



City and County of San Francisco Employees' Retirement System

RETIREMENT BOARD MEETING

MINUTES

Thursday, January 19, 2023

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 12:00 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: 2489 272 8132 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, Tuesday, January 17, 2023 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: 2489 272 8132

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 [**2489 272 8132**], then '#' and then '#' again.
- When connected you will hear the meeting discussions, but you will be muted and in listening mode only.
- When your item of interest comes up, dial *3 to be added to the speaker line. Best practices are to call from a quiet location, speak clearly and slowly, and turn down your television, radio, or computer.

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Materials accompanying the agenda are available for public inspection and copying at SFERS, 1145 Market Street, 7th Floor. For additional information, please contact Darlene Armanino, Executive Assistant, at (415) 487-7012.

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(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. FOR MORE INFORMATION ON YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE OR TO REPORT A VIOLATION OF THE ORDINANCE, CONTACT THE SUNSHINE ORDINANCE TASK FORCE.

Sunshine Ordinance Task Force
City Hall
1 Dr Carlton B. Goodlett Place, Room 244
San Francisco, CA 94103-4689
(415) 554-7724
by fax at (415) 554-7854
or by email at sotf@sfgov.org

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

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (San Francisco Campaign and Governmental Conduct Code sections 2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94103, telephone (415) 252-3100, fax (415) 252-3112 and web site: www.sfgov.org/ethics

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OPENING CALENDAR

1. Roll Call	Commissioner Leona Bridges	11:07 AM
	Commissioner Joseph Driscoll	11:07 AM
	Commissioner Shruti Gandhi	11:07 AM
	Commissioner Scott Heldfond	11:07 AM
	Commissioner Ahsha Safai	11:23 AM
	Commissioner Brian Stansbury	ABSENT
	Commissioner A.J. Thomas	11:07 AM

2. Communications

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

- 3. 011923-03 Action Item Review and Approval of January 2023 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 2023.01.19.

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 to adopt the January 2023 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, Driscoll, Gandhi, Heldfond, Safaí, Thomas
Absent: Commissioner Stansbury

4. 011923-04 Discussion Item CLOSED SESSION

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

Public comment on Closed Session items.

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 (3 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, Driscoll, Heldfond, Safaí, Thomas; Alison Romano, CEO & CIO; Caryn Bortnick, Chief Operating Officer; Kurt Braitberg, Managing Director, Public Markets; David Francl, Managing Director, Absolute Return; Tanya Kemp, Managing Director, Private Markets; Eunice McHugh, Director, Public Markets; Chris Chow, Director, Public Markets; 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 Gandhi; Anna Langs, Managing Director, Asset Allocation, Risk Management and Innovative Solutions; Han Pham, Director, Public Equity; Justin Lo, Director, Private Markets; Andrew Collins, Director, ESG; Eunice McHugh, Director, Private Credit; Alo Martins, James Kraft, Associate Portfolio Managers; Adrienne von Schulthess, Dennis Esselsagoe, Kien Trinh, Investment Officers; Ba Do, Investment Operations Manager; Molly Nordale, Tran Ly, Jessica Lo, Deputy City Attorneys; Allan Martin, NEPC; Anita Ng, Kelly Jensen, Richard Grimm, Maria Surina, Cambridge.

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 Bridges to approve the Minutes of the December 15, 2022 Retirement Board Meeting.

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

Absent: Commissioner 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.	011923-07	Action Item	Consent Calendar
	011923-07b	Action Item	Voluntary Retirement Board List No. 07-22
	011923-07c	Action Item	Decisions of Hearing Officer

