



SFERS

San Francisco Employees' Retirement System

San Francisco City and County
Employees' Retirement System

RETIREMENT BOARD MEETING

MINUTES

Wednesday, March 13, 2024

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 11:30 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

Joel Engardio

Shruti Gandhi

Scott Heldfond, President

Tim O'Connor

A.J. Thomas, Vice President

Alison Romano, CEO & CIO

Retirement Board Meeting

PUBLIC COMMENT CALL-IN: 415-655-0001

Access Code: 2662 720 9221

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 720 9221], 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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(Chapter 67 of the San Francisco Administrative Code)

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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 sof@sfgov.org

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OPENING CALENDAR

1. Roll Call	Commissioner Leona Bridges	11:15 AM
	Commissioner Joseph Driscoll	11:00 AM
	Commissioner Joel Engardio	11:00 AM
	Commissioner Shruti Gandhi	11:05 AM
	Commissioner Scott Helffond	11:00 AM
	Commissioner Tim O'Connor	11:00 AM
	Commissioner A.J. Thomas	11:00 AM

2. Communications

Announcement regarding public comment periods during meeting.

3. 031324-03 Discussion Item CLOSED SESSION

President Helffond 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.

Action: Moved by Commissioner Thomas, seconded by Commissioner O'Connor, to move into closed session and to invoke the attorney-client privilege and conduct a closed session for pending litigation with legal counsel.

Ayes: Commissioners Driscoll, Engardio, Gandhi, Helffond, O'Connor, Thomas

Absent: Commissioner Bridges

The Board entered Closed Session 3(a) – Action Item – Pending Litigation at 11:10 AM

The following individuals were present for closed session: Commissioners Bridges, Driscoll, Engardio, Gandhi, Helffond, O'Connor, Thomas; Alison Romano, CEO & CIO; Caryn Bortnick, Chief Operating Officer; Cecilia Mangoba, General Counsel; Darlene Armanino, Board Secretary.

The Board entered Closed Session 3(b) – Action Item: Possible Recommendation and/or Action on Sale and Purchase of Particular, Specific Pension Fund Investment under California Government Code Section 54956.81 at 11:15 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 54956.813(b): Commissioners Bridges, Driscoll, Engardio, Gandhi, Heldfond, O'Connor, Thomas; Alison Romano, CEO & CIO; Cecilia Mangoba, General Counsel; Caryn Bortnick, Chief Operating Officer; Andrew Collins, Director, Public Markets; Kien Trinh, Investment Officer; Han Pham, Director, Public Markets; David Francl, Managing Director, Absolute Return; Anna Langs, Managing Director, Asset Allocation, Risk Management and Innovative Solutions; Henry Toothman, Investment Officer; Eunice McHugh, Director, Public Markets; Kurt Braitberg, Managing Director, Public Markets; Kevin Cao, Investment Officer; Dennis Esselsagoe, Investment Officer; Alo Martins, Senior Portfolio Manager; Ali Kazemi, Wilshire; Darlene Armanino, Board Secretary.

The following individuals were present 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: Molly Nordale, Jessica Lo, City Attorneys; Anita Ng, Cambridge; Richard Grimm, Cambridge.

The Board ended Closed Session at 12:03 PM

President Heldfond called a 20 minute break

The Board returned to Open Session at 12:20 PM

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, Engardio, Gandhi, Heldfond, O'Connor, Thomas

4. 031324-04 General Public Comment

General Public Comment was called.

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

5. 031324-05 Action Item Approval of the Minutes of the February 14, 2024 Retirement Board Meeting

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the February 14, 2024 Retirement Board Meeting.

Public Comment was called.

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

Action: Moved by Commissioner Bridges, seconded by Commissioner Thomas, to approve the Minutes of the February 14, 2024 Retirement Board Meeting.

