



SFERS

San Francisco Employees' Retirement System

City and County of San Francisco Employees' Retirement System

AMENDED SPECIAL RETIREMENT BOARD MEETING MINUTES

Thursday, March 10, 2022

1145 Market Street, 6th Floor

San Francisco, CA 94103

10:00 AM

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 1:00 PM.

This meeting will be held in person at the location listed above. As authorized by California Government Code Section 54953(e) and Mayor Breed's 45th Supplement to her February 25, 2020 emergency proclamation, it is possible that some members of the Retirement Board may attend this meeting remotely. In that event, those members will participate and vote by video.

Members of the public may attend the meeting to observe and provide public comment at the physical meeting location listed above or online 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: **2480 191 5160** 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, March 7, 2022 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

Joseph Driscoll

Shruti Gandhi

Scott Heldfond, Vice President

Ahsha Safai, President

Brian Stansbury

A.J. Thomas

Jay Huish, Executive Director

Retirement Board Meeting

PUBLIC COMMENT CALL-IN: 415-655-0001

Access Code: 2480 191 5160

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 [**2480 191 5160**], 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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(Chapter 67 of the San Francisco Administrative Code)

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Sunshine Ordinance Task Force

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San Francisco, CA 94103-4689

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by fax at (415) 554-7854

or by email at sotf@sfgov.org

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OPENING CALENDAR

1. Roll Call	Commissioner Leona Bridges	10:30 AM
	Commissioner Joseph Driscoll	10:10 AM
	Commissioner Shruti Gandhi	Absent
	Commissioner Scott Heldfond	10:10 AM
	President Ahsha Safaí	10:10 AM
	Commissioner Brian Stansbury	Absent
	Commissioner A.J. Thomas	10:10 AM

2. Communications

President Safaí called for In-Person public comment.

No public present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

3. 031022-03 Action Item Review and Approval of March 2022 Board Resolution to Continue to Meet Remotely for at least 30 days pursuant to California Government Code Section 54953(e)

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Retirement Board Resolution 2022.03.10.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: Moved by Commissioner Heldfond, seconded by Commissioner Driscoll, to adopt the March 2022 Resolution recommending the Retirement Board begin to meet in-person with some members possibly attending remotely for at least the next 30 days; adopt findings under new State urgency legislation codified as Government Code Section 54953(e) (AB 361), including that the State and the City remain in a state of emergency due to the COVID-19 pandemic and conducting meetings of the Retirement Board and its committees in person without allowing certain members of this body to attend remotely would present imminent risks to the health or safety of certain attendees due to COVID-19;

and providing that all meetings of the Retirement Board and its committees will provide an opportunity for members of the public to address the body and will otherwise occur in a manner that protects the statutory and constitutional rights of parties and the members of the public attending the meeting in person or via teleconferencing.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safai, Thomas
Absent: Commissioners Gandhi, Stansbury

4. 031022-04 Action Item CLOSED SESSION

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

President Safai called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safai called for public comment Callers.

There were no callers and public comment was closed.

The Board entered closed session at 10:26 AM

President Safai called Closed Session 4(a)

PUBLIC EMPLOYEE APPOINTMENT/HIRING, pursuant to California Government Code section 54957(b) and San Francisco Administrative Code section 67.10(b)

Title/position to be filled: Executive Director

The following individuals participated in the Closed Session 4(a) to consider the employment of Executive Director: Commissioners Bridges, Driscoll, Heldfond, Safai, Thomas.

Closed Session 4(a) ended at 11:00 AM

President Safai called Closed Session 4(b)

Entered Closed Session 4(b) at 11:12 AM

(b) Possible Recommendation and/or Action on Sale and Purchase of Particular, Specific Pension Fund Investment under California Government Code Section 54956.81.

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, Driscoll, Heldfond, Safaí, Thomas; Jay Huish, Executive Director; Darlene Armanino, Board Secretary.

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: Caryn Bortnick, Deputy Executive Director; Kurt Braitberg, Interim Chief Investment Officer; Tanya Kemp, Managing Director, Private Markets; Anna Langs, Managing Director, Asset Allocation, Risk Management and Innovative Solutions; Ed Comerford, Director, Buyouts; Chris Chow, Director, Real Assets; Andrew Collins, Director, ESG; Eunice McHugh, Director, Private Credit; Chris Terrazzano, Associate Portfolio Manager; Alo Martins, Senior Portfolio Manager, Fixed Income; Rishi Garbharran, Senior Portfolio Manager, Private Equity; Adrienne von Schulthess, Kien Trinh, Brady Jewett, Jiada Tu, Dennis Esselsagoe, Patrick Li, Cynthia Wong, Investment Analysts; Cecilia Mangoba, Molly Nordale, Tran Ly, Deputy City Attorneys; Allan Martin, NEPC; Anita Ng, Kelly Jensen, Scott Martin, Richard Grimm, Michael Brand, Cambridge Associates.

