



City and County of San Francisco Employees' Retirement System

RETIREMENT BOARD MEETING

MINUTES

Thursday, March 16, 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 12:15 PM.

Members of the Board will attend this meeting in-person. Members of the public attending the meeting in person will have an opportunity to provide public comment on every item. There will not be an opportunity for members of the public to provide public comment remotely by phone or online, except for members of the public who have received an accommodation due to disability (as described below).

Members of the public may attend the meeting to observe and provide public comment at the physical meeting location listed above. The public is encouraged to submit comments in advance of the meeting either by: (1) email to sferspubliccomment@sfgov.org or (2) recording your public comment on the Retirement System's public comment line 415-487-7020. Written public comments are limited to 150 words or less [Admin. Code § 67.16]. Public comments submitted by 5:00 p.m. PST, Monday, March 13, 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

A.J. Thomas

Alison Romano, CEO & CIO

DISABILITY ACCESS

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There is accessible parking in the vicinity of 1145 Market Street at Civic Center Plaza. Accessible **MUNI** lines are available at the corner of Market Street and 8th Street. The closest accessible **MUNI /BART** station is Civic Center Station.

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, Board Secretary, at (415) 487-7012. Written reports or background materials for calendar items are available for public inspection and are available online at <https://mysfers.org/about-sfers/retirement-board/>.

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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

Citizens interested in obtaining a free copy of the Sunshine Ordinance can print a copy of Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>

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OPENING CALENDAR

1. Roll Call	Commissioner Leona Bridges	11:08 AM
	Commissioner Joseph Driscoll	11:08 AM
	Commissioner Shruti Gandhi	11:08 AM
	Commissioner Scott Heldfond	Absent
	Commissioner Ahsha Safaí	11:08 AM
	Commissioner A.J. Thomas	11:08 AM

2. Communications

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

3. 031623-03 Discussion Item CLOSED SESSION

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

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

The Board entered Closed Session 3 – Action Item: Possible Recommendation and/or Action on Sale and Purchase of Particular, Specific Pension Fund Investment under California Government Code Section 54956.81 (7 investments) at 11:10 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, Gandhi, 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; Justin Lo, Director, Private Markets; Brady Jewett, Jiada Tu, Associate Portfolio Managers; Kien Trinh, Henry Toothman, Investment Officers; Cecilia Mangoba, Molly Nordale, Deputy City Attorneys; Dan Hennessy, NEPC.

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: Darlene Armanino, Board Secretary; Anna Langa, Managing Director, Asset Allocation, Risk Management and Innovative Solutions; Han Pham, Director, Public Equity; Andrew Collins, Director, Public Markets; Ba Do, Investment Manager; Alo Martins, Chris Terrazzano, Chris Wisdom, Associate Portfolio Managers; Dennis Esselsagoe, Kevin Cao,

Patrick Li, Investment Officers; Tran Ly, Jessica Lo, Deputy City Attorneys; Anita Ng, Kelly Jensen, Richard Grimm, Hem Tanwar, Cambridge.

The Board ended Closed Session at 12:00 PM

The Board returned to Open Session at 12:42 PM

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: Moved by Commissioner Safaí, 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, Driscoll, Gandhi, Safaí, Thomas

Absent: Commissioner Heldfond

4. 031623-04 General Public Comment – Not earlier than 12:15 PM

General Public Comment was called.

One email received and read as follows:

Good morning, my name is K Agbebiyi, and I am the housing campaign coordinator at the Private Equity Stakeholder Project. I'm testifying in support of the residents of Southern Towers, an apartment complex in Alexandria Virginia. The five-building apartment complex has been a long-time home to thousands of hardworking, blue-collar families, many of whom are African immigrants.

Since CIM's purchase of the complex, tenants have reported mass eviction filings, unaddressed repair issues, hostile treatment, and significant rent increases. Due to CIM's predatory practices, ACT has filed a complaint with the Federal Housing Finance Agency and Freddie Mac, which provided financing for the CIM Group's purchase of the apartment complex.

According to our research, your pension fund has invested \$931 million in the CIM group. We are asking you to halt future investments until the CIM group addresses these issues, and to call on the CIM group to stop the evictions.