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

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. 031324-06	Action Item	Consent Calendar
031324-06a	Action Item	Voluntary Retirement Board List No. 09-23
031324-06b	Action Item	Decisions of Hearing Officers
Applicant - A Effective Date: 10/14/2023	8504 Deputy Sheriff (SFERS) Sheriff	Industrial Disability Retirement Granted
Applicant - B Effective Date: PERS	8304 Deputy Sheriff Sheriff	CalPERS Disability Retirement Certified
Applicant - C Effective Date: 12/25/2021	H002 Firefighter Fire	Industrial Disability Retirement/Stip Granted
Applicant - D Effective Date: 07/01/2023	Q052 Sergeant III Police	Industrial Disability Retirement Granted
Applicant - E Effective Date: PERS	8304 Deputy Sheriff Sheriff	CalPERS Disability Retirement Certified
Applicant - F	Q062 Lieutenant III	Industrial Disability Retirement

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Effective Date: 07/01/2017	Police	Granted (SR 07/01/17)
Applicant - G Effective Date: 08/31/2022	Q004 Police Officer III Police	Industrial Disability Retirement/Stip Granted
Applicant - H Effective Date: 09/02/2023	Q003 Police Officer II Police	Industrial Disability Retirement Granted
Applicant - I Effective Date: 10/15/2022	Q004 Police Officer III Police	Industrial Disability Retirement Granted (SR12/29/22)
Applicant - J Effective Date: PERS	8310 Sheriff's Lieutenant Sheriff	CalPERS Disability Retirement Certified
Applicant - K Effective Date: 01/30/2015	2905 'HSA' SR. Eligibility Worker Human Services	Ordinary Disability Retirement Granted (SR 01/30/15)

031324-06c

Action Item

Conference Request

Request approval for Commissioner Leona Bridges to attend the NASP Southern California 2024 Annual Day of Education in Private Equity for Trustees and Staff Conference, March 20-21, 2024, Marina Del Rey, CA.

Request approval for Commissioner Joseph Driscoll to attend the SDP Annual Conference, April 14-19, 2024, Arlington, VA.

Request approval for Commissioner Leona Bridges to attend the Milken Institute 2024 Global Conference, May 5-8, 2024, Beverly Hills, CA.

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

Public Comment was called.

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

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

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

INVESTMENT CALENDAR

7. 031324-07 Discussion Item Investment Committee Report

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

Commissioner Thomas, Chair of the Investment Committee, reported that the Committee met on March 6, 2024 and approved the Minutes of the January 31, 2024, Investment Committee Meeting and Wilshire and Staff presented an Asset and Liability Study (ALS) Candidate Portfolio Review.

Public Comment was called.

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

Action: This is a discussion only item.

8. 031324-08 Discussion Item Report on Investment Performance for Quarter Ended December 31, 2023

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Wilshire Report on Performance.

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

For the quarter ended December 31, 2023, the Retirement Fund was valued at \$34.6 Billion. The net of fee total returns for the quarter and the trailing one-year were 4.43% and 9.01%, respectively.

Wilshire's Quarterly Performance Summary report provided a detailed review of the market environment as well as return, risk and attribution analysis for 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 Public Comment was closed.

Action: This is a discussion only item.

9. 031324-09 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 Investments.

Alison Romano, CEO & CIO, provided an oral and written report on performance, market update and plan value and reported the following investments approved by delegated authority:

Fortress Real Estate Opportunities Fund IV (A) LP

Under its delegated authority, SFERS invested \$10 million in Fortress Real Estate Opportunities Fund IV (A) LP, which closed on March 11, 2024. This investment is classified as a Real Estate investment within the Real Assets portfolio and is SFERS' sixth investment with Fortress Investment Group.

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

Fortress Japan Opportunity Fund V (Dollar A) L.P.

Under its delegated authority, SFERS invested \$57.5 million in Fortress Japan Opportunity Fund V (Dollar A) L.P., which closed on March 11, 2024. This investment is classified as a Real Estate investment within the Real Assets portfolio and is SFERS' seventh investment with Fortress Investment Group.

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

Sustainable Asset Fund IV, LP

Under its delegated authority, SFERS committed \$80 million to Sustainable Asset Fund IV LP, of which \$57.55 million closed on December 27, 2023. The remaining \$22,450,000 closed on March 12, 2024. The investment is classified as an Infrastructure investment within the Real Assets portfolio and is SFERS' fourth investment with Vision Ridge Partners.

More information about the firm is available at <https://vision-ridge.com>.

Ms. Romano reported the following terminated investment:

Advent Capital

The CEO & CIO approved the termination of Advent Capital Management, LLC on February 9, 2024. The termination was effective February 29, 2024.

The investment was part of SFERS' public equity portfolio.

Public Comment was called.

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

Action: This is a discussion only item.

ADMINISTRATION CALENDAR

10. 031324-10 Action Item Approval of SFERS Annual Report

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, SFERS Annual Report.

