



# City and County of San Francisco Employees' Retirement System

RETIREMENT BOARD MEETING

MINUTES

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**Thursday, November 17, 2022**

1145 Market Street, 6th Floor

San Francisco, CA 94103

11:00 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 11:30 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: **2485 771 6691** 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, November 14, 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 Safaí, President

Brian Stansbury

A.J. Thomas

Alison Romano, CEO & CIO

## Retirement Board Meeting

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

**Access Code: 2485 771 6691**

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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  
or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org)

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**OPENING CALENDAR**

<b>1. Roll Call</b>	Commissioner Leona Bridges	11:11 AM
	Commissioner Joseph Driscoll	Absent
	Commissioner Shruti Gandhi	Absent
	Commissioner Scott Heldfond	11:11 AM
	Commissioner Ahsha Safaí	11:11 AM
	Commissioner Brian Stansbury	Absent
	Commissioner A.J. Thomas	11:11 AM

**2. Communications**

Health and safety protocols along with building rules were read aloud.

- 3. 111722-03                      Action Item                      Review and Approval of November 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 2022.11.17.

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, seconded by Commissioner Heldfond, to adopt the November 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 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, Heldfond, Safaí, Thomas  
Absent: Commissioners Gandhi, Driscoll, Stansbury

**4. 111722-04 Discussion Item CLOSED SESSION**

Public comment on Closed Session items.

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

The Board entered Closed Session 4 – Action Item: Possible Recommendation and/or Action on Sale and Purchase of Particular, Specific Pension Fund Investment under California Government Code Section 54956.81 (2 investments) at 11:20 AM.

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, Heldfond, Safaí; Alison Romano, CEO & CIO; Caryn Bortnick, Chief Operating Officer; Kurt Braitberg, Managing Director, Public Markets; Andrew Collins, Director, ESG; David Francl, Managing Director, Absolute Return; Kien Trinh, Investment Officer, Absolute Return; James Kraft, Associate Portfolio Manager, Absolute Return; Eunice McHugh, Director, Private Credit; Brady Jewett, Associate Portfolio Manager, Private Credit; Richard Grimm, Cambridge; 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: Commissioner Thomas; Anna Langs, Managing Director, Asset Allocation, Risk Management and Innovative Solutions; Ed Comerford, Director, Private Equity; Han Pham, Director, Public Equity; Chris Wisdom, Associate Portfolio Manager; Alo Martins, Senior Portfolio Manager, Fixed Income; Rishi Garbharran, Senior Portfolio Manager, Private Equity; Chris Terrazzano, Associate Portfolio Manager; Adrienne von Schulthess, Patrick Li, Investment Officers; Richard Grimm, Cambridge Associates; Tran Ly, Molly Nordale, Jessica Lo, Deputy City Attorneys.

The Board ended Closed Session at 11:46 AM.

The Board returned to Open Session at 11:50 AM.

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

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

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, Stansbury

**5. 111722-05 General Public Comment – Not earlier than 11:30 AM**

President Safaí called for General Public Comment.

In-Person public comment was called.

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

Public comment Callers was called.

Matthew Torris, former Tartine worker, spoke against SFERS investment in CIM Group, parent company of Tartine. Mr. Torris stated that he believes that SFERS investment in CIM does not align with the principles of a socially conscious investment and asked the Board to thoroughly investigate this investment.

Evan McLaughlin, former Tartine worker, current organizer for the ILWU, asked the Board to seriously take a look at CIM Group which he stated does not align with the Board’s ESG principles.

Max (no last name) called to speak against CIM practices which he stated are not in line with the Board’s values.

There were no further callers and public comment was closed.

**6. 111722-06 Action Item Approval of the Minutes of the October 20, 2022 Retirement Board Meeting**

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the October 20, 2022 Retirement Board Meeting.

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, seconded by Commissioner Heldfond, to approve the Minutes of the October 20, 2022 Retirement Board Meeting.

