



SFERS

San Francisco Employees' Retirement System

City and County of San Francisco Employees' Retirement System

RETIREMENT BOARD MEETING

MINUTES

Thursday, August 17, 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 11:15 AM.

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. In addition to in-person public comment, members of the public may provide public comment remotely by phone. The Board will hear remote public comment on each agenda item in the order that commenters add themselves to the queue to comment on the item.

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 Helffond, President

Tim O'Connor

Ahsha Safaí

A.J. Thomas, Vice President

Alison Romano, CEO & CIO

Retirement Board Meeting

PUBLIC COMMENT CALL-IN: 415-655-0001

Access Code: 2660 520 3021

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 **[2660 520 3021]**, press '#' 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.

Retirement Board Meeting Minutes

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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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The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Know Your Rights Under the Sunshine Ordinance

(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/>

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	11:08 AM
	Commissioner Joseph Driscoll	11:08 AM
	Commissioner Shruti Gandhi	11:08 AM
	Commissioner Scott Heldfond	11:08 AM
	Commissioner Tim O'Connor	11:08 AM
	Commissioner Ahsha Safaí	Absent
	Commissioner A.J. Thomas	11:08 AM

2. Communications

Announcement regarding public comment periods during meeting.

**3. 081723-03 Discussion and CLOSED SESSION
Possible Action Items**

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

Public Comment was called.

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

The Board entered Closed Session at 11:10 AM

The following individuals were present for the closed session re Discussion and Possible Action Item: FY2023-2024 CEO & CIO Performance Evaluation: Commissioners Bridges, Driscoll, Gandhi, Heldfond, O'Connor, Thomas; Alison Romano, CEO & CIO; Cecilia Mangoba, Deputy City Attorney.

The Board ended Closed Session at 11:20 AM

The Board returned to Open Session at 11:21 AM

Public Comment was called.

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

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

Ayes: Commissioners Bridges, Driscoll, Gandhi, Heldfond, O'Connor, Thomas

Absent: Commissioner Safaí

4. 081723-04

General Public Comment – Not earlier than 11:15 AM

General Public Comment was called.

Jordan Fein, Lead Research Analyst at UNITE HERE Local 11, addressed the Board regarding labor disputes with SFERS Investment Manager Blackstone Group and urged the Board not to re-invest in Blackstone until contract disputes are resolved.

Graciela Navarro, worked for 14 years as a Housekeeper at the Sheraton which is owned by Blackstone. Ms. Navarro spoke about low wages and the need for affordable health care.

Rosalba Sanchez, housekeeper at Sheraton, spoke about her struggles with not being able to retire due to rising costs and urged Blackstone to settle a fair contract for the workers.

Anand Singh, President, Local 2, spoke about basic necessities for workers and that many workers are living in poverty and asked the fund not to re-invest with Blackstone until contract disputes are resolved.

Laura Perez, an organizer with Local 11 based in Arizona, spoke about workers at Blackstone hotels asking for living wages, affordable healthcare and a safe and human workload and requested an item be added to the September meeting to not re-invest with Blackstone until contract disputes are resolved.

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

Action: This is a discussion only item.

5. 081723-05

Action Item

Approval of the Minutes of the July 20, 2023 Retirement Board Meeting

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the July 20, 2023 Retirement Board Meeting.

Public Comment was called.

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

Action: Moved by Commissioner Driscoll, seconded by Commissioner Thomas, to approve the Minutes of the July 20, 2023 Retirement Board Meeting.

Ayes: Commissioners Bridges, Driscoll, Gandhi, Heldfond, O'Connor, Thomas

Absent: Commissioner Safai

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 requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

6.	081723-06	Action Item	Consent Calendar
	081723-06a	Action Item	Voluntary Retirement Board List No. 2-23
	081723-06b	Action Item	Decisions of Hearing Officers
Applicant – A	Q004 Police Officer III		Industrial Disability Retirement
Effective Date: 07/01/2022	Police		Granted
Applicant – B	8504 Deputy Sheriff (SFERS)		Industrial Disability Retirement
Effective Date: 03/16/2023	Sheriff		Granted
Applicant – C	Q004 Police Officer III		Death as a Result of Duty
Effective Date: 11/30/2014	Police		Granted
Applicant – D	Q004 Police Officer III		Industrial Disability Retirement/Stip
Effective Date: 06/30/2021	Police		Granted
Applicant – E	Q004 Police Officer III		Industrial Disability Retirement/Stip
Effective Date: 09/10/2022	Police		Granted/Denied
Applicant – F	2708 Custodian		Ordinary Disability Retirement
Effective Date: 03/01/2021	Library		Granted
Applicant – G	H030 Captain, Fire Suppression		Industrial Disability Retirement/Stip
Effective Date: 1/5/2020	Fire		Granted
	081723-06c	Action Item	Conference Request

Request approval for Commissioner Leona Bridges who attended the NASP 34th Annual Financial Services Conference – Accelerating Inclusive Development, July 24-25, 2023, Philadelphia, PA.

