



# San Francisco City and County Employees' Retirement System

## RETIREMENT BOARD MEETING MINUTES

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**Wednesday, April 10, 2024**

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

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: 2661 430 7349**

### 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 [**2661 430 7349**], 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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### **DISABILITY ACCESS**

The San Francisco Employees' Retirement System is wheelchair accessible. This meeting will be broadcast and captioned on SFGovTV. Remote public participation is available upon request for individuals who cannot attend in person due to disability. Making a request to participate remotely no later than one hour prior to the start of the meeting helps ensure availability of the meeting link. Sign Language Interpretation is also available upon request. If requesting remote Sign Language Interpretation, please submit an accommodation request a minimum of four business hours prior to the start of the meeting. Allowing a minimum of 48 business hours for all other accommodation requests (for example, for other auxiliary aids and services) helps ensure availability. To request accommodation, please contact the Board Secretary at [Darlene.armanino@sfgov.org](mailto:Darlene.armanino@sfgov.org) or 415.487.7012.

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 8<sup>th</sup> 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 [sof@sfgov.org](mailto:sof@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, 7<sup>th</sup> 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](http://www.sfgov.org/ethics)

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**OPENING CALENDAR**

<b>1. Roll Call</b>	Commissioner Leona Bridges	11:07 AM
	Commissioner Joseph Driscoll	11:05 AM
	Commissioner Joel Engardio	11:05 AM
	Commissioner Shruti Gandhi	11:05 AM
	Commissioner Scott Heldfond	11:05 AM
	Commissioner Tim O'Connor	11:05 AM
	Commissioner A.J. Thomas	11:05 AM

**2. Communications**

Announcement regarding public comment periods during meeting.

**3. 041024-03 General Public Comment**

General Public Comment was called.

John Furlan shared his thoughts on the new strategic asset allocation.

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

**4. 041024-04 Action Item Minutes of the March 13, 2024 Retirement Board Meeting**

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the March 13, 2024 Retirement Board Meeting.

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 the Minutes of the March 13, 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.*

<b>5.</b>	<b>041024-05</b>	<b>Action Item</b>	<b>Consent Calendar</b>
	<b>041024-05a</b>	<b>Action Item</b>	<b>Voluntary Retirement Board List No. 10-23</b>
	<b>041024-05b</b>	<b>Action Item</b>	<b>Decisions of Hearing Officers</b>
	Applicant - A Effective Date: PERS	8304 Deputy Sheriff Sheriff	CalPERS Disability Retirement Certified
	Applicant - B Effective Date: 08/11/2023	8504 Deputy Sheriff (SFERS) Sheriff	Industrial Disability Retirement Granted
	Applicant - C Effective Date: PERS	8304 Deputy Sheriff Sheriff	CalPERS Disability Retirement Certified
	Applicant - D Effective Date: TBD	7381 Automotive Mechanic SFMTA	Ordinary Disability Retirement Granted (SR 06/24/2021)
	Applicant - E Effective Date: 11/16/2020	Q004 Police Officer III Police	Industrial Disability Retirement/Stip Granted
	Applicant - F Effective Date: 10/30/2021	H040 Fire Battalion Chief Fire	Industrial Disability Retirement/Stip Granted
	Applicant - G Effective Date: 06/29/2021	H020 Lieutenant, Fire Suppression Fire	Industrial Disability Retirement/Stip Granted- in part /Denied-in part
	Applicant - H Effective Date: 07/01/2021	Q062 Lieutenant III Police	Industrial Disability Retirement/Stip Granted
	Applicant - I Effective Date: 07/01/2021	H002 Firefighter Fire	Industrial Disability Retirement/Stip Granted
	Applicant - J	8304 Deputy Sheriff	CalPERS Disability Retirement

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Effective Date: PERS	Sheriff	Certified
Applicant - K	2905 'HSA" SR. Eligibility Worker	Ordinary Disability Retirement
Effective Date: 11/01/2023	Human Services	Granted

<b>041024-05c</b>	<b>Action Item</b>	<b>Conference Request</b>
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Request approval for Commissioner Shruti Gandhi to attend Equity Summit 2024, April 17-19, 2024, Marana, AZ.

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

<b>041024-05d</b>	<b>Discussion Item</b>	<b>Retirement Board Member Reports and Comments</b>
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Report by Commissioner Leona Bridges who attended the Council of Institutional Investors – 2024 Spring Conference & Capital Hill Meetings, March 4-7, 2024, Washington, D.C.

Report by Commissioner Leona Bridges who attended the NASP Annual Day of Education in Private Equity, March 20-21, 2024, Marina Del Rey, CA

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

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 approve Consent Calendar.