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, 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.</b>	<b>111722-07</b>	<b>Action Item</b>	<b>Consent Calendar</b>
	<b>111722-07b</b>	<b>Action Item</b>	<b>Voluntary Retirement Board List No. 5-022</b>
	<b>111722-07c</b>	<b>Action Item</b>	<b>Decisions of Hearing Officers</b>
Scott B Elbert Effective Date: 12/30/2020	H003 EMT/Paramedic/Firefighter Fire		Industrial Disability Retirement Granted
Viet Q Ha Effective Date: 2/27/2021	Q004 Police Officer III Police		Industrial Disability Retirement Granted
Dwight A. Hall Effective Date: 12:00:00 AM	8304 Deputy Sheriff Sheriff		CalPERS -Disability Retirement Certified

Christie Hernandez Effective Date: 7/1/2021	9163 Transit Operator SFMTA	Ordinary Disability Retirement Granted
Andrinna E Malone Effective Date: 6/5/2021	7514 General Laborer Department Of Public Works	Ordinary Disability Retirement Granted
Nancy Doreen Paiva Effective Date: 12/17/2020	8238 Public Safety Dispatcher Emergency Management	Ordinary Disability Retirement Granted

**111722-07d**

**Action Item**

**Travel Request**

Request approval for Commissioner Leona Bridges to attend the U.S.-Africa Leaders Summit, December 12-14, 2022, Washington, DC.

Request approval for Commissioner A.J. Thomas to attend NCPERS Legislative Conference, January 22-24, 2023, Washington, DC.

**111722-07e**

**Discussion Item**

**Retirement Board Member Reports  
and Comments**

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

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

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, Stansbury



**INVESTMENT CALENDAR**

**8. 111722-08 Discussion Item Annual ESG Update**

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

Kurt Braitberg, Managing Director, Public Markets; Andrew Collins, Director of ISG Investing, provided an oral and written report on this item.

Staff presented an annual update on the ESG Platform, including an update on all three pillars of the SFERS ESG Platform, which covered: Active Ownership, ESG in Investment Management, and Collaboration & Communication for a Sustainable Economy.

The 2022 ESG Platform update included information on areas of progress in ESG over 2022, active ownership case studies, ESG investment initiatives, and the 2050 net zero asset owner ambition.

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

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

President Safaí announced break at 12:42 PM to return at 1:15 PM

Returned to Open Session at 1:40 PM

**9. 111722-09 Action Item Annual Report and Recommendation on Russian Restrictions**

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

Andrew Collins, Director of ISG Investing, provided an oral and written report on this item.

Staff provided an update to the criteria for investment restriction. Recommended changes included:

- Define “entities domiciled in Russia” based on an entity’s country of incorporation and primary stock exchange listing being in Russia, or otherwise considered by MSCI to be a Russian security based on its “Country Classification of Securities” and;
- Specifically identify the U.S. Department of State in the criteria in addition to the U.S. Department of Treasury, given the role its Office of Economic Sanctions Policy and Implementation plays in developing and implementing foreign policy-related sanctions.

Staff detailed updates on the Russia-Ukraine conflict over the last several months.

Staff recommended that if the Board wishes to remain divested from Russian securities according to the criteria described in their Staff Memorandum, the following motion was recommended:

*Move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from Russian and Russian-related sanctioned securities and adopt the 2022 Criteria for Restriction of Investment in Russian and Russian-related Sanctioned Securities presented in Appendix B.*

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Safaí, seconded by Commissioner Bridges, to move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from Russian and Russian-related sanctioned securities and adopt the 2022 Criteria for Restriction of Investment in Russian and Russian-related Sanctioned Securities presented in Appendix B.

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, Stansbury

**10. 111722-10                      Action Item                      Annual Report and Recommendation on Targeted Restrictions in Sudan**

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

Andrew Collins, Director of ISG Investing, provided an oral and written report on this item.

Staff provided an update to the current list of companies subject to investment restriction. Recommended changes to the list included:

- The removal of one company and its subsidiaries because it has the necessary governance and controls in place to mitigate environmental, social, and governance risks; and
- The addition of two companies and their subsidiaries due business involvement in Sudan and a lack of governance and controls in place to mitigate environmental, social, and governance risks.

Staff detailed the performance impact of not owning restricted companies involved in Sudan in the SFERS' investment portfolio over the past year and since the inception of the restriction, and it provided an update on Sudan's developments over the past year.