Request approval for Commissioner A.J. Thomas to attend NCPERS Accredited Fiduciary Program Modules 1 & 2, October 21-22, 2023 and 2023 Financial, Actuarial, Legislative & Legal Fall Conference, October 22-25, 2023, Las Vegas, NV.

081723-06d

Discussion Item

Retirement Board Member Reports and Comments

Report by Commissioner Leona Bridges who attended the NASP 34th Annual Financial Services Conference – Accelerating Inclusive Development, July 24-25, 2023, Philadelphia, PA.

Report by Commissioner Joseph Driscoll who attended the ILPA Institute: Private Credit for the Limited Partner, virtual attendance, July 25, 2025.

081723-06e

Discussion Item

Travel, Education and Due Diligence Quarterly Expense Report for Q4

Documents provided to the Retirement Board prior to the current meeting: Voluntary Retirement Board List, Decisions, travel requests, Conference Attendance Reports, Quarterly Expense Report.

Public Comment was called.

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

Action: Moved by Commissioner Driscoll, seconded by Commissioner O'Connor, to approve the Consent Calendar.

Ayes: Commissioners Bridges, Driscoll, Gandhi, Heldfond, O'Connor, Thomas

Absent: Commissioner Safaí

ADMINISTRATION CALENDAR

7. 081723-07

Action Item

Review and acceptance of GRS' report, *Independent Actuarial Review*

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

Janet Brazelton, Actuarial Services Coordinator; Danny White, Cassie Rapoport, Gabriel, Roeder, Smith & Company (GRS), presented an oral and written report on this item.

On March 16, 2023, the Board approved an RFP for actuarial audit consulting services to conduct an actuarial audit of the July 1, 2022 funding valuation. At its May 18, 2023 meeting, the Board then approved engagement of Gabriel, Roeder, Smith & Company (GRS).

GRS presented their report to the Board at this meeting and concluded that based on their review of the census data, experience study documents, test life replications, and actuarial valuation reports, they believed that the 2022 actuarial valuation for SFERS is reasonable, based on reasonable assumptions and methods, and the report generally complies with the Actuarial Standards of Practice.

The Board engaged in a question and answer session.

Public Comment was called.

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

Action: Moved by Commissioner Driscoll, seconded by Commissioner O'Connor, to accept GRS report: Independent Actuarial Review of the July 1, 2022 Actuarial Valuation.

Ayes: Commissioners Bridges, Driscoll, Gandhi, Heldfond, O'Connor, Thomas

Absent: Commissioner Safai

8. 081723-08 ITEM NOT USED

9. 081723-09 Discussion Item Chief Executive Officer's Report

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Retirement Board Forward Calendar for July 2023 to December 2023, Public Retirement Conferences and Training Programs for SFERS Trustees – Nossaman LLP, Retirement Services Dashboard.

Alison Romano, Chief Executive Officer & Chief Investment Officer, provided an administrative update and Caryn Bortnick, Chief Operating Officer provided an update on the Retirement Services Dashboard.

The Board engaged in a question and answer session.

President Heldfond requested that memo be resent to the Board regarding Board meeting attendance rules.

Public Comment was called.

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

Action: This is a discussion only item.

DEFERRED COMPENSATION PLAN CALENDAR

10. 081723-10 Discussion Item San Francisco Deferred Compensation Plan Quarterly Report – Q2 '23

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, SFDCP Quarterly Memorandum – Q2 '23, Q2 Activity and Performance Report, Quarterly Plan Review as of June 30, 2023, Galliard Q2 Economic Update, SFDCP Insert.

Diane Chui Justen, Deferred Compensation Director, Greg Ungerman, Callan, Bishop Bastian, Voya, provided a quarterly report covering the following four key areas:

Investments

- Stable Value credit rate is 2.90% for Q3 2023
- Target Date Fund investment manager transition complete

Marketing/Communications

- Target Date Fund Investment Manager Communication Campaign Results
- National Retirement Security Month
- 2023 SFERS Annual Statement Insert

Operations

- Secure Act 2.0 Provisions Preparation

Recordkeeper

- Recordkeeper

The Board engaged in a question and answer session.

Public Comment was called.

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

Action: This is a discussion only item.

President Heldfond announced a break at 12:30 PM

Returned to Open Session at 1:00 PM

INVESTMENT CALENDAR

11. 081723-11 Discussion Item Private Equity Annual Update

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Consultant Presentation – Cambridge Associate.

