



# SFERS

San Francisco Employees' Retirement System

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

RETIREMENT BOARD MEETING

MINUTES

**Thursday, April 14, 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 10:30 AM.

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](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: **2480 477 2489** 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 11, 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 477 2489**

### Providing Public Comment

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- 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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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  
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**OPENING CALENDAR**

<b>1. Roll Call</b>	Commissioner Leona Bridges	10:20 AM
	Commissioner Joseph Driscoll	10:20 AM
	Commissioner Shruti Gandhi	10:25 AM
	Commissioner Scott Heldfond	10:20 AM
	President Ahsha Safaí	10:20 AM
	Commissioner Brian Stansbury	Absent
	Commissioner A.J. Thomas	10:20 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. 041422-03            Action Item            Review and Approval of April 2022 Board Resolution to Continue to Meet In-person with Some Members Possibly Attending 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 2022.04.14.

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 Heldfond, to adopt the April 2022 Resolution recommending the Retirement Board continue 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, Gandhi, Heldfond, Safaí, Thomas

Absent: Commissioners Stansbury

**4. 041422-04                      Action Item                      CLOSED SESSION**

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

The Board entered closed session at 10:25 AM

Possible Recommendation and/or Action on Sale and Purchase of Particular, Specific Pension Fund Investment under California Government Code Section 54956.81 (3 investments).

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, Gandhi, Heldfond, Safaí, Thomas; Cecilia Mangoba, Deputy City Attorney; 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: Jay Huish, Executive Director; Caryn Bortnick, Deputy Executive Director; Kurt Braitberg, Interim Chief Investment Officer; Tanya Kemp, Managing Director, Private Markets; Han Pham, Director, Public Equity; David Francl, Managing Director, Absolute Return; Anna Langs, Managing Director, Asset Allocation, Risk Management and Innovative Solutions; Ed Comerford, Director, Buyouts; Justin Lo, Director, Venture Capital; 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, Investment Analysts; Ba Do, Investment Operations Director; Molly Nordale, Deputy City Attorney; Allan Martin, Dan Hennessy, NEPC; Anita Ng, Kelly Jensen, Richard Grimm, Michael Brand, Cambridge Associates.

The Board ended Closed Session at 11:07 AM

The Board returned to Open Session at 11:25 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:** Moved by Commissioner Driscoll, seconded by Commissioner Bridges, not to disclose any discussions held in Closed Session under San Francisco Administrative Code Section 67.12(a).

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

Absent: Commissioners Stansbury

**Report from February 18, 2022 Closed Session Meeting:** President Safaí reported that there was an offer made to the Executive Director/CEO/CIO position to Alison Romano. Motion was made and seconded. Roll call vote in favor of motion was made by Commissioners Heldfond, Bridges, Safaí, Stansbury, Driscoll. Commissioner Thomas had not been seated on the Board at that time and Commissioner Gandhi was absent.

5. **041422-05**

**General Public Comment – Not earlier than 10:30 AM**

President Safaí called for General Public Comment.

Email received from John Stenson for General Public Comment:

NOW THAT YOU HAVE A NEW UNION BOARD MEMBER WHEN IT COMES TO INVESTING IN HEDGE FUNDS, I HOPE HE DOES NOT GO-ALONG-TO GET-ALONG.

HEDGE FUNDS ARE ANTI-UNION AND IN THE PAST THOUSANDS OF UNION WORKERS HAVE LOST THEIR JOBS BECAUSE OF THEM.

YOU BOARD MEMBERS THAT VOTE IN FAVOR OF INVESTING IN HEDGE FUNDS ARE BITING THE HAND THAT FEEDS YOU.

HEDGE FUNDS ARE ALSO A BAD INVESTMENTS, IN THE PAST TWELVE YEARS A PASSIVE INVESTMENT INTO THE S&P 500 HAS OUTPERFORMED THE AVERAGE HEDGE FUND EVERY YEAR.