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

**ADMINISTRATION CALENDAR**

<b>6.</b>	<b>041024-06</b>	<b>Action Item</b>	<b>Surplus Transfer of \$7mm savings to Professional Services to be used for relocation-related expenses</b>
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Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum

Alison Romano, CEO & CIO, reported that SFERS has cost savings in excess of \$7 million from its fiscal year 2022-23 budget and seeks to use \$7 million in cost savings to meet its operational need to pay for its relocation expenses, including relocation-related professional services. The SFERS Executive Team requested Board approval to use up to \$7 million to pay for relocation expenses and requested that the Board direct the Chief Executive Officer and Chief Investment Officer to seek Board of Supervisors approval to fund the relocation expenses through the \$7 million surplus transfer of carryover funds from the department's 2022-23 budget.

Public Comment was called.

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

**Action:** Moved by Commissioner Driscoll, seconded by Commissioner Gandhi, to approve Surplus Transfer of \$7mm from the fiscal year 2022-2023 Budget.

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

**7. 041024-07 Discussion Item Chief Executive Officer's Report**

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

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

- The April Operations Oversight Committee meeting has been postponed.
- The May 8th Investment Committee meeting is scheduled for 9am before the 11am Retirement Board meeting the same day.
- Commissioner Bridges received the prestigious NASP 2024 Eagle Award.

Caryn Bortnick, Chief Operating Officer, presented the Operations Management Dashboard.

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.

**8. 041024-08 Discussion Item Overview of Disability Application Process**

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

Caryn Bortnick, Chief Operating Officer, reported that SFERS receives many questions regarding the disability application process.

Ms. Bortnick provided an overview of the application process for SFERS members and noted that SFERS also processes disability applications for City and County employees who are CalPERS members, which is different and not discussed in this 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.

### INVESTMENT CALENDAR

**9. 041024-09            Action Item            Adoption of New Strategic Asset Allocation**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Wilshire's presentation entitled "Asset and Liability Study (ALS): Recommendation and Implementation - Supporting the 2023-2024 SFERS ALS."

Tom Toth, Chris Tessman and Ali Kazemi, Wilshire, presented and oral and written report on this item.

Staff and Wilshire recommended adopting Portfolio D as the new Strategic Asset Allocation (SAA). Portfolio D reduces risk by allocating 8% less to growth assets: reducing Public Equity allocation from 37% to 32% and Private Equity from 23% to 20% and improving liquidity by introducing 1% allocation to Cash and increasing Public Credit allocation by 7% from 5% to 12%.

The presentation summarized the framework used to make the recommendation and how the various portfolios compare on SAA objectives, qualitative considerations related to implementation, and quantitative measures of return, risk and liquidity.

The Board engaged in a question and answer session.

Public Comment was called.

John Furlan commented that whatever the Board votes on the staff will do well and that the key thing is going to be the implementation.



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

**Action:** Moved by Commissioner Driscoll, seconded by Commissioner Thomas, to adopt Portfolio D as the new Strategic Asset Allocation.

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

President Heldfond called a 15 minute break at 12:25 PM

Open Session resumed at 12:42 PM

**10. 041024-10 Discussion Item Public Fixed Income and Public Equity Annual Updates**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, SFERS Annual Public Fixed Income Update, SFERS Annual Public Equity Update.

Kurt Braitberg, Managing Director, Public Markets, Alo Martins, Senior Portfolio Manager, Dennis Esselsagoe, Investment Officer, provided an oral and written annual review of SFERS' Public Fixed Income portfolio.

Han Pham, Public Equity Director, Patrick Li, Associate Portfolio Manager, provided an annual review of SFERS' Public Equity portfolio.

Staff reviewed each portfolio's strategy, performance, composition, activity and initiatives.

The Board engaged in a question and answer session.

Public Comment was called.

John Furlan spoke about trends in interest rates and growth vs. value.

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

**Action:** This is a discussion only item.

**11. 041024-11 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 Board approved investments:

**Chorus Capital Credit Fund V USD SCSp**

At its meeting on March 13, 2024, the Retirement Board approved in closed session an investment of up to \$75 million to Chorus Capital Credit Fund V USD SCSp. This investment was approved by the following vote:

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

Nays: None

Absent: None

SFERS' investment of \$75 million to Chorus Capital Credit Fund V USD SCSp closed on March 28, 2024. This investment is classified as a Specialty Finance investment within SFERS' Private Credit portfolio. This is SFERS' first investment with Chorus Capital.

More information about Chorus Capital is available at <https://www.choruscapital.eu/>.

**FGP Redwood Fund LP**

At its meeting on March 13, 2024, the Retirement Board approved in closed session an investment up to \$100 million in FGP Redwood Fund LP by San Francisco Absolute Return Investors II, LP ("SFARI II"). This investment was approved by the following vote:

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

Nays: None

SFERS's investment of \$25 million in FGP Redwood Fund LP closed on April 1, 2024.

This investment is classified as an Equity Market Neutral investment within SFERS' absolute return portfolio share class B of SFARI II.

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

Public Comment was called.

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

**Action:** This is a discussion only item.