Alison Romano, CEO & CIO, presented the Annual Report highlighting the successes and accomplishments over the past year in the transmittal letter in the Annual Report and also announced a State of the Plan Podcast in an effort to continue to prioritize communication with the Board and with stakeholders. The podcast will be posted to the SFERS website and is a recording that highlights the Annual Report, items in the actuarial study on funding status as well as an outlook of future initiatives.

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 2023 SFERS Annual Report.

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

11. 031324-11 Discussion Item Review of Governance Survey Results

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Governance Survey Results.

Ashley Dunning, Nossaman, presented the results of the Board-Self Assessment Questionnaire.

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. 031324-12 Discussion Item Chief Executive Officer's Report

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Retirement Services Dashboard, Retirement Board Forward Calendar for April 2024 to December 2024, Public Retirement Conferences and Training Programs for SFERS Trustees – Nossaman LLP.

Alison Romano, CEO & CIO, provided an administrative update.

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

13. 031324-13 Discussion Item Deferred Compensation Committee Report

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

Commissioner Bridges, Chair of the Deferred Compensation Committee, reported at their meeting of February 21, 2024, the Deferred Compensation Committee:

- Approved the Minutes of the November 1, 2023, Deferred Compensation Committee Meeting;
- Discussed the performance and risk profile of various large cap investment strategies;
- Approved to replace the SFDCP Real Estate Fund managed by Principal with a SFDCP Diversified Real Asset Fund managed by State Street and forwarded to the Retirement Board with a recommendation for approval; and
- Received an update on SECURE 2.0 – Age 60 variable catch up provisions.

Public Comment was called.

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

Action: This is a discussion only item.

14. 031324-14 Action Item Diversified Real Asset Fund Recommendation

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Callan’s DRA Search Summary.

Diane Chui Justen, Deferred Compensation Director and Greg Ungerman, Callan, presented an oral and written report on this item.

Mr. Ungerman reported that they conducted a search for a Diversified Real Asset (“DRA”) Fund to potentially replace the current REIT fund within the SFDCP to offer participants a more diversified inflation hedging strategy.

Callan completed the search and interviewed three finalists:

1. Cohen & Steers Real Assets Fund (MF ticker: RAPIX)
2. PIMCO Inflation Response Multi-Asset Fund (MF ticker: PIRMX)
3. State Street Real Assets Strategy CIT (Class C)

Callan recommended that the Board replace the SFDCP Real Estate Fund managed by Principal with a SFDCP Diversified Real Asset Fund managed by State Street.

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 Bridges, to replace the SFDCP Real Estate Fund managed by Principal with a SFDCP Diversified Real Asset Fund managed by State Street.

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

15. 031324-15 Discussion Item San Francisco Deferred Compensation Plan (SFDCP) Monthly Report

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, January 2024 Monthly Activity Report.

Diane Chui Justen, Deferred Compensation Director, provided the monthly activity 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.

16. 031324-16 Discussion Item Review of SFDCP Investment Performance for the Second Half of 2023

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Callan Presentation, Investment Measurement Service Q4 '23 Report.

Greg Ungerman, Callan, presented a review of the Plan's investment performance for the second half of 2023.

Key Highlights:

- The Deferred Compensation Plan was valued at \$5 billion on December 31, 2023.
- The management of the custom target date funds changed as of June 30th from Russell Investments to T. Rowe Price.
- Watch List Update – There are two funds of note based on the three- and five-year time periods summarized below:
 1. The SFDCP Large Cap Growth fund ranks in the 3rd quartile and behind the growth index for the 3- and 5-year periods. The fund is comprised of T. Rowe Price and the Vanguard Growth Index fund. The T. Rowe growth fund fell short of the peer group given the significant sell off in their tech holdings during 2022. T. Rowe has performed very well in 2023. The SFDCP Large Cap Growth fund was up 46.7% for the year and ranks in the 20th percentile of the peer group.
 2. The SFDCP International Equity fund ranks in the third quartile for the three- and five-year time periods given the allocations to Emerging Markets. EM has fallen short of Developed Markets recently. The fund is ahead of the benchmark for the five-year but behind over three years.

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.

17. 031324-17 Discussion Item Retirement Board Member Good of the Order

No comments from the Board.

Public Comment was called.

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

Action: This is a discussion only item.

18. 031324-18

Adjournment

Having no further business, the Board adjourned the meeting at 1:51 PM