YOU SHOULD FOLLOW THE LEAD OF VERY LARGE PUBLIC PENSION FUNDS LIKE CALPERS / THE STATE OF NEW JERSEY, AND NEW YORK CITY AND DIVEST FROM HEDGE FUND INVESTMENTS.

WITH BEST REGARDS FROM JOHN STENSON  
A FOURTY EIGHT 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.

There were no callers and public comment was closed.

**6. 041422-06                      Action Item                      Approval of the Minutes of the March 10, 2022 Special Retirement Board Meeting and March 28, 2022 Special Retirement Board Meeting**

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the March 10, 2022 Special Retirement Board Meeting and March 28, 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 March 10, 2022 Special Retirement Board Meeting, and March 28, 2022 Special Retirement Board Meeting.

Ayes: Commissioners Bridges, Driscoll, Gandhi, Heldfond, Safaí, Thomas  
Absent: Commissioners 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. 041422-07</b>	<b>Action Item</b>	<b>Consent Calendar</b>
<b>041422-07b</b>	<b>Action Item</b>	<b>Voluntary Retirement Board List No. 10-21</b>
<b>041422-07c</b>	<b>Action Item</b>	<b>Decisions of Hearing Officers</b>
Timothy J. Stocks Effective Date: 06/01/2018	2604 Food Service Worker Department of Public Health	Ordinary Disability Retirement/Stip Granted
Curtis H. Warren Effective Date: 01/01/2019	2708 Custodian Administrative Services	Ordinary Disability Retirement/Stip Granted
<b>041422-07d</b>	<b>Action Item</b>	<b>Conference Request</b>
<b>041422-07e</b>	<b>Discussion Item</b>	<b>Retirement Board Member Reports and Comments</b>

Report by Commissioner Leona Bridges who attended NASP Day of Education in Private Equity for Trustees and Staff, March 24, 2022, Los Angeles, CA.

**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 Bridges, seconded by Commissioner Heldfond, to approve Consent Calendar.

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

### INVESTMENT CALENDAR

**8. 041422-08                      Action Item                      Recommendation to Increase Existing Cash Release Credit Facility with BNY Mellon to \$600 million**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Increase Cash Release Credit Facility with BNY Mellon to \$600 million, NEPC Memo: Recommendation to Increase Existing Cash Release with BNY Mellon to \$600 Million, Revised SFERS Investment Policy Statement (marked).

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

Investment Staff recommended an increase in the cash release credit facility with BNY Mellon from \$250 million to \$600 million. The facility is cost-effective and has been tested according to internal policies, procedures, and reporting requirements. SFERS' large allocation to private assets makes the credit facility an integral part of SFERS' liquidity management framework.

NEPC reported that it had reviewed the Investment Staff recommendation to increase the existing cash release credit facility with BNY Mellon from a maximum \$250 Million to \$600 Million and was in full support of the increase. NEPC stated that the program is an important part of SFERS' liquidity management program, allowing the fund to acquire liquidity in times of stress at extremely favorable rates. Having this facility in place allows the fund flexibility in managing other liquidity sources, reducing the need to maintain high cash balances for example. Since the Board approval of the original facility, they have noted that several large, sophisticated Public Plan sponsors have followed SFERS's lead and negotiated similar facilities.

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 Heldfond, seconded by Commissioner Thomas, to approve increasing the limit of cash release credit facility with BNY Mellon from \$250 million to \$600 million and the corresponding recommended changes to SFERS' Investment Policy Statement.

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

Absent: Commissioners Stansbury

**9. 041422-09                      Action Item                      Recommended Statement of Objectives, Guidelines and Procedures for Fidelity Tactical Bond portfolio**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Statement of Objectives, Guidelines and Procedures for Fidelity Tactical Bond portfolio.

Kurt Braitberg, Interim Chief Investment Officer; Alo Martins, Senior Portfolio Manager, Public Markets, provided an oral and written report on this item.

