



Wednesday, July 14, 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 1:30 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, 6th Floor, is closed. Commissioners and Retirement Staff will convene remotely. The Retirement Board meeting will be streamed live on SFGovTV (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: 146 416 2189** 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 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, July 12, 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

Al Casciato, President

Ahsha Safaí, Vice President

Leona Bridges

Joseph Driscoll

Shruti Gandhi

Scott Helffond

Brian Stansbury

Jay Huish, Executive Director

Retirement Board Meeting

PUBLIC COMMENT CALL-IN: 415-655-0001

Access Code: 146 416 2189

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 **[146 416 2189]**, 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

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Any materials distributed to the Retirement Board (or committee) within 72 hours of the meeting or after distribution of the agenda packet to Board (or committee) members are available for public inspection at SFERS, 1145 Market Street, 7th Floor, during regular office hours.

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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

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OPENING CALENDAR

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|---------------------|------------------------------|---------|
| 1. Roll Call | Commissioner Leona Bridges | 1:00 PM |
| | Commissioner Al Casciato | 1:00 PM |
| | Commissioner Joseph Driscoll | 1:00 PM |
| | Commissioner Shruti Ghandi | 1:45 PM |
| | Commissioner Scott Heldfond | 1:00 PM |
| | Commissioner Ahsha Safai | 1:27 PM |
| | Commissioner Brian Stansbury | 1:00 PM |

- 2. Communications** Announcement regarding instructions to follow for the teleconference Retirement Board Meeting.

President Casciato called for public comment.

There were no callers and public comment was closed.

- 3. 071421-03 Action Item Review and Approval of (a) President’s Recommendation to Establish an ad hoc Executive Director Search Committee and (b) President’s Committee Assignments**

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

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

Commissioner Stansbury asked that the Committee Assignments be balanced between elected and appointed members.

COMMITTEE	CHAIR	MEMBERS	CONSULTANT	STAFF/LEGAL LIAISON
Deferred Compensation	Bridges	Casciato, Driscoll	Callan	Diane Chui Justen, Robert Bryan
Governance	Safai	Bridges, Gandhi	Nossaman	Jay Huish, Caryn Bortnick, Robert Bryan
Investment	Heldfond, Gandhi -Vice Chair	Committee of the Whole	NEPC	Bill Coaker, Robert Bryan
Operations Oversight	Driscoll	Casciato, Stansbury		Caryn Bortnick, Robert Bryan
Personnel	Stansbury	Casciato, Heldfond	Nossaman	Jay Huish, Grace Tam, Robert Bryan
Ad hoc Executive Director Search	Casciato	Committee of the Whole	Hudepohl	Grace Tam, Caryn Bortnick, Robert Bryan

Committee [dissolves upon appointment of Executive Director]	Safai – Vice Chair			
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President Casciato called for public comment.

There were no callers and public comment was closed.

Action: Moved by Commissioner Heldfond, seconded by Commissioner Bridges, to (a) Approve President’s recommendation to establish an ad hoc Executive Director Search Committee and (b) Approve President’s Committee Assignments with amendment to remove Hudepohl as Consultant of Personnel Committee.

Ayes: Commissioners Bridges, Casciato, Heldfond

Noes: Commissioners Driscoll, Stansbury

Absent: Commissioners Gandhi, Safai

4. 071421-04 Action Item CLOSED SESSION

President Casciato announced that the Retirement Board would be going into Closed Session.

President Casciato called for public comment on the Closed Session items.

There were no callers and public comment was closed.

The Board entered closed session at 1:15 PM

(a) The following individuals participated in the closed session to consider the employment of Executive Director via teleconference: Commissioners Bridges, Casciato, Driscoll, Ghandi, Heldfond, Safai, Stansbury; Jay Huish, Executive Director; Robert Bryan, Deputy City Attorney.