Staff recommended that if the Board wishes to remain divested from certain companies operating in Sudan according to the criteria described in the Staff Memorandum, the following motion was recommended:

*Move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from certain companies operating in Sudan and adopt the 2022 List of Companies Involved in Sudan, presented in Appendix B.*

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, seconded by Commissioner Thomas, to move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from certain companies operating in Sudan and adopt the 2022 List of Companies Involved in Sudan, presented in Appendix B.

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, Stansbury

**11. 111722-11                      Action Item                      Annual Report and Recommendation on Tobacco Restrictions**

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

Andrew Collins, Director of ISG Investing, provided an oral and written report on this item.

Staff provided an update to the current list of companies subject to investment restriction. Recommended changes to the list included:

- The addition of two companies that are U.S. domiciled and manufacture tobacco products; and
- Updates to reflect name changes for two restricted companies.

Staff detailed the performance impact of not owning restricted companies involved in tobacco in the SFERS' investment portfolio over the past year and since the inception of the restriction, and it provided an update on the tobacco sector's developments over the past year.

Staff recommended that if the Board wishes to remain divested from U.S. tobacco companies according to the criteria described in the Staff Memorandum, the following motion was recommended:

*Move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from U.S. tobacco companies and adopt the 2022 List of U.S. Companies Involved in the Production or Wholesale Distribution of Tobacco Products presented in Appendix B.*

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Safaí, seconded by Commissioner Bridges, to move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from U.S. tobacco companies and adopt the 2022 List of U.S. Companies Involved in the Production or Wholesale Distribution of Tobacco Products presented in Appendix B.

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, Stansbury

**12. 111722-12                      Action Item                      Annual Report and Recommendation on Firearms Restrictions**

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

Andrew Collins, Director of ISG Investing, provided an oral and written report on this item.

Staff provided an update to the current list of companies subject to investment restriction. Recommended changes to the list included:

- The addition of one company that manufactures civilian firearms and/or ammunition and received greater than 10% of revenue from such business segments;
- The removal of one company that has exited firearms sales; and
- An update to reflect a name change for one restricted company.

Staff detailed the performance impact of not owning restricted companies involved in the firearms sector in the SFERS' investment portfolio over the past year and since the inception of the restriction, and provided an update on the sector's developments over the past year.

Staff recommended that if the Board wishes to remain divested from firearms and ammunition manufacturers and retail companies according to the criteria described in the Staff Memorandum, the following motion was recommended:

*Move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from firearms and ammunition manufacturers and retail companies and adopt the 2022 List of Restricted Firearms and Ammunition Manufacturers and Retailers presented in Appendix B.*

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, seconded by Commissioner Thomas, to move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from firearms and ammunition manufacturers and retail companies and adopt the 2022 List of Restricted Firearms and Ammunition Manufacturers and Retailers presented in Appendix B.

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, Stansbury

**13. 111722-13                      Action Item                      Annual Report and Recommendation on Thermal Coal Restrictions**

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

Andrew Collins, Director of ISG Investing, provided an oral and written report on this item.

Staff provided an update to the current list of companies subject to investment restriction. Recommended changes to the list included:

- The removal of one company because it announced a plan to exit its thermal coal business;
- The removal of one company whose thermal coal revenues dropped below the investment restriction threshold;
- The removal of four companies that are no longer publicly traded;
- The addition of four companies that derive between 10-50% of revenues from thermal coal revenues and have not announced plans to exit the business; and
- An update to reflect a name change for one restricted company.

Staff detailed the performance impact of not owning restricted thermal coal companies in the SFERS' investment portfolio over the past year and since the inception of the restriction, and provided an update on industry developments over the past year.

Staff recommended that if the Board wishes to remain divested from thermal coal companies according to the criteria described in the attached Staff Memorandum, then the following motion is recommended:

*Move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from thermal coal companies and adopt the 2022 List of Thermal Coal Companies presented in Appendix B.*

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Safaí, seconded by Commissioner Thomas, to move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from thermal coal companies and adopt the 2022 List of Thermal Coal Companies presented in Appendix B.