The Board ended Closed Session 4(b) at 12:35 PM

The Board recessed to 1:05 PM

The Board returned to Open Session at 1:05 PM

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

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 4(a) and 4(b) under San Francisco Administrative Code Section 67.12(a).

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Stansbury

5. 031022-05

General Public Comment – Not earlier than 1:00 PM

President Safaí called for General Public Comment.

Email received from John Stenson for General Public Comment:

I WAS INFORMED THAT YOU ARE GOING TO CHANGE THE DAY OF YOUR FUTURE BOARD MEETINGS FROM WEDNESDAY TO A THURSDAY BECAUSE IT WILL BE MORE CONVENIENT FOR ONE OF YOUR BOARD MEMBERS.

YOU WILL BE SETTING A VERY BAD PRECEDENT IF YOU CHANGE YOUR REGULAR MEETING DAY FOR THE CONVENIENCE OF ONE BOARD MEMBER.

ALSO A DAY CHANGE WILL MAKE IT VERY INCONVENIENT FOR SOME OF OUR MEMBERS.

WHEN IT COMES TO INVESTING YOU SHOULD DIVEST FROM ANY RUSSIAN OR CHINESE INVESTMENTS BECAUSE IN THE FUTURE THE CHINESE GOVERNMENT WILL TAKE IN TAIWAN THE SAME ACTIONS THE RUSSIANS ARE TAKING IN UKRAINE.

WITH BEST REGARDS FROM JOHN STENSON

A 48 YEAR MEMBER OF SFERS.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

David Page, Retiree, commented that he would like to see more emphasis on the "S" of "ESG" and would like to see SFERS shift toward ESG investments.

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

6. 031022-06 Action Item Approval of the Minutes of the February 9, 2022 Retirement Board Meeting, February 2, 2022 and February 18, 2022 Special Retirement Board Meeting

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the February 9, 2022 Retirement Board Meeting, February 2, 2022 and February 18, 2022 Special Retirement Board Meeting.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: Moved by Commissioner Heldfond, seconded by Commissioner Driscoll, to approve Minutes of the February 9, 2022 Retirement Board Meeting, February 2, 2022 and February 18, 2022 Special Retirement Board Meeting.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safaí, Thomas
Absent: Commissioners Gandhi, 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.

7.	031022-07	Action Item	Consent Calendar
	031022-07b	Action Item	Voluntary Retirement Board List No. 09-21
	031022-07c	Action Item	Decisions of Hearing Officers
Christopher, Vorpahl Effective Date: 04/22/21		H003 EMT/Paramedic/Firefighter Fire	Industrial Disability Retirement Granted
	031022-07d	Action Item	Conference Request

Request approval for Commissioner Leona Bridges to attend NASP Day of Education in Private Equity for Trustees and Staff, March 24, 2022, Los Angeles, CA.

Request approval for Commissioner Leona Bridges to attend Milken Institute Global Conference, May 1 – 4, 2022, Beverly Hills, CA.

031022-07e

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, Decisions, Conference requests.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

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

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Stansbury

INVESTMENT CALENDAR

8. 031022-08

Action Item

Recommendation to Invest Up to \$400 million in a Loomis Sayles World Credit Asset Separate Account

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Consultant Analysis - NEPC.

Kurt Braitberg, Interim Chief Investment Officer, Alo Martins, Senior Portfolio Manager, Public Markets, Dennis Esselsagoe, Investment Analyst, Public Fixed Income, Alec Rapaport and Allan Martin, NEPC provided an oral and written report on this item.

Staff and NEPC, SFERS' generalist consultant, recommended investment in a Multi-Sector Fixed Income portfolio to be managed by Loomis, Sayles & Company ("Loomis Sayles"). The recommended mandate is anticipated to be focused largely in investment grade credit, high yield bonds, bank loans, emerging market debt, and securitized investments.

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

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: Moved by Commissioner Driscoll seconded by Commissioner Bridges, to approve an investment of up to \$400 million in a multi-sector fixed income separate account managed by Loomis Sayles.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Stansbury

9. 031022-09 Discussion Item Update on Asset Allocation and Leverage

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Update on Asset Allocation and Leverage, NEPC 2022 Investment Outlook: Capital Markets Assumptions and SFERS Return Expectations.