Alison Romano, CEO & CIO, Tanya Kemp, Managing Director, Edward Comerford, Director, Rishi Garbharran, Senior PM, Anita Ng, Cambridge, provided an oral and written report on this item.

As of December 31, 2022, the Private Equity Portfolio had approximately \$9.9 billion of NAV (or 30.3% of total Plan assets) and total exposure (NAV + unfunded) of \$13.3 billion (or 40.6% of total Plan assets). Since inception, the Private Equity portfolio has generated a net IRR of 16.3% and a TVPI of 1.7x.

Staff and Cambridge Associates presented an update including a review of the portfolio's strategy, performance, and composition and discussed the current market environment, opportunities, and initiatives.

The Board engaged in a question and answer session.

Public Comment was called.

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

Action: This is a discussion only item.

12. 081723-12 Discussion Item Real Assets Annual Update

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Consultant Presentation, Cambridge Associates.

Tanya Kemp, Managing Director, Chris Chow, Director, Marc Cardillo, Cambridge, provided an oral and written report on this item.

As of December 31, 2022, the Real Assets Portfolio had approximately \$5.2 billion of NAV (or 15.9% of total Plan assets) and total exposure (NAV + unfunded) of \$7.3 billion (or 22.3% of total Plan

assets). Since inception, the Real Assets portfolio has generated a net IRR of 8.7% and a TVPI of 1.4x.

Staff and Cambridge Associates presented an update including a review of the portfolio's strategy, performance, and composition. Cambridge Associates discussed the current market environment, opportunities, and initiatives.

The Board engaged in a question and answer session.

Public Comment was called.

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

Action: This is a discussion only item.

Commissioner O'Connor left the Board Room at 3:03 PM and returned at 3:05 PM

Commissioner Bridges left the Board Room at 3:05 PM and returned at 3:11 PM

13. 081723-13 Discussion Item Chief Investment Officer's Report

Documents provided to the Retirement Board prior to the current meeting: Exhibit 1: Performance and Market Update, Exhibit 2: Plan Value Report, Exhibit 3: Update on Board Approved Investments.

Alison Romano, CEO & CIO, provided an oral and written report on performance, market update and plan value and announced the following Board approved investments:

MCP Private Capital Fund V SCSP

At its meeting on April 20, 2023, the Retirement Board approved in closed session an investment of up to €50 million to MCP Private Capital Fund V SCSP. This investment was approved by the following vote:

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

Nays: None

Absent: Commissioner Gandhi

SFERS' investment of €50 million to MCP Private Capital Fund V SCSP closed on July 27, 2023. This investment is classified as a Capital Appreciation investment within SFERS' Private Credit portfolio. This is SFERS' third investment with Metric within the Private Credit portfolio.

More information about Metric is available at <http://www.metric-capital.com/>.

Blackstone Energy Transition Partners IV L.P.

At its meeting on June 15, 2023, the Retirement Board approved in closed session an investment of up to \$70 million to Blackstone Energy Transition Partners IV L.P. (“BETP IV”). The investment was approved by the following vote:

Ayes: Commissioners Bridges, Driscoll, Gandhi, Heldfond, O’Connor, Thomas

Absent: Commissioner Safaí

SFERS’ commitment of \$70 million to BETP IV closed on July 31, 2023. The commitment is classified as an Infrastructure investment within the Real Assets portfolio and is SFERS’ twelfth investment with The Blackstone Group (within Real Assets).

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

Altaris Health Partners VI, L.P.

At its meeting on July 20, 2023, the Retirement Board approved in closed session a commitment of up to \$75 million to Altaris Health Partners VI, L.P. and Priority Co-Investment Vehicles. The commitment was approved by the following vote:

Ayes: Commissioners Driscoll, Heldfond, O’Connor, Thomas

Nays: None

Absent: Commissioners Bridges, Gandhi, Safaí

SFERS’ commitment of \$75 million to Altaris Health Partners VI, L.P. closed on July 28, 2023.

Altaris Health Partners VI, L.P. is classified as a buyout investment within SFERS’ Private Equity portfolio and is SFERS’ third commitment to Altaris.

More information about Altaris is available on altariscap.com.

Public Comment was called.

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

Action: This is a discussion only item.

14. 081723-14 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 ¶25.) 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 expressed his appreciation to the members of Unite Here who spoke and expressed his concern and commented that he would like to get more information.

Commissioner Bridges agreed with Commissioner Thomas and commented that she would like further due diligence into what is going on.

Public Comment was called.

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

Action: This is a discussion only item.

15. 081723-15

Adjournment

Having no further business, the Board adjourned the meeting at 3:13 PM