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, Stansbury

**14. 111722-14                      Action Item                      Approval of Annual Update on Fossil Fuel Investments  
Engagement and Restrictions**

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

Alison Romano, CEO & CIO; Kurt Braitberg, Managing Director, Public Markets; Andrew Collins, Director of ISG Investing, provided an oral and written report on this item.

Annually, Staff assesses SFERS' exposure to the oil and gas sector and recommends any changes to the list of restricted companies based on the Board-approved criteria.

For 2022, application of the Climate Transition Risk Framework has resulted in the following:

- Identification of nine oil & gas companies where Staff recommends the Board continue to implement investment restriction.
- Identification of 50 companies for SFERS' "Climate Transition Watch List" due to elevated climate transition risks.
- Identification of seven Watch List companies where Staff intends to prioritize engagement due to SFERS' more meaningful equity exposure and/or ongoing engagements.

Staff detailed the performance impact of not owning restricted companies involved in the oil and gas sector in SFERS' investment portfolio over the past year and since the inception of the restriction, and provided an update on the sector's developments over the past year.

Staff recommended that if the Board wishes to continue to pursue "prudently phased divestment" of certain oil and gas companies according to the criteria described in the attached Staff Memorandum, then the following motion is recommended:

*Move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from certain oil & gas companies and adopt the 2022 List of Restricted Oil and Gas Companies, presented in Appendix B.*

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Thomas, seconded by Commissioner Bridges, to move that the San Francisco Employees' Retirement System reaffirm its intent to remain divested from certain oil & gas companies and adopt the 2022 List of Restricted Oil and Gas Companies, presented in Appendix B.

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, Stansbury

**15. 111722-15                      Discussion Item      Chief Investment Officer's Report**

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

Alison Romano, CEO & CIO, provided an update on investment market environment, preliminary performance and plan value, along with an update on Board approved investments.

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

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



**DEFERRED COMPENSATION PLAN CALENDAR**

**16. 111722-16            Discussion Item            San Francisco Deferred Compensation Plan Quarterly Report – Q3 '22**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, SFDCP Quarterly Memorandum – Q3 '22, Quarterly Plan Review as of September 30, 2022, National Retirement Security Month 2022 Campaign.

Diane Chui Justen, Deferred Compensation Director; Greg Ungerman, Callan; Bishop Bastien, Voya, reported on the following:

- Investments
  - Stable Value Credit Rate is 2.21% for Q4 2022
  - Galliard Organizational Change
  - T Rowe Price selected as Target Date Fund Investment Manager
  
- Marketing/Communications
  - Another successful National Retirement Security Month for the SFDCP
  
- Operations
  - 2023 457(b) Contribution Limits Increase
  - CARES and Secure Act Plan Document Amendment Postponement
  
- Recordkeeper
  - Pennies Framing
  - Plan Sponsor Website Enhancements

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

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

**ADMINISTRATION CALENDAR**

**17. 111722-17            Discussion Item            Travel Expense Report for the Quarter Ended September 30, 2022**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Travel Expense Report for the Quarter Ended September 30, 2022.

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

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

**18. 111722-18            Action Item            2022 Review of Economic Assumptions**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Cheiron’s presentation of Economic Assumptions and Funding Methods dated September 15, 2022, Summary of Projections (September 15 Presentation)

Janet Brazelton, Actuarial Services Coordinator; Bill Hallmark, Cheiron, provided a written and oral report on this item.

The Retirement Board reviews the long-term economic assumptions annually in accordance with its Monitoring and Reporting Policy. The assumptions below were adopted by the Board for the July 1, 2021 actuarial valuations:

Cheiron proposed no changes to the price inflation, ultimate wage inflation, and amortization payment growth rate assumptions for the July 1, 2022 actuarial valuation. Cheiron recommended that the Board consider three discount rate options: 7.20%, 7.00%, and 6.80%.

Recommendations for July 1, 2022

Price and Ultimate Wage Inflation and Amortization Payment Growth Rate

Cheiron recommended maintaining the price and ultimate wage inflation rates at their current levels of 2.5% and 3.25%. Cheiron also recommended continuing an amortization payment growth rate equal to the ultimate wage inflation rate and Ms. Brazelton agreed with this recommendation.