There were no further comments from the public and President Safaí closed General Public Comment.

5. 031623-05 Action Item Approval of the Minutes of the February 16, 2023 Retirement Board Meeting

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the February 16, 2023 Retirement Board Meeting.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Thomas, to approve the Minutes of the February 16, 2023 Retirement Board Meeting.

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

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.

6.	031623-06	Action Item	Consent Calendar
	031623-06b	Action Item	Voluntary Retirement Board List No. 09-22
	031623-06c	Action Item	Decisions of Hearing Officers
Applicant - A Effective Date: 03/09/2022		Q002 Police Office Police	Industrial Disability Retirement Granted
Applicant - B Effective Date: 08/17/2022		1424 Clerk Typist Administrative Services	Ordinary Disability Retirement/Stip Granted
Applicant - C Effective Date: 06/30/2020		Q004 Police Officer III Police	Industrial Disability Retirement/Stip Granted
Applicant - D Effective Date: 3/3/2021		H002 Firefighter Fire	Industrial Disability Retirement/Stip Granted

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

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

INVESTMENT CALENDAR

7. 031623-07 Action Item Approval of Semi-Finalist for SFERS' Request for Proposals (RFP) for Public Markets Investment Consulting Services

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

Kurt Braitberg, Managing Director, Public Markets, presented an oral and written report on this item.

The RFP was issued on November 1st and Staff received responses from three firms by the December 15th deadline.

Based on Staff's evaluation of the written proposals along with the collective assessment of the virtual meetings, Staff recommended that the Retirement Board approve Meketa Investment Group and Mercer Investments LLC as semi-finalists for SFERS' Request for Proposals (RFP) for Public Markets Investment Consulting Services.

The Board engaged in a question and answer session.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Thomas, to approve Meketa Investment Group and Mercer Investments LLC as semifinalists for SFERS' Request for Proposals (RFP) for Public Markets Investment Consulting Service.

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

8. 031623-08 Discussion Item Report on Investment Performance of the Retirement Fund for the Quarter Ended December 31, 2022

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

Allan Martin, NEPC, provided an oral and written report on this item.

For the quarter ended December 31, 2022, the Retirement Fund was valued at \$32.6 Billion. The net of fee total returns for the quarter and the trailing one-year were 1.90% and -10.37%, respectively.

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

The Board engaged in a question and answer session.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: This is a discussion only item.

9. 031623-09 Discussion Item Chief Investment Officer's Report

Documents provided to the Retirement Board prior to the current meeting: CIO Report, Exhibit 1: Investment Update, Exhibit 2: CIO Report – Plan Value.

Alison Romano, CEO & CIO, provided an investment update and Plan Value report.

At the end of February the estimated plan value is \$32.9 billion.

Closed Session Disclosure:

Caxton Global Investments (USA) LLC.

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

Nays: None

Absent: Commissioners Safaí, Stansbury

SFERS's investment of \$25 million in Caxton Global Investments (USA) LLC. closed on March 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.caxton.com/>

The Board engaged in a question and answer session.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: This is a discussion only item.

DEFERRED COMPENSATION PLAN CALENDAR

10. 031623-10 Discussion Item Deferred Compensation Committee Report

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

Commissioner Leona Bridges, Chair of the Deferred Compensation Committee, reported at their meeting of February 22, 2023 the Deferred Compensation Committee:

- Approved the Minutes of September 22, 2022, Deferred Compensation Committee Meeting.
- Discussion regarding Preliminary Target Date Fund Glidepath recommendation and Tactical Asset Allocation.
- Approved proposed Target Date Fund vintages and TDF reenrollment.
- Approved Callan to begin the manager search process for underlying Target Date Fund investments.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: This is a discussion only item.

11. 031623-11 Discussion Item SFDCP (San Francisco Deferred Compensation Plan) Monthly Report

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

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

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: This is a discussion only item.

12. 031623-12 Discussion Item Review of SFDCP Investment Performance for the Second Half 2022

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Callan Presentation, Investment Measurement Service Q4 '22 Report.

Diane Chui Justen, Deferred Compensation Director, and SFDCP's Consultant, Ben Taylor, Callan Associates, presented a review of the Plan's investment performance for the second half of 2022.