The Retirement Board approved an investment of up to \$400 million in a Multi-Sector Fixed Income portfolio to be managed by Fidelity Institutional Asset Management Trust Company ("Fidelity") at the February 9, 2022 Retirement Board meeting. A Statement of Objectives, Guidelines and Procedures ("Guidelines") for this portfolio was presented to establish the return and risk objectives, and portfolio constraints for this mandate.

As detailed in the recommended Guidelines, the portfolio is expected to generally be focused largely in US government and agency backed credit, investment grade credit, high yield credit, bank loans, securitized credit, municipal debt and local and external emerging market debt, but has flexibility to invest across the broad public fixed income landscape in keeping with market opportunities. The Guidelines are intended to provide definition in terms of key features such as minimum average credit quality and effective duration without constraining Fidelity's ability to manage the portfolio in a nimble fashion based on their best investment ideas.

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

Commissioner Driscoll instructed Staff to insert "net of fee" before return of objectives in recommended Guidelines.

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 Safaí, seconded by Commissioner Heldfond, to approve the proposed Guidelines for the multi-sector fixed income portfolio to be managed by Fidelity with proposed amendment by Commissioner Driscoll.

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

Absent: Commissioners Stansbury

**10. 041422-10                      Action Item                      Recommended Statement of Objectives, Guidelines and Procedures for Loomis Sayles World Credit Asset portfolio**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Statement of Objectives, Guidelines and Procedures for Loomis Sayles World Credit Asset portfolio.

The Board reviewed and discussed the Staff memorandum and draft Statement of Objectives, Guidelines and Procedures for Loomis Sayles World Credit Asset portfolio 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 the proposed Guidelines for the multi-sector fixed income portfolio to be managed by Loomis Sayles.

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

Absent: Commissioners Stansbury

President Safaí recessed the meeting at 12:00 noon for 30 minute lunch break.

Returned to Open Session at 12:45 pm.

President Safaí called Items 11 and 12 together.

- 11. 041422-11            Action Item            Recommendation to terminate SFERS' investment in the Robert W. Baird & Co. Inc. ("Baird Advisors") Core Plus Strategy.**
- 12. 041422-12            Action Item            Recommendation to terminate SFERS' investment in the Income Research & Management ("IR&M") Government Credit Strategy**

The Board reviewed and discussed the Staff memorandum 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.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Heldfond, seconded by Commissioner Thomas, to terminate the allocation to Robert W. Baird & Co. Inc. ("Baird Advisors") and terminate the allocation to Income Research & Management ("IR&M").

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

- 13. 041422-13            Discussion Item            Chief Investment Officer Report**

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

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

Mr. Braitberg reported that SFERS has generated an estimated return of 2.72% over the current fiscal year. Results have been led by Private Equity and Real Assets which have returned 15.96% and 15.02% while Private Credit has generated a positive return of 7.11%. Public Equity, Fixed Income and Absolute Return are down -8.72%, -4.89%, and -2.00%, respectively. For reference, a 60/40 portfolio and a 60/30/10 portfolio have returned an estimated -3.90% and -0.73%, respectively.

SFERS estimated assets at the end of March are \$35.2 Billion.

Board approved investments:

**Battery Venture XIV, L.P. and Battery Ventures Select Fund II, L.P.**

At its meeting on January 12, 2022, the Retirement Board approved in closed session an investment of up to \$100 million to be allocated between Battery Venture XIV, L.P. and Battery Ventures Select Fund II, L.P. The investments were approved by the following vote:

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

Absent: Commissioner Stansbury

SFERS' investments of \$60 million in Battery Venture XIV, L.P. and \$15 million in Battery Ventures Select Fund II, L.P. closed on February 24, 2022.