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Safaí, seconded by Commissioner Heldfond, to select the economic assumptions for the July 1, 2022 actuarial valuation:

Wage Inflation and Amortization Payment	3.25%
Growth Rate	
Price Inflation	2.50%
Discount Rate	7.20% or lower

Ayes: Commissioners Bridges, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Driscoll, Stansbury

**19. 111722-19            Discussion Item            Review of Quarterly Retirement Services Dashboard**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Quarterly Dashboard.

Caryn Bortnick, Chief Operating Officer, provided a quarterly dashboard summarizing key services provided by the Retirement Services team.

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

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

**20. 111722-20                      Discussion Item                      Chief Executive Officer's Report**

Documents provided to the Retirement Board prior to the current meeting: Executive Director's Report, Retirement Board Forward Calendar for November 2022 to June 2023, Request for Proposal in Progress Blackout Period, and Public Retirement Conferences.

Alison Romano, CEO & CIO, provided an update on Ballot Measure: Charter Amendment - Retiree Supplemental Cost of Living Adjustment; Retirement Board Contract with Executive Director.

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

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

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

**21. 111722-21                      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.

Commissioner Thomas spoke about the concerns and allegations received in Public Comment regarding CIM Group's anti-tenant and illegal conviction allegations at last month's Board meeting and this month's comments received were about CIM's anti-labor practices with Tartine.

Commissioner Thomas provided a letter received from the SF Labor Council Public Employees Committee (PEC) Co-Chairs regarding allegations against CIM Group where they request that SFERS conduct an investigation into its investments in the CIM Group. See Appendix A attached.

Commissioner Thomas asked staff to conduct research on SFERS engagement with CIM Group and to then report back to Board to determine if the accusations have merit and the Social and Governance impacts on the pension fund.

President Safaí spoke about return to office status. The City and County is requiring three days a week return for office employees. Commissioners can attend meetings remotely if Covid-related.

President Safaí spoke about the Special Needs Trust item and thanked Alison Romano, CEO & CIO for highlighting Prop A.

In-Person public comment was called.

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

Public comment Callers was called.

There were no callers and public comment was closed.

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

**22. 111722-22**

**Adjournment**

Having no further business, the Board adjourned the meeting at 3:31 PM.



November 17, 2022

Dear SFERS Commissioners:

RE: Divestment from CIM Group

On behalf of the San Francisco Labor Council – Public Employee Committee, we call upon the Retirement Board to embrace and act upon their adopted Environmental, Social, and Governance (ESG) principles and **investigate the practices and actions of Community Investment Management Group (CIM Group).**

The CIM Group is a Los Angeles based multi-billion-dollar real estate investment firm. They are also the owner of Tartine Partners, LLC, which has multiple locations in San Francisco and Los Angeles. As of October 2022, Tartine workers are still attempting to secure their first collective bargaining agreement with their employer. In 2020 Tartine Workers organized to form a union with the International Longshore and Warehouse Union, Local 6, and since have faced intense resistance from their employer, who hired anti-union consultants to hold high-pressure mandatory meetings with workers to convince them not to exercise their rights to unionize.

Further, an April 2021 report by the organization African Communities Together found that CIM Group aggressively sought to evict residents of a 2,346-unit affordable apartment complex in Alexandria, VA, whose residents were two-thirds Black, and 60% immigrants, and pushed these evictions during the height of the COVID-19 pandemic. More recently in April 2022, investigation by Bloomberg found that CIM Group's investment practices in the Los Angeles neighborhood of West Adams displaced long-term residents who were predominantly people of color, pushed out small businesses, and dramatically raised the cost of living.

**For the above reasons, the nearly 30,000 represented workers of the City and County of San Francisco – participants in the San Francisco Employee Retirement System (SFERS)– demand that our pension's investments align with our values and recognize the importance of unionization and collective bargaining rights, as well as prevent negative impacts on communities and housing affordability. SFERS must investigate these allegations of Social and Governance failures by SFERS investments in CIM and take appropriate responsive action to disassociate from supporting union busting or illegal evictions.**

Signed,

A handwritten signature in black ink, appearing to be "David Canham".

David Canham, PEC Co-Chair

A handwritten signature in black ink, appearing to be "Rudy Gonzalez".

Rudy Gonzalez, PEC Co-Chair