(b) 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 via teleconference: Commissioners Bridges, Casciato, Driscoll, Gandi, Heldfond, Safai, Stansbury; Jay Huish, Executive Director; Darlene Armanino, Board Secretary, William Coaker, CIO; Caryn Bortnick, Deputy Executive Director; Anna Langs, Managing Director, Asset Allocation, Risk Management and Innovative Solutions; Kurt Braitberg, Managing Director, Public Markets; Tanya Kemp, Managing Director, Private Markets; Han Pham, Director, Public Equity; Ed Comerford, Director, Buyouts; Chris Chow, Director, Real Assets; Andrew Collins, Director, ESG; David Francl, Absolute Return Managing Director; Justin Lo, Alo Martins, Eunice McHugh, Senior Portfolio Managers; Adrienne von Schulthess, Chris Terrazzano, Patrick Li, Kien Trinh, Brady Jewett, Jiada Tu,

Dennis Esselsagoe, Cynthia Wong, Investment Analysts; Karen Perez, Investment Management Assistant; Ba Do, Investment Operations Manager; Robert Bryan, Molly Nordale, Tran Ly, Deputy City Attorneys; Allan Martin, Tim O'Connell, NEPC; Anita Ng, Kelly Jensen, Richard Grimm, Cambridge Associates.

The Board ended Closed Session at 3:30 PM

The Board returned to Open Session at 3:35 PM

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: Moved by Commissioner Heldfond seconded by Commissioner Bridges, not to disclose any discussions held in Closed Sessions 3 (a) and 3 (b) under San Francisco Administrative Code Section 67.12(a).

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

Absent: Commissioner Safaí

5. 071421-05 General Public Comment – Not earlier than 1:30 PM

President Casciato called for General Public Comment.

Email received from John Stenson for General Public Comment:

AT YOUR JUNE BOARD MEETING THE CITY ATTORNEY GAVE YOU BOARD MEMBERS A PRESENTATION ABOUT YOUR FIDUCIARY RESPONSIBILITIES.

INVESTING IN HIGH RISK /HIGH COST /LOW LIQUIDITY INVESTMENTS IS A VIOLATION OF YOUR FIDUCIARY RESPONSIBILITIES WHEN YOU CAN GET BETTER RETURNS BY JUST MAKING A PASSIVE INVESTMENT IN STOCKS / BONDS AND REAL ESTATE.

ASK YOUR CHIEF INVESTMENT OFFICER. IF YOU GOT A 6% GROSS RETURN ON YOUR HEDGE FUND INVESTMENTS. WHAT WOULD YOUR NET RETURN BE AFTER PAYING MANAGEMENT AND PERFORMANCE FEES?

WITH BEST REGARDS FROM JOHN STENSON
A 46 YEAR MEMBER OF SFERS.

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

6. 071421-06 Action Item Approval of the Minutes of the June 9, 2021 Retirement Board Meeting and Minutes of the June 30, 2021 Special Retirement Board Meeting

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the June 9, 2021 Retirement Board Meeting and Draft Minutes of the June 30, 2021 Special Retirement Board Meeting

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: Moved by Commissioner Bridges, seconded by Commissioner Heldfond, to approve Minutes of the June 9, 2021 Retirement Board Meeting and Minutes of the June 30, 2021 Special Retirement Board Meeting.

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

Absent: Commissioners Safai

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.

7. 071421-07	Action Item	Consent Calendar
071421-07b	Action Item	Voluntary Retirement Board List No. 01-21
071421-07c	Action Item	Decisions of Hearing Officers
Cynthia J Anderson Effective Date: 03/01/20	9163 Transit Operator MTA	Ordinary Disability Retirement Granted
Reginald L Prasad Effective Date: 11/08/20	Q4 Police Officer III Police	Industrial Disability Retirement Granted
Barry D Wong Effective Date: 09/01/19	H2 Firefighter Fire	Industrial Disability Retirement/Stip Granted
Lawrence J Yup Effective Date: 06/29/19	H2 Firefighter Fire	Industrial Disability Retirement/Stip Granted

071421-07d

Action Item

Travel Requests

071421-07e

Discussion Item

**Retirement Board Member Reports
and Comments**

Documents provided to the Retirement Board prior to the current meeting: Voluntary Retirement Board List, Decisions.

