. Mr. Huish reported that in negotiations with the Mayor's Office, the department has received written confirmation that the Mayor's Office supports SFERS budget request for the additional investment staffing.

Commissioner Safai stated that he would be supporting 7.4% and confirmed full support from the Mayor's Office for the 10 additional positions. He also indicated that he will continue to push forward to ensure the right department leadership moving forward. Commissioner Safai stated that he believes the market will continue to adjust and believes it is worthwhile to vote for 7.4% with the right leadership team to continue to aggressively meet aggressive return assumptions.

Commissioner Heldfond thanked Jay Huish, Bill Coaker and entire SFERS staff that worked on the budget and wanted to give a special thanks to the Mayor's Office for the productive results that is beneficial to the SFERS system.

President Bridges also thanked staff and expressed her support for leaving the return assumption at 7.4%.

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 adopt a discount rate of 7.40% for the July 1, 2020 actuarial funding valuation.


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

Absent: Commissioner Stansbury

4. 042821-04

**Adjournment**

Having no further business, the  
Committee adjourned the meeting at 2:35 PM

  
Respectfully submitted,  
Jay Huish, Executive Director