



City and County of San Francisco
Employees' Retirement System
**OPERATIONS OVERSIGHT COMMITTEE
MINUTES**

Friday, February 10, 2023

1:00 PM

**Meeting Held by Teleconference Pursuant to California Government Code Section 54953(e) and the
Forty-Fifth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency**

Commissioners and Retirement Staff will convene remotely. The public 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. Public comments submitted by 5:00 p.m. PST, Wednesday, February 8, 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.

OPERATIONS OVERSIGHT COMMITTEE MEMBERS

Shruti Gandhi, Chair
A.J. Thomas
Brian Stansbury

Alison Romano, CEO & CIO

DISABILITY ACCESS

The San Francisco Employees' Retirement System is wheelchair accessible. Accessible seating is available for persons with disabilities. To obtain a disability-related modification or accommodation, including large print agendas, American Sign Language interpreters, FM sound amplification system and auxiliary aids or services, please contact Darlene Armanino at (415) 487-7012 at least two (2) business days before the meeting.

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, Executive Assistant, at (415) 487-7012.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

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 94102-4689
(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 request a copy from Mr. Darby or by printing 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 94102, telephone (415) 252-3100, fax (415) 252-3112 and web site: www.sfgov.org/ethics

Operations Oversight Committee Meeting

PUBLIC COMMENT CALL-IN: **415-655-0001** Access Code: **2498 153 0880**

Providing Public Comment

- 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 [**2498 153 0880**], 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.

OPENING CALENDAR

- | | | |
|--------------|------------------------|---------|
| 1. Roll Call | Commissioner Gandhi | 1:02 PM |
| | Commissioner Thomas | 1:02 PM |
| | Commissioner Stansbury | Absent |

2. **021023-02** **General Public Comment**

Chair Gandhi called for public comment.

There were no callers and public comment was closed.

3. **021023-03** **Action Item** **Approval of the Minutes of the February 2, 2022 Operations Oversight Committee Meeting**

Chair Gandhi called for public comment.

There were no callers and public comment was closed.

Action: Moved by Commissioner Thomas, seconded by Commissioner Gandhi, to approve Minutes of the February 2, 2022 Operations Oversight Committee Meeting.

Ayes: Commissioners Gandhi, Thomas

Absent: Commissioner Stansbury

4. **021023-04** **Action Item** **Review and Approval to Forward Department Budget for FY2023-24 and FY2024-25 to the Full Board with a Committee Recommendation to Approve**

Documents provided to the Committee prior to the current meeting: Staff Memorandum

Alison Romano, CEO & CIO, presented an oral and written presentation on this item, along with Erik Rapoport, Deputy Director of Retirement Services and Caryn Bortnick, Chief Operating Officer.

The Executive Management Team conducted an extensive review of the SFERS business and proposed a budget that (1) reflects the complexities and requirements of the business today, (2) enables the organization to deliver successfully on its mission and (3) mitigates risk. This budget

included a proposal to add 10 FTEs in Retirement Services this next year and 8 FTEs in the following year.

The proposed FY2023-2024 department budget represents an estimated 15.8% increase over the FY2022-2023 approved budget. A significant portion of this increase is the result of estimated investment management fees, which are contractually obligated fees paid as a percent of AUM rather than flat dollar amounts. As assets increase with a market recovery, so too will fees. Excluding these SMA investment management fees, the proposed department budget represents a 7.9% increase.

The estimated total department budget for SFERS is \$133.9 million, which represents approximately 40bps of SFERS Trust market value as of June 30, 2022. Excluding the SMA investment management fees, the budget is \$59.4mm, which equates to 18 bps of market value. Finally, the estimated total budget for all non-investment expenses (i.e. collectively all admin expenses) is 9.8bs of assets and 9.1bps of net liabilities.

All SFERS budget expenses are paid from the SFERS Trust and all SFDCP budget expenses are reimbursed to the department from the San Francisco Deferred Compensation Plan recordkeeper. Retirement receives no General Fund support from the City.

It was recommended to forward Department Budget for FY2023-24 and FY2024-25 to the Full Board with a Committee recommendation to approve.

Chair Gandhi called for public comment.

There were no callers and public comment was closed.

Action: Moved by Commissioner Thomas, seconded by Commissioner Gandhi, to approve to forward Department Budget for FY2023-24 and FY2024-25 to the Full Board with a Committee recommendation to approve.

Ayes: Commissioners Gandhi, Thomas

Absent: Commissioner Stansbury

5. 021023-05 Discussion Item Operations Oversight Committee Member Good of the Order

No comments from the Committee.

Chair Gandhi called for public comment.

There were no callers and public comment was closed.

Action: This is a discussion only item.

6. 021023-06

Adjournment

Having no further business, the Committee adjourned the meeting at 2:22 PM.