President Casciato called for public comment.

There were no callers and public comment was closed.

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

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

INVESTMENT CALENDAR

8. 071421-08 Discussion Item Chief Investment Officer Report

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

William Coaker, CIO, introduced Anna Langs, Managing Director, Asset Allocation, Risk Management and Innovative Solutions, who provided an update on the leverage position and status of credit facilities. CIO Coaker announced that this leverage update would be incorporated in a narrative in the CIO Report beginning next month.

CIO Coaker reported that in June 2021, SFERS investments posted a return of 1.44%. He reported that the SFERS Private Credit book continued its recent string of impressive returns, gaining 2.55% for the month. He reported that the SFERS Public Equity and Private Equity also posted strong returns of 2.28% and 1.58%, respectively. CIO Coaker reported that the SFERS Fixed Income edged out a gain of 0.29% for the month, while the Real Assets book inched down -0.05%. For the Fiscal Year Ended June 30, 2021, SFERS investments posted a preliminary return of 33.99%.

Board approved investments:

Altaris Padagis Co-Investment

At its meeting on April 14, 2021, the Retirement Board approved in closed session an investment of up to \$25 million in Altaris Padagis Co-Invest, L.P. The investment was approved by the following vote:

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

SFERS' investment of \$20 million in Altaris Padagis Co-Invest, L.P. closed on June 22, 2021. The investment is classified as a co-investment within SFERS' Private Equity portfolio and is SFERS' second investment with Altaris.

More information about is available at altariscap.com.

Pelion Ventures VII, L.P. and Pelion Co-Invest I, L.P.

At its meeting on April 14, 2021, the Retirement Board approved in closed session an investment of up to \$25 million to Pelion Ventures VII, L.P. and up to \$25 million to Pelion Co-Invest I, L.P. The investments were approved by the following vote:

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

SFERS' investment of \$25 million in Pelion Ventures VII, L.P. and \$24.75 million in Pelion Co-Invest I, L.P. closed on June 16, 2021.

These investments will be classified as Venture Capital within SFERS' Private Equity portfolio.

More information about Pelion Venture Partner is available on <https://pelionvp.com/>.

Hillhouse Capital Healthcare Fund, L.P.

At its meeting on May 12, 2021, the Retirement Board approved in closed session an investment of up to \$25 million to Hillhouse Capital Healthcare Fund, L.P. The investment was approved by the following votes:

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

Absent: Commissioner Stansbury

SFERS' total investment of \$12 million closed on July 7, 2021.

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

More information about Hillhouse Capital is available on <https://www.hillhousecap.com/>

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: This is a discussion only item.

DEFERRED COMPENSATION PLAN CALENDAR

9. 071421-09 Discussion Item SFDCP Committee Report

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

At their meeting of June 23, 2021, the Deferred Compensation Committee:

- Approved Minutes of March 31, 2021 Deferred Compensation Committee,
- Discussed the Target Date Suitability analysis requirements,
- Received the SFDCP Manager report on the *future*Ready portfolios, investment performance and marketing campaign updates,
- Received an update on the Auto-Enrollment initiative.

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: This is a discussion only item.

10. 071421-10 Discussion Item SFDCP Manager Report

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

Diane Chui Justen, Deferred Compensation Director, provided a written and oral report on the following:

- SFDCP Stable Value Fund crediting rate for Q3 2021 is 1.70%
- Early results from targeted direct mail campaign in June
- May 2021 Monthly Activity Report

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: This is a discussion only item.

ADMINISTRATION CALENDAR

**11. 071421-11 Action Item Declaration of Vacancy on Retirement Board Occurring
February 20, 2022**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Draft Election Schedule, Election Notices, Administrative Code Section 16.550 – 16.564

Jay Huish, Executive Director, reported that on February 20, 2022 President Casciato will complete his term of office. Pursuant to the provisions of Administrative Code Section 16.550, the Retirement Board is required to declare that a vacancy will occur and establish a schedule for the election of a Retirement Board member for the five-year term commencing February 21, 2022.