Kurt Braitberg, Interim Chief Investment Officer, Anna Langs, Managing Director, Asset Allocation, Risk Management, and Innovative Solutions, Philip Nelson and Allan Martin, NEPC, provided an oral and written report on this item.

Staff, in collaboration with NEPC, presented an annual update of capital markets assumptions and the attendant impact on expected returns given SFERS' current asset allocation policy.

Highlights included:

- SFERS' 10-year expected return is 6.6%, down from 6.9% in 2021; risk is unchanged at 11.9%.
- The expansionary/above growth scenario is the only environment in which SFERS' forecasted probability of earning 7.2% actuarial return exceeds 50%.
- Private asset classes continue to provide an opportunity to increase return by harvesting the illiquidity premium. SFERS' current portfolio has over 49% in Illiquid assets.
- Over the last 10 years, SFERS has increased its diversification by allocating to Private Credit (PC) and Absolute Return (AR). Allocations to PC and AR increased expected returns by 64bps and decreased expected volatility/risk by 68bps.
- SFERS' portfolio is further optimized by leverage. Leverage increases expected volatility, but the associated increase in expected returns more than offsets this cost.

- Leverage is expected to add about 20bps to portfolio return and provide flexibility in liquidity management.

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

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: This is a discussion only item.

**10. 031022-10 Discussion Item Report on Investment Performance of the Retirement Fund
for the Quarter Ended December 31, 2021**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, NEPC - Executive Summary: Quarterly Performance Review, NEPC – Investment Performance Analysis.

Kurt Braitberg, Interim Chief Investment Officer, Allan Martin, NEPC, provided an oral and written report on this item.

Allan Martin, NEPC, reported that, for the quarter ended December 31, 2021, the Retirement Fund was valued at \$37.2 billion. The net of fee total returns for the quarter and the trailing one-year were 3.8% and 22.6%, respectively.

NEPC's Investment Performance Analysis provided a detailed review of the market environment as well as risk and return information at the Total Fund and Asset Class levels.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: This is a discussion only item.

11. 031022-11 Action Item Consideration of Urgent Action to Divest from Russian Securities and Other Russia-related Sanctioned Securities as soon as prudently possible

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, DIRECTIVE 3 UNDER EXECUTIVE ORDER 14024: Prohibitions Related to New Debt and Equity of Certain Russia-related Entities.

Kurt Braitberg, Interim Chief Investment Officer, Andrew Collins, Director of ESG Investing, provided an oral and written report on this item.

On February 24, 2022, Russian military forces invaded Ukraine beginning the largest armed conflict in Europe since World War II. In addition to jeopardizing Ukraine's sovereignty, the war has created global economic and political instability.

On March 1, 2022, Mayor London Breed requested that the SFERS Retirement Board, "immediately analyze any and all SFERS investments with ties to Russia or the Russian government and divest such investments as expeditiously and urgently as possible."

At the direction of Board President Safai, Staff has undertaken analysis to understand our current investment exposure to investments tied to Russia, determined options for divestment of investments tied to Russia, surveyed the actions of other public pension in the U.S. and abroad, and presented considerations for SFERS associated with pursuing divestment.

Staff reported that SFERS has approximately \$37.5 million invested in Russian securities, \$3.2 million of which is held directly and could be subject to divestment. Staff opined that, if the Board wishes to proceed with divestment of Russian securities, it must first agree on the definition and scope of a divestment and/or restrictions.

Staff provided the Board with several options to evaluate including various considerations and challenges associated with divestment of Russian securities. Staff also provided a summary of actions taken by other asset owners. Staff reported that, given international sanctions, market closures, and Russia's ban on sale of securities by foreigners, any divestment could not happen immediate but would need to be implemented prudently over time.

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

President Safai called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safai called for public comment Callers.

David Page urged the Board to do as much as possible rather than prudent and practicable and spoke about divesting in fossil fuel investments.

There were no further callers and public comment was closed.

Action: Moved by Commissioner Heldfond, seconded by Commissioner Driscoll, that SFERS immediately halt all new investment in Russian securities, defined as any entity domiciled in Russia, move that SFERS take steps to divest, as soon as prudent and practicable, from Russian securities that are linked to "...harmful foreign activities of the government of the Russian Federation", primarily as defined by the U.S. Department of Treasury but, as relevant, other U.S. federal agencies.