Battery Ventures XIV, L.P. will be classified as multi-stage Venture Capital and Battery Ventures Select Fund II, L.P. will be classified as late-stage Venture Capital within SFERS' Private Equity portfolio.

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

**Polaris Growth Fund II, L.P.**

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

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safai

Absent: Commissioners Gandhi, Stansbury

SFERS' investment of \$26 million closed on March 10, 2022.

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

More information about Polaris Partners is available on <https://polarispartners.com/>.

**Stripes VI, L.P.**

At its meeting on March 10, 2022, the Retirement Board approved in closed session an investment of up to \$50 million in Stripes VI, L.P. The investment was approved by the following votes:

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safai

Absent: Commissioners Gandhi, Stansbury, Thomas

SFERS' investment of \$50 million closed on March 25, 2022.

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

More information about Stripes is available on <https://www.stripes.co/>.

**RTW Innovation Fund Ltd.**

At its meeting on March 10, 2022, the Retirement Board approved in closed session an additional investment of up to \$200 million in the RTW Innovation Fund Ltd. The investment was approved by the following vote:

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

SFERS' investment of \$25 million closed on March 29, 2022. SFERS expects to invest up to another \$175 million over the next several months. The investment is classified as an opportunistic investment within SFERS' public equity portfolio.

More information about the Firm is available at [www.rtwfunds.com](http://www.rtwfunds.com).

**Main Post Growth Capital III, L.P.**

At its meeting on March 10, 2022, the Retirement Board approved in closed session a commitment of up to \$35 million to Main Post Growth Capital III, L.P. The commitment was approved by the following vote:

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

SFERS' commitment of \$35 million to Main Post Growth Capital III, L.P. closed on March 31, 2022.

Main Post Growth Capital III, L.P. is classified as a medium buyout investment within SFERS' private equity portfolio and is SFERS' third commitment to a Main Post sponsored equity fund.

More information about Main Post is available on [mainpostpartners.com](http://mainpostpartners.com).

**Whale Rock Long Opportunities Fund LP.**

At its meeting on March 10, 2022, the Retirement Board approved in closed session an additional investment of up to \$200 million in the Whale Rock Long Opportunities Fund LP. The investment was approved by the following vote:

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

SFERS' investment of \$25 million closed on April 1, 2022. SFERS may invest up to another \$175 million. The investment is classified as an opportunistic investment within SFERS' public equity portfolio. More information about the Firm is available at [www.whalerockcapital.com](http://www.whalerockcapital.com).

**Atalaya Special Opportunities Fund VIII, L.P.**

At its meeting on March 10, 2022, the Retirement Board approved in closed session an investment of up to \$65 million in Atalaya Special Opportunities Fund VIII, L.P. This investment was approved by the following vote:

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

SFERS' investment of \$65 million in Atalaya Special Opportunities Fund VIII, L.P. closed on April 1, 2022. This investment is classified as a Credit Opportunities investment within SFERS' Private Credit portfolio. This is SFERS' third investment with Atalaya.

More information about Atalaya is available at <https://www.atalayacap.com/>.

**Threshold Ventures IV, L.P.**

At its meeting on March 10, 2022, the Retirement Board approved in closed session an investment of up to \$25 million in Threshold Ventures IV, L.P. The investment was approved by the following votes:

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

SFERS' investment of \$20 million closed on April 5, 2022.

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

More information about Threshold is available on <https://threshold.vc/>.

**MED Platform II SLP**

At its meeting on March 10, 2022, the Retirement Board approved in closed session a commitment of up to €65 million to MED Platform II SLP. The commitment was approved by the following vote:

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

SFERS' commitment of €65 million to MED Platform II SLP closed on March 31, 2022.

MED Platform II SLP is classified as a medium buyout investment within SFERS' private equity portfolio and is SFERS' first commitment to an ArchiMed sponsored equity fund.

More information about ArchiMed is available on [archimed.group](http://archimed.group).

