



City and County of San Francisco Employees' Retirement System

RETIREMENT BOARD MEETING

MINUTES

Wednesday, September 13, 2023

1145 Market Street, 6th Floor

San Francisco, CA 94103

11:00 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: 2662 089 1628

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 [**2662 089 1628**], 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.

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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, 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)

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(415) 554-7724 by fax at (415) 554-7854 or by email at sotf@sfgov.org

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OPENING CALENDAR

1. Roll Call	Commissioner Leona Bridges	11:15 AM
	Commissioner Joseph Driscoll	11:05 AM
	Commissioner Shruti Gandhi	Absent
	Commissioner Scott Heldfond	11:05 AM
	Commissioner Tim O'Connor	11:05 AM
	Commissioner Ahsha Safai	Absent
	Commissioner A.J. Thomas	11:05 AM

2. Communications

Announcement regarding public comment periods during meeting.

3. 091323-03 General Public Comment

General Public Comment was called.

Laura Perez, organizer for Unite Here Local II, spoke about workers protests and asked the Board to tell Blackstone and Fortress to resolve the labor disputes and to negotiate labor peace agreements to protect investors like SFERS from labor strikes.

Fernando Perez works as a housekeeping supervisor for over 3 years and spoke about the struggles of low pay and that he deserves to make a living wage to allow him to live and not just to survive and asked that Blackstone do the right thing and to settle the contracts.

Payton Dollison works at the Sheraton in Phoenix and spoke about his struggles with making ends meet and asked that Blackstone resolve a fair contract.

Maria Rosario Rodriguez works at the Point Hilton Hotel in Phoenix, Arizona owned by Fortress Investment Group for the last 32 years. Since 2001 she has worked two jobs to be able to provide for her 6 children and to live in a safe neighborhood. However, the hotel does not pay enough and now she does not have much money to retire. Housekeeping is a very hard job and deserves a fair wage to match rising costs and asked that Fortress to resolve a fair contract.

Ty Hudson, Research Director of Unite Here Local 2, San Francisco, spoke about SFERS' exposure to labor disputes which now extends to Blackstone and Fortress Investment Group. Mr. Hudson urged

the Board not to re-invest with either firm and asked to agendize a discussion on how to mitigate risk associated with labor disputes at the upcoming Investment Committee meeting.

Kevin Mickurst who served 20 years as a Police Officer in San Francisco until his career was ended when he was crushed between two vehicles, spoke about the delay in his Application for Industrial Disability Retirement and spoke of a Police Captain on today’s agenda whose claim was completed in less than 14 months and asked why this applicant was moved ahead of everyone else, and asked that SFERS divest from Blackstone who has a bad ESG agenda.

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

Action: This is a discussion only item.

4. 091323-04 Action Item Approval of the Minutes of the August 17, 2023 Retirement Board Meeting

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the August 17, 2023 Retirement Board Meeting.

Public Comment was called.

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

Action: Moved by Commissioner Thomas, seconded by Commissioner Bridges, to approve the Minutes of the August 17, 2023 Retirement Board Meeting.

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

Absent: Commissioners Gandhi, Safaí

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.

5. 091323-05	Action Item	Consent Calendar
091323-05a	Action Item	Voluntary Retirement Board List No. 3-23
091323-05b	Action Item	Decisions of Hearing Officers

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Applicant – A Effective Date: 05/08/2021	H051 Assistant Deputy Chief II Fire	Industrial Disability Retirement/Stip Granted
Applicant – B Effective Date: 11/01/2021	9102 Transit Car Cleaner MTA	Ordinary Disability Retirement Granted
Applicant – C Effective Date: 10/30/2021	2481 Water Quality Technician Public Utilities Commission	Ordinary Disability Retirement/Stip Granted
Applicant – D Effective Date: 01/10/2021	H40 Battalion Chief, Fire Suppression Fire	Industrial Disability Retirement/Stip Granted
Applicant – E Effective Date: 02/10/2018	Q004 Police Officer III Police	Industrial Disability Retirement Granted (SR 02/10/2018)
Applicant – F Effective Date: 06/25/2022	Q082 Captain III Police	Industrial Disability Retirement/Stip Granted
Applicant – G Effective Date: 10/22/2021	2303 Patient Care Assistant Department of Public Health	Ordinary Disability Retirement/Stip Granted
Applicant – H Effective Date: PERS	8312 Sheriff’s Captain Sheriff	CalPERS – Disability Retirement Certified

091323-05c

Action Item

Conference Request

Request approval for Commissioner Leona Bridges to attend the Annual Legislative Conference (ALC), September 20-24, 2023, Washington, D.C.

Documents provided to the Retirement Board prior to the current meeting: Voluntary Retirement Board List, Decisions, travel request.

Public Comment was called.

Kevin Mickurst asked why Applicant F claim was processed in 14 months which is faster than what he is getting.

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

Action: Moved by Commissioner O’Connor, seconded by Commissioner Thomas, to approve the Consent Calendar.

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

Absent: Commissioners Gandhi, Safaí

ADMINISTRATION CALENDAR

6. 091323-07 Action Item Review and acceptance of Supplemental COLA Analysis as of July 1, 2023

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Supplemental COLA Analysis as of July 1, 2023.