Further, recognizing the fluid nature of the response to the Russia-Ukraine conflict, move that Staff report progress and updates to the Board on this topic, including specific criteria used to implement divestment and criteria that can be used to consider lifting investment restrictions in the future.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safai, Thomas
Absent: Commissioners Gandhi, Stansbury

12. 031022-12 ITEM NOT USED

13. 031022-13 Discussion Item Chief Investment Officer Report

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

Kurt Braitberg, Interim Chief Financial Officer, provided an oral and written report on this item.

Interim CIO Braitberg reported that SFERS' estimated assets at the end of February were \$35.3 Billion. Mr. Braitberg reported that SFERS' allocation to Private Equity as a percentage of total Trust assets has increased over the past several quarters. This is primarily a function of exceptional performance - SFERS Private Equity portfolio returned approximately 58% in 2021.

Mr. Braitberg reported that, at the end of February, SFERS' allocation to Private Equity is approximately 30.9% of Trust assets, exceeding the 30.0% allowable range as established within SFERS' Strategic Asset Allocation. He reported that, while SFERS is slightly beyond the top of the allowable range, SFERS remain comfortable with this exposure for several reasons. First, more than 20% of SFERS' Private Equity portfolio is in the form of Public Equity exposure. SFERS expects these positions to be monetized and distributed back to SFERS within the next 12-18 months. Further, the valuations that SFERS reflect today are lagged by at least a quarter and do not fully reflect the downturn witnessed in the public markets over the past several months. Additionally, SFERS Private Equity program has matured to the point that it largely self-sustaining (i.e. cash flow break-even). Finally, Staff remains disciplined with commitment pacing.

Closed Session Disclosures:

Alterra IOS Venture II, LP

At its meeting on February 9, 2022, the Retirement Board approved in closed session an investment of up to \$60 million to Alterra IOS Venture II, LP ("Alterra IOS II"). The investment was approved by the following vote:

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

Absent: Commissioner Gandhi

SFERS' commitment of \$60 million to Alterra IOS II closed on February 11, 2022. The commitment is classified as a Real Estate investment within the Real Assets portfolio and is SFERS' first investment with Alterra Property Group.

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

Brevan Howard Alpha Strategies Fund, L.P.

At its meeting on January 12, 2022 the Retirement Board approved in closed session an additional investment of \$100 million in Brevan Howard Alpha Strategies Fund, L.P. by San Francisco Absolute Return Investors II, LP ("SFARI II"). The investment was approved by the following vote:

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

Absent: Commissioner Stansbury,

SFERS's investment of \$100 million in Brevan Howard Alpha Strategies Fund, L.P. closed on February 1, 2022.

This investment is classified as a Global Macro investment within SFERS' absolute return portfolio share class B of SFARI II.

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

Lead Edge Capital VI, L.P.

At its meeting on February 9, 2022, the Retirement Board approved in closed session an investment of up to \$30 million in Lead Edge Capital VI, L.P. The investment was approved by the following votes:

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

Absent: Commissioner Gandhi

SFERS' investment of \$25 million closed on February 25, 2022.

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

More information about Lead Edge is available on <https://leadedge.com/>.

Fortress Lending Fund III (A) L.P.

At its meeting on February 9, 2022, the Retirement Board approved in closed session an investment of up to \$75 million in Fortress Lending Fund III (A) L.P. This investment was approved by the following vote:

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

Absent: Commissioner Gandhi

SFERS' investment of \$75 million in Fortress Lending Fund III (A) L.P. closed on March 4, 2022. This investment is classified as a Direct Lending investment within SFERS' Private Credit portfolio. This is SFERS' fifth private credit investment with Fortress and tenth overall.

More information about Fortress is available at <https://www.fortress.com/>.

SDC Digital Infrastructure Opportunity Fund III, LP

At its meeting on February 9, 2022, the Retirement Board approved in closed session an investment of up to \$60 million to SDC Digital Infrastructure Opportunity Fund III, LP ("SDC Fund III"). The investment was approved by the following vote:

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

Absent: Commissioner Gandhi

SFERS' commitment of \$55 million to SDC Fund III closed on March 4, 2022. The commitment is classified as a Real Estate investment within the Real Assets portfolio and is SFERS' first investment with SDC Capital Partners.

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

Mr. Braitberg reminded the Board that the next Investment Committee meeting is scheduled for April 20, 2022, at 1:00 pm.

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

Commissioner Heldfond asked for full Board participation in the Investment Committee Meeting since the last meeting was previously cancelled.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: This is a discussion only item.