**OHA Strategic Credit Fund III, L.P.**

At its meeting on January 12, 2022, the Retirement Board approved in closed session an investment of up to \$75 million in OHA Strategic Credit Fund III, L.P. This investment was approved by the following vote:

Ayes: Commissioners Bridges, Casciato, Driscoll, Gandhi, Heldfond, and Safaí  
Nays: None  
Absent: Commissioner Stansbury

SFERS' investment of \$75 million in OHA Strategic Credit Fund III, L.P. closed on April 7, 2022. This investment is classified as a Distressed/Special Situations investment within SFERS' Private Credit portfolio. This is SFERS' second investment with Oak Hill Advisors.

More information about Oak Hill is available at <https://www.oakhilladvisors.com/>.

**New Mountain Net Lease Partners II, L.P.**

At its meeting on March 10, 2022, the Retirement Board approved in closed session an investment of up to \$60 million in New Mountain Net Lease Partners II, L.P. This investment was approved by the following vote:

Ayes: Commissioners Bridges, Driscoll, Heldfond, and Safaí  
Nays: None  
Absent: Commissioners Gandhi, Stansbury, and Thomas

SFERS' investment of \$60 million in New Mountain Net Lease Partners II, L.P. closed on April 8, 2022. This investment is classified as an Opportunistic Real Estate Debt investment within SFERS' Private Credit portfolio. This is SFERS' second investment with New Mountain Capital.

More information about New Mountain Capital is available at <https://www.newmountaincapital.com/>.

Interim CIO Braitberg reported that Investment Staff has updated its list of Managers Under Review. The following changes were made:

- Within Public Equity, DFA EM Core and DFA EM Small Cap were removed as the Board approved the termination of these strategies at the January 2022 Board meeting.
- Within Fixed Income, Oaktree High Yield was removed from the list. Over the trailing 3 years ending December 31, 2021, the strategy has outperformed its benchmark and placed in the top half of its peer group.

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.

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

### **DEFERRED COMPENSATION PLAN CALENDAR**

President Safaí called Item 14 and 15 together.

**14. 041422-14            Action Item            Plan Admin Fee Proposal**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Callan's Fee Proposal.

**15. 041422-15            Discussion Item            Deferred Compensation Committee Report**

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

Diane Chui Justen, Deferred Compensation Director, presented an oral and written report on Plan Admin Fee Proposal along with Greg Ungerman, Callan.

Ms. Chui Justen reported that the SFDCP experienced market highs over the last three years with an average asset growth of ~16% YOY, far besting the general 5% market forecast. As such, Staff and Callan, SFDCP Consultant, recommended a reduction in plan administrative fees to offset some of these gains and neutralize revenue going forward.

Callan reported that while difficult to predict, based on future capital market returns and participation and savings rates, the DCC should consider lowering the SF City and County Administration fee accrual to 2.5 basis points from the current 4.8 basis points.

- This assumes a 5% asset growth from the 12/31/21 plan balance
- This provides a conservative expectation to reflect a smooth fee reduction
- This analysis will need to be adjusted overtime based on actual plan asset changes

Callan recommended reducing the CCSF Administration fee accrual to 2.5 bps. Should the Plan move forward with this reduction, and Voya contracted fees remaining unchanged, total participant costs decreases to 6.25 bps annually, or 1.56 bps per quarter.

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 Bridges, seconded by Commissioner Thomas, to approve a SFDCP administrative fee reduction to 2.5 bps for at least a one-year period.

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

Absent: Commissioners Stansbury

**16. 041422-16 Discussion Item San Francisco Deferred Compensation Plan Monthly Report**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, February 2021 Monthly Activity Report, SFDCP Q1 Newsletter.

Diane Chui Justen, Deferred Compensation Director, presented an oral and written report on the following:

- Plan Updates
- Stable Value Credit Rate is 1.70% for Q2 2022
- Monthly Activity Report

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**

**17. 041422-17 Action Item Review and approval of the Credited Interest Rate Policy**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Credited Interest Rate Policy – redlined version, Credited Interest Rate Policy.