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

San Francisco Charter Section A8.526-3 provides in part that supplemental cost of living benefits could be payable if “in the previous fiscal year, there were earnings in excess of the expected earnings on the actuarial value of the assets.”

Cheiron’s analysis demonstrated that there are no excess earnings as defined by A8.526-3. Therefore, no July 1, 2023 supplemental cost of living benefit adjustment is payable to any SFERS retirees.

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 Thomas, to accept Cheiron’s Supplemental COLA Analysis as of July 1, 2023 and direct Retirement staff to notify SFERS retirees that no Supplemental COLA is payable effective July 1, 2023.

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

Absent: Commissioners Gandhi, Safaí

Commissioner Bridges left the Board Room at 11:30 AM and returned at 11:33 AM

7. 091323-07 Discussion Item Committees Report Goals to Board

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Investment Committee Report, Deferred Compensation Committee Report, Governance Committee Report, Operations Oversight Committee Report, Personnel Committee Report.

Alison Romano, Chief Executive Officer & Chief Investment Officer, reported that the Board Terms of Reference requires that each Committee Chair, within 60 days of appointment, report to the full Board the Committee's goals, agenda and meeting schedule.

The Board engaged in a question and answer session.

President Heldfond commented on the importance of sticking to the quorum requirements of each Committee and stated that in the event of a quorum issue that he would attend that Committee meeting to avoid cancellation of Committee meeting.

Commissioner Thomas thanked President Heldfond on making sure attendance is a priority.

Commissioner Driscoll commented that some of the Committees overlap and that the Governance Committee topic he plans on addressing is Decision Quality and asked Commissioner Thomas who is Chair of Investment Committee to add some time on that topic as well.

Public Comment was called.

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

Action: This is a discussion only item.

8. 091323-08 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 October 2023 to June 2024, Public Retirement Conferences and Training Programs for SFERS Trustees – Nossaman LLP.

Alison Romano, Chief Executive Officer & Chief Investment Officer, announced that a RFQ was issued for a Stewardship and Corporate Governance Strategy Consulting Services and subject to the Board's Blackout Policy.

Cecilia Mangoba, General Counsel, announced a class notice re 10UP that went out to certain SFERS members either by email or by post card notifying them of a tentative class action settlement that stemmed from a security incident from one of SFERS vendors that occurred in February 2020. Those who did not receive notice were not exposed.

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.

9. 091323-09 Discussion Item Board Fiduciary Training

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Fiduciary Governance Education & Update.

Alison Romano, Chief Executive Officer & Chief Investment Officer, reported that the Board adopted Code of Fiduciary Conduct, Ethics and Governance outlines that the CEO & CIO will endeavor to provide at least semi-annual educational sessions focused on specific fiduciary duty topics during regularly scheduled Board meetings.

Ashley K. Dunning, Nossaman LLP, and Cecilia Mangoba, SFERS General Counsel, addressed fiduciary duties and the roles and responsibilities of Trustees and discussed plans for the Board Education Needs Assessment and Governance Report.

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.

DEFERRED COMPENSATION PLAN CALENDAR

10. 091323-10 Discussion Item San Francisco Deferred Compensation Plan (SFDCP) Monthly Report and Review of SFDCP Investment Performance for the First Half of CY 2023

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Secure Act 2.0 – Treasury announcement 8/25/23, TDA/Schwab letters to SDBA participants, July 2023 Monthly Activity Report, Callan presentation, Investment Measurement Service Q2'23 Report.

Diane Chui Justen, Deferred Compensation Director, reported on the following:

- SECURE 2.0 – two-year administrative transition period allowed for Roth Age 50+ catch-up
- Self-Directed Brokerage – TD Ameritrade SDB accounts moving to Schwab on September 1, 2023
- July Monthly Activity Report

Greg Ungerman, Callan (SFDCP Consultant), presented a review of the Plan’s investment performance for the first half of 2023.

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.

INVESTMENT CALENDAR

11. 091323-11 Discussion Item Report on Investment Performance for Quarter Ended June 30

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

Ali Kazemi, Wilshire, presented an oral and written report on this item.

For the quarter ended June 30, 2023, the Retirement Fund was valued at \$33.6 Billion. The net of fee total returns for the quarter and the trailing one-year were 2.36% and 4.25%, respectively.

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

It was noted that this was Wilshire’s first performance report for SFERS and there are several additional analyses that are currently in progress and will be provided in future reports.

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. 091323-12 Discussion Item Annual Review of the Securities Lending Program for the
Fiscal Year Ending June 30, 2023**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Staff's presentation: "Securities Lending Program - Fiscal Year 2022-23 Review."

Kurt Braitberg, Managing Director, Public Markets, Anna Langs, Managing Director, Asset Allocation, Risk Management, Innovative Solutions, Alo Martins, Senior Portfolio Manager, and Mike McInnis, BNYM, provided an oral and written report on this item.

In 2020, SFERS reinstated a securities lending program.

SFERS Staff monitors and reviews the securities lending program with BNY Mellon on an ongoing basis in accordance with SFERS' processes and procedures. This presentation provided an annual update to the Retirement Board of program's performance, activity, and initiatives.

The program generated \$3.1 million in net revenue in FY-2023.

Net revenue increased in FY-2023 driven by increased reinvestment rates.

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.

13. 091323-13 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.

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

Insight Partners XIII, L.P. and Insight Partners XIII Growth Buyout Fund, L.P.