DEFERRED COMPENSATION PLAN CALENDAR

14. 031022-14 Discussion Item Review of SFDCP Investment Performance for the Second Half of 2021

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Callan Presentation, Investment Measurement Service Q4 '21 Report

Diane Chui Justen, Deferred Compensation Director, Greg Ungerman, Callan Associates, presented a review of the Plan's investment performance for the second half of 2021.

Ms. Chui Justen reported that the Deferred Compensation Plan was valued at \$5.0 billion on December 31, 2021. The change in total Plan assets increased by \$606 million for the year of 2021. The Plan has increased nearly \$1.8 billion over the last three years.

Mr. Ungerman reported that the target date funds had another great year of returns between 7.4% and 17.6% depending on the vintage. All of the vintages performed ahead of their custom benchmark returns on a since inception basis. He reported that, given the strong equity 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 with a few exceptions.

Mr. Ungerman reported that there are four manager's that are currently on the watch list as summarized below:

1. LSV is the sole large cap value manager for the SFDCP Large Cap Value Equity fund. They are on watch because their 3 and 5 year performance is below benchmark and peer group given the dramatic sell off during the first quarter of 2020. The fund has rebounded dramatically in the 4th quarter of 2020 and for 2021.

2. 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 in 2020 but has bounced back well in 2021. The long time PM, Joel Tillinghast will be retiring by the end of 2023

3. The DFA World Core Equity fund is a component fund 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. Their performance is still below the index and peer group median for the last 3 and 5 year periods. The fund showed strong improvement in 2021 given the change of key market drivers.

4. Schroders, the International Equity Value fund within the SFDCP International Equity Fund announced the head of their Quantitative Equity Platform (“QEP”) will be taking a sabbatical this April. His role will be replaced by two long time investment professionals on the team.

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

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: This is a discussion only item.

15. 031022-15 Discussion Item San Francisco Deferred Compensation Plan Monthly Report

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, January 2021 Monthly Activity Report, Required Minimum Distribution FAQ’s mailer.

Diane Chui Justen, Deferred Compensation Director and Greg Ungerman, Callan, provided an oral and written report on this item.

Ms. Chui Justen reported that the SFDCP office is now open on Tuesdays and Thursdays for in-person appointments.

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

Commissioner Driscoll requested for the March 30th Deferred Compensation meeting that a 12 month period analysis of fees and expenses for members are included.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: This is a discussion only item.

ADMINISTRATION CALENDAR

16. 031022-16 Discussion Item Amended Schedule of 2022 Retirement Board Meetings

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

Jay Huish, Executive Director, reported that the April, May and June 2022 Board meetings are scheduled for the second Thursday of each month starting at 10:00 AM.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: This is a discussion only item.

17. ITEM NOT USED

18. 031022-18 Action Item Review and Approval of President's Committee Assignments

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

Jay Huish, Executive Director, provided an oral and written report on this item.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: Moved by Commissioner Heldfond, seconded by Commissioner Bridges, to approve President's Committee Assignments.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Stansbury

19. 031022-19 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 he was pleased to announce that Caryn Bortnick has been appointed to Chief Operations Officer.

Mr. Huish reminded the Board and Staff that Form 700 filings are due April 1, 2022. He reported that SFERS Staff has returned to the office 2 to 3 days per week.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

Fred Sanchez, Protect our Benefits, called to welcome Trustee Thomas to the SFERS Board and Caryn Bortnick on her appointment to Chief Operations Officer.

There were no further callers and public comment was closed.

Action: This is a discussion only item.

20. 031022-20 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 Safaí welcomed A.J. Thomas to the Board and Caryn Bortnick on her appointment as Chief Operations Officer and looks forward to working with them.

Commissioner Driscoll asked how many direct reports the Executive Director has. Jay Huish, Executive Director, reported that he has 7 total reports.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Action: This is a discussion only item.

President Safaí announced the Board would be moving back into Closed Session 4(b)

The Board entered Closed Session 4(b) at 4:00 pm

Closed Session 4(b) ended at 4:30 PM

4(b) Action: Moved by Commissioner Driscoll, seconded by Commissioner Heldfond, not to disclose any discussions held in Closed Session 4(b) under San Francisco Administrative Code Section 67.12(a).

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safaí
Absent: Commissioners Gandhi, Stansbury, Thomas

Having no further business, the Board adjourned the meeting at 4:30 PM

Respectfully submitted,


Jay Hulsh, Executive Director