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: Moved by Commissioner Driscoll seconded by Commissioner Bridges, to declare a vacancy on the Retirement Board effective February 20, 2022.

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

Absent: Commissioner Safaí

**12. 071421-12 Action Item Approve Recommendation to Retain Nossaman LLP as
Retirement Board Fiduciary Governance Consultant**

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

Jay Huish, Executive Director, reported that the Retirement Board approved the issuance of a Request for Proposals (RFP) for fiduciary governance consulting services at its February 10, 2021 Retirement Board meeting. The RFP was issued on March 5, 2021. Mr. Huish reported that SFERS received RFP responses from three firms by the April 5, 2021 deadline for submission of responses. Responses were received from Funston Advisory Services LLC (Funston), Kutak Rock LLP, (Kutak Rock) and Nossaman LLP (Nossaman).

Mr. Huish reported that, after consideration of scoring of the RFP responses, the evaluation team recommends that the Retirement Board retain Nossaman LLP as its fiduciary governance consultant. He stated that SFERS has an industry-leading and long-established Board governance policy framework in place and Staff believes that Nossaman LLP is the “best fit” to provide fiduciary governance consulting services to SFERS going forward.

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: Moved by Commissioner Heldfond, seconded by Commissioner Bridges, to approve Nossaman LLP as Retirement Board Fiduciary Governance Consultant.

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

Absent: Commissioner Safai

13. 071421-13 Discussion Item Operations Oversight Committee Report of May 27, 2021

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

Commissioner Leona Bridges, Chair of the Operations Oversight Committee, reported that at their meeting of May 27, 2021 the Operations Oversight Committee:

- Approved Minutes of December 1, 2020 Operations Oversight Committee Meeting.
- Approved amendments to Operations Oversight Committee Terms of Reference to be forwarded to Governance Committee for approval and recommendation to the full Board.

Caryn Bortnick, Deputy Executive Director, provided detail on approved amendments which are being forwarded to the Governance Committee for approval and then to the full Board for final approval.

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: This is a discussion only item.

14. 071421-14 Discussion Item Personnel Committee Reports of June 2, 2021 and June 7, 2021

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

Commissioner Brian Stansbury, Chair, reported at their meeting of June 2, 2021, the Personnel Committee:

- Approved Minutes of May 19, 2021 Personnel Committee Meeting
- Met in Closed Session to consider the employment of Executive Director

At their meeting of June 7, 2021, the Personnel Committee:

- Approved Minutes of June 2, 2021 Personnel Committee Meeting

- Met in Closed Session to consider the employment of Executive Director

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: This is a discussion only item.

15. 071421-15 Discussion Item Executive Director's Report

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

Jay Huish, Executive Director, reported that SFERS Department Budget has made it through the Mayor's Budget Office and the Budget and Appropriations Committee and it has remained significantly intact and with new Investment Division positions requested. He reported that the Mayor is expected to sign the final Budget before August 1st and the new positions will be available to be filled within the next 4 to 6 weeks.

President Casciato called for public comment.

Clare Zvanski, calling on behalf of the retired members of the City and County, asked for clarification on funding and supplemental COLA.

There were no additional callers and public comment was closed.

Action: This is a discussion only item.

16. 071421-16 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.

President Casciato requested that Staff look into the timeframe for resuming in-person Board meetings and report back to the Board on safety protocols to be implemented before in-person Board meeting resume.

Commissioner Driscoll offered to share information with interested Board members and Staff regarding an online educational series on Performance and Risk Management provided by Rick Funston.

President Casciato called for public comment.

There were no callers and public comment was closed.

Action: This is a discussion only item.

17. 071421-17

Adjournment

Having no further business, the
Committee adjourned the meeting at 3:45 PM

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jay Hujsh".

Jay Hujsh, Executive Director