Janet Brazelton, Actuarial Services Coordinator, presented an oral and written report on this item.

Ms. Brazelton reported that the Credited Interest Rate Policy was last reviewed by the Board on January 20, 2016. As it has been more than five years, this policy was brought before the Board for review even though no changes were suggested at this time.

San Francisco charter sets the minimum interest rate at four percent (4%). As consumer interest rates have been lower than 4% for a number of years, the Plan's credited interest rate is currently 4%. Until consumer interest rates rise near or above 4%, there is no need to consider any changes to this policy.

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 the Credited Interest Rate Policy with no changes except to reflect the Board's review.

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

Absent: Commissioners Stansbury

**18. 041422-18 Discussion Item Educational Presentation on Fiduciary Duties**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Fiduciary Duties Presentation to Retirement Board.

Cecilia Mangoba, Deputy City Attorney and Ashley Dunning, Nossaman, presented an overview of fiduciary duties which included:

- What Is a Fiduciary
- Five Basic Duties of a Plan Fiduciary
- Delegation of Fiduciary Duty

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.

**19. 041422-19                      Discussion Item                      Review of Audited Financial Statements and Supplemental Schedules for Years Ended June 30, 2021 and 2020 and Communications to the Retirement Board for the Year Ended June 30, 2021**

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, 2021 and 2020, Communications to the Retirement Board for the Year Ended June 30, 2021.*

Jay Huish, Executive Director, reported that each year audited financial statements for the San Francisco Employees' Retirement System are prepared by outside auditors selected by the Controller's Office. The 2021 audited financial statements have been published by the Controller's office.

Craig Harner of Macias Gini & O'Connell, the audit firm selected by the City, provided an overview of the audited financial statements and the auditor's required communications to the Board.

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.

**20. 041422-20                      Action Item                      Review and approve 2021 SFERS Annual Report.**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Draft 2021 SFERS Annual Report.

Caryn Bortnick, Chief Operating Officer, presented an oral and written report on this item.

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

Commissioner Bridges asked that the report show Engine #10 and will discuss a couple of wording changes with Caryn Bortnick.

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 Bridges, seconded by Commissioner Driscoll, to approve 2021 SFERS Annual Report subject to edits requested by Commissioner Bridges.

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

Absent: Commissioners Stansbury

**21. 041422-21 Discussion Item Executive Director's Report**

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

**Administrative Update:**

- Custodial Bank Agreement Extension: BNY Mellon agreements extended through June 30, 2027
- Update on SFERS' Return-to-Office Plans

**Attachments for Informational Purposes:**

- Retirement Board Forward Calendar for April 2022 to April 2023
- Request for Proposal in Progress Blackout Period
- *Public Retirement Conferences and Training Programs for SFERS Trustees – Nossaman LLP*

Jay Huish reported that he and Caryn Bortnick have spoken with Alison Romano who will be joining the Retirement System in mid-June and will be available (tentatively) to attend the May Board meeting as an observer.

Commissioner Driscoll noted that June 9<sup>th</sup> at 10:00 a.m. is the next scheduled 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:** This is a discussion only item.

**22. 041422-22            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.

President Safaí thanked everyone involved with the process of the search, recruitment and hiring of new Executive Director/CEO/CIO position.

President Safaí thanked Executive Director Jay Huish and spoke of his appreciation on his commitment and continuation during this transition.

Commissioner Heldfond thanked everyone for their help and spoke about the Board coming together during the search.

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.

**23. 041422-23**

**Adjournment**

Having no further business, the Board adjourned the meeting at 3:05 PM

Respectfully submitted,

 A handwritten signature in black ink, appearing to read 'Jay Huish', followed by a horizontal line and the initials 'C.D.' to the right.

Jay Huish, Executive Director