Applicant - A Effective Date: 12/01/21	2323 Clinical Nurse Specialist DPH	Ordinary Disability Retirement Granted
Applicant - B Effective Date: 06/15/21	Q004 Police Officer III Police	Industrial Disability Retirement Granted
Applicant - C Effective Date: 06/27/18	Q004 Police Officer III Police	Industrial Disability Retirement Granted
Applicant - D Effective Date: 02/12/20	Q004 Police Officer III Police	Industrial Disability Retirement Granted
Applicant - E Effective Date: 05/14/18	Q004 Police Officer III Police	Industrial Disability Retirement Granted
Applicant - F Effective Date: 07/01/21	1934-Storekeeper PUC	Ordinary Disability Retirement Granted
Applicant - G Effective Date: 06/20/20	Q004 Police Officer III Police	Industrial Disability Retirement Granted
Applicant - H Effective Date: 03/01/20	1458- Legal Secretary 1 CAT	Ordinary Disability Retirement Granted
Applicant - I Effective Date: 01/25/20	H030 Captain, Fire Suppression Fire	Industrial Disability Retirement Granted
Applicant - J Effective Date: 03/21/22	H003 EMT/Paramedic/Firefighter Fire	Industrial Disability Retirement Granted
Applicant - K Effective Date: 12/29/19	H002 Firefighter Fire	Industrial Disability Retirement Granted
Applicant - L Effective Date: 05/01/20	1204 Senior Personnel Clerk DPH	Ordinary Disability Retirement Granted
Applicant - M Effective Date: PERS	8308 Sheriff's Sergeant Sheriff	CalPERS -Disability Retirement Certified
Applicant - N Effective Date: 07/01/21	8202 Security Guard FAM	Ordinary Disability Retirement Granted

011923-07d

Action Item

Travel Request

Request approval for Commissioner Shruti Gandhi to attend Equity Summit 2023, February 28 to March 2, 2023, Marana, Arizona.

Request approval for Commissioner A.J. Thomas to attend CALAPRS General Assembly, March 4-7, 2023, Monterey, CA.

Request approval for Commissioner Leona Bridges to attend the Women’s Private Equity Summit 2023, March 8-10, 2023, Coronado, CA.

011923-07e

Discussion Item

Retirement Board Member Reports and Comments

Report by Commissioner Leona Bridges who attended the U.S. – Africa Leaders Summit & U.S. – Africa Business Forum, December 12-15, 2022.

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

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, to approve Consent Calendar.

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

Absent: Commissioner Stansbury

INVESTMENT CALENDAR

8. 011923-08

Action Item

Approval of proposed refinements to SFERS Investment Policy Statement (IPS), Investment Guidelines (IG) and Manager Monitoring Policies

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

Commissioner Heldfond, Chair of the Investment Committee, presented this item to the Board for approval.

Alison Romano, CEO & CIO; provided an oral and written report on this item.

At the Investment Committee meeting on January 11, 2023, Staff presented the proposed refinements to SFERS Investment Policy Statement (IPS), Investment Guidelines (IG) and Manager Monitoring Policies and asked for the following items to be reviewed and have included new language in the proposed documents to address these items:

- 1) Adding Plan-level liquidity constraints to the IPS
- 2) Specifying the conditions and reporting for adding capital to a manager under review
- 3) Clarifying the duties of Investment Staff with respect to investment agreement negotiation
- 4) Codifying the definition of Plan-level risks and considering additional guardrails

Staff asked that the Board to approve the proposed refinements to SFERS Investment Policy Statement (IPS), Investment Guidelines (IG) and Manager Monitoring Policies.

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

Commissioner Driscoll asked for the following two amendments be made to the Investment Policy Statement as follows:

Amendment #1: IPS Statement on page 4 under "Investment Goals, Item #3b" adding the clause: "and thereby add value at the total fund level."

Amendment #2: IPS Statement on page 14 under "Duties of the Investment Staff" after the second bullet point add clause: "within and across asset classes including leverage to reduce risk, generate return, add value and/or maintain allocations within guardrails, all in accordance with the policy stated in this document."

Alison Romano, CEO & CIO, agreed with the two amendments requested by Commissioner Driscoll.

Commissioners Heldfond and Thomas thanked staff for their hard work.

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 approve the IPS, IG and Manager Monitoring Policies as amended.

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

Absent: Commissioner Stansbury

President Safaí left Board Room at 1:09 PM

9. 011923-09 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.

Closed Session disclosures were announced as follows:

Accel-KKR Capital Partners VII LP

At its meeting on December 15, 2022, the Retirement Board approved in closed session an investment of up to \$75 million in Accel-KKR Capital Partners VII LP. The investment was approved by the following vote:

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

Absent: Commissioners Safaí, Stansbury

SFERS' investment of \$65 million in Accel-KKR Capital Partners VII LP closed on December 16, 2022.

This investment is classified as a buyout investment within SFERS' private equity portfolio and is SFERS' first commitment to Accel-KKR.