The Deferred Compensation Plan was valued at \$4.3 billion on December 31, 2022. Total plan assets have remained relatively even since the last performance update.

The Board engaged in a question and answer session.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: This is a discussion only item.

ADMINISTRATION CALENDAR

13. 031623-13 Action Item Review and Approve SFERS Travel Reimbursement Policy

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Travel Reimbursement Policy, red-lined to 2010 Board adopted Travel Expense Reimbursement Schedule.

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

Travel associated with education, due diligence and administrative meetings is critical for the Board and Staff to be able to discharge their fiduciary duties for the benefit of active members, retirees, and their beneficiaries. All travel expenses are paid through the Trust assets. SFERS travel reimbursement policy

is designed to be generally consistent with the City and County of San Francisco travel policy and is attuned to the nature of the SFERS business.

The Education and Travel Expense Reimbursement Schedule was last reviewed and approved by the Board in 2010. This was a schedule associated with the Board Travel and Education Policy, which has since been amended. The new proposed reimbursement policy is intended to replace the schedule and be a standalone policy that applies to both the Board and Staff.

The Board engaged in a question and answer session.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: Moved by Commissioner Thomas, seconded by Commissioner Bridges, to approve SFERS Travel Reimbursement Policy.

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

Absent: Commissioner Heldfond

14. 031623-14 Discussion Item Review of Audited Financial Statements and Supplemental Schedules for Years Ended June 30, 2022 and 2021 and Communications to the Retirement Board for the Year Ended June 30, 2022

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, 2022 and 2021, Communications to the Retirement Board for the Year Ended June 30, 2022.

Christine Li, Finance Manager introduced Craig Harner of Macias Gini & O’Connell, the external audit firm selected by the Controller’s Office, who provided a report to the Committee on the 2022 audited financial statements.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: This is a discussion only item.

15. 031623-15 Action Item Review and Approval of Actuarial Audit Consulting Services Request for Proposal

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Request for Proposals for Actuarial Audit.

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

In accordance with the Retirement Board's Monitoring and Reporting Policy, an actuarial audit or equivalent will be conducted at least every five years. The last actuarial audit was presented to the Board in September 2018. The actuarial consulting firm Bartel Associates, LLC was retained to review the July 1, 2017 actuarial valuation results (including assumptions and methods) that had been prepared by SFERS' actuary, Cheiron.

SFERS staff prepared an RFP for an actuarial audit to occur in 2023 for the July 1, 2022 actuarial valuation results, assumptions, and methods.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Bridges, to approve the Request for Proposals.

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

16. 031623-16 Discussion item Review of Quarterly Retirement Services Dashboard

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

Caryn Bortnick, Chief Operating Officer, presented the quarterly dashboard prepared by the Retirement Services Division which summarized key services provided the Retirement Services team. The dashboard is updated and provided to the Retirement Board quarterly.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: This is a discussion only item.

17. 031623-17 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, Chief Executive Officer & Chief Investment Officer, provided an administrative update.

Discussion was held regarding SFERS investment in CIM. CEO & CIO Romano reported that staff looked extensively into this matter and noted there were multiple conversations with CIMS to understand this particular property, their approach to incorporating ESG in the process, approach to mitigating risk and importantly, their approach to following the law and stated that they were comfortable with the investment and the approach they have taken.

Commissioner Bridges asked that the CIM investment be placed on the next Board Agenda to go into further detail on this investment. President Safaí requested Staff address the extent of the investment and CIM's practices. Commissioner Thomas requested information on CIM's engagement with companies they own regarding union practices. Commissioner Driscoll inquired if a special meeting was required or if this could be addressed at the next Board meeting. CEO & CIO Romano indicated that the team has been evaluating CIM and can discuss in the next Board meeting, subject to private market confidentiality requirements.

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: This is a discussion only item.

18. 031623-18 Discussion Item Retirement Board Member Good of the Order

Public Comment was called.

There were no comments from the public and President Safaí closed Public Comment.

Action: This is a discussion only item.

19. 031623-19

Adjournment

Having no further business, the Board adjourned the meeting at 2:30 PM