More information about Accel-KKR is available at accel-kr.com.

Hellman & Friedman Capital Partners XI, L.P.

At its meeting on October 20, 2022, the Retirement Board approved in closed session a commitment of up to \$50 million to Hellman & Friedman Capital Partners XI, L.P. The commitment was approved by the following vote:

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

SFERS' commitment of \$50 million to Hellman & Friedman Capital Partners XI, L.P. closed on December 16, 2022.

Hellman & Friedman Capital Partners XI, L.P. is classified as a mega buyout investment within SFERS' private equity portfolio and is SFERS' tenth commitment to a Hellman & Friedman sponsored equity fund.

More information about Hellman & Friedman is available on hf.com.

Miravast ILS Credit Opportunities II, L.P.

At its meeting on November 17, 2022, the Retirement Board approved in closed session an investment of up to \$50 million to Miravast ILS Credit Opportunities II, L.P. This investment was approved by the following vote:

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

SFERS' investment of \$50 million to Miravast ILS Credit Opportunities II, L.P. closed on December 30, 2022. This investment is classified as a Credit Opportunities investment within SFERS' Private Credit portfolio. This is SFERS' first investment with Miravast.

More information about Miravast is available at <https://www.miravast.com/>.

Squarepoint Atlas US Feeder LP

At its meeting on November 17, 2022 the Retirement Board approved in closed session an investment of \$100 million in Squarepoint Atlas US Feeder LP by San Francisco Absolute Return Investors II, LP ("SFARI II"). The investment was approved by the following vote:

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

SFERS's investment of \$20 million in Squarepoint Atlas US Feeder LP closed on January 1, 2023.

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.squarepoint-capital.com/>

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

10. 011923-10 Discussion Item San Francisco Deferred Compensation Plan Manager Report

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, November 2022 Monthly Activity Report.

Steve Moy, SFDCP Loan Program Manager, provided a report on the following:

- Stable Value Credit for Q1'23 is 2.56% (up 35 bps)
- SECURE 2.0 Act was signed into law by President Biden on 12/29/22
- Monthly Activity Report

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

11. 011923-11 Action Item Presentation of June 30, 2022 GASB 67/68 Report

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Cheiron’s GASB 67/68 Report as of June 30, 2022.

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

This Report is separate from the actuarial funding valuation reports. SFERS’ funding valuation reports do not contain GASB financial accounting disclosures.

Each of the four sponsoring employers (City and County, Trial Courts, SFUSD, and SFCCD) report pension information under GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The sponsoring employers have opted to use measurement dates 12 months prior to their fiscal year-ends. That means that information from this June 30, 2022 report will be used for the employers’ required June 30, 2023 GASB disclosures.

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

Commissioner Driscoll requested the audio report to be linked to Minutes.

Attached is a PDF of the June 30, 2022 GASB report along with a link to a short audio summary:
<https://mysfers.org/wp-content/uploads/2023/01/GASB-Overview.wav>



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 Driscoll, seconded by Commissioner Bridges, to accept the GASB 67/68 Report.

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

12. 011923-12 Discussion Item Update on 2023 Committee Schedule

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

Alison Romano, CEO & CIO, presented an oral and written report on this item.

The Retirement Board Terms of Reference guides each Committee Chair, after their annual appointment, to work with staff to set goals, develop and agenda and schedule meetings for the following 12 months.

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

Commissioner Driscoll requested that Committee meetings be set in the week before or after the Board meetings.

Commissioner Heldfond asked that the Board respond timely to requests for availability for meetings.

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.

13. 011923-13 Discussion Item Chief Executive Officer's Report

Documents provided to the Retirement Board prior to the current meeting: Chief Executive Officer's Report, Retirement Board Forward Calendar for FY2023, Request for Proposal in Progress Blackout Period, and Public Retirement Conferences.

Alison Romano, CEO & CIO, presented an oral and written report on this item.

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

Cecilia Mangoba, General Counsel, announced that as of March 1st the Board will be required to attend in person. There are very narrow exceptions and Ms. Mangoba will be sending out a memo that details all the changes and will be available to answer any questions.

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.

14. 011923-14 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.

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.

15. 011923-15

Adjournment

Having no further business, the Board adjourned the meeting at 1:50 PM