



# San Francisco City and County Employees' Retirement System

## RETIREMENT BOARD MEETING MINUTES

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**Wednesday, May 8, 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: 2663 883 1727**

### 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 [2663 883 1727], 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 Calendar

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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/>.

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 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	Absent
	Commissioner Joseph Driscoll	11:09 AM
	Commissioner Joel Engardio	11:09 AM
	Commissioner Shruti Gandhi	Absent
	Commissioner Scott Heldfond	11:09 AM
	Commissioner Tim O’Connor	11:09 AM
	Commissioner A.J. Thomas	11:09 AM

**2. Communications**

Announcement regarding public comment periods during meeting.

**3. 050824-03 General Public Comment**

General Public Comment was called.

Fred Sanchez, Protect our Benefits, thanked the Board for their due diligence with the Investment Committee meeting.

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

**4. 050824-04 Action Item Minutes of the April 10, 2024 Retirement Board Meeting**

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the April 10, 2024 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 Thomas, to approve the Minutes of the April 10, 2024 Retirement Board Meeting.

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

Absent: Commissioners Bridges, Gandhi

**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. 050824-05</b>	<b>Action Item</b>	<b>Consent Calendar</b>
<b>050824-05a</b>	<b>Action Item</b>	<b>Voluntary Retirement Board List No. 11-23</b>
<b>050824-05b</b>	<b>Action Item</b>	<b>Decisions of Hearing Officers</b>
Applicant - A Effective Date: 02/05/2022	500C Court Reporter Trial Court	Ordinary Disability Retirement/Stip Granted
Applicant - B Effective Date: 12/15/2021	Q004 Police Officer III Police	Industrial Disability Retirement/Stip Granted
Applicant - C Effective Date: 06/29/2019	1842 Management Assistant SF Community College District	Ordinary Disability Retirement/Stip Denied
Applicant - D Effective Date: 04/17/2021	H020 Lieutenant, Fire Suppression Fire	Industrial Disability Retirement/Stip Granted
Applicant - E Effective Date: 01/02/2022	Q052 Sergeant III Police	Industrial Disability Retirement/Stip Granted
Applicant - F Effective Date: 04/25/2022	Q052 Sergeant III Police	Industrial Disability Retirement/Stip Granted
Applicant - G Effective Date: 02/05/2022	H002 Firefighter Fire	Industrial Disability Retirement/Stip Granted
Applicant - H Effective Date: 08/01/2022	8226 Museum Guard Fine Arts Museum	Ordinary Disability Retirement/Stip Granted- in part /Denied-in part
Applicant - I Effective Date: 05/21/2021	Q004 Police Officer III Police	Industrial Disability Retirement/Stip Granted
Applicant - J Effective Date: 02/04/2023	Q004 Police Officer III Police	Industrial Disability Retirement/Stip Granted

**050824-05c**

**Discussion Item**

**Retirement Board Member Reports  
and Comments**

Report by Commissioner Joseph Driscoll who attended the SDP Annual Conference, April 14-19, 2024, Arlington, VA.

Report by Commissioner Shruti Gandhi who attended Equity Summit 2024, April 17-19, 2024, Marana, AZ.

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

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 Driscoll, to approve Consent Calendar.

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

Absent: Commissioners Bridges, Gandhi

### **ADMINISTRATION CALENDAR**

**6. 050824-06      Action Item      Actuarial Funding Methods Policy**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Actuarial Funding Methods Policy, revised, Actuarial Funding Methods Policy, redlined.

Janet Brazelton, Actuarial Services Coordinator, reported that the Retirement Board adopted a 10-year amortization for Proposition A passed by the voters on November 8, 2022. The proposed revision presented to the Board to the Actuarial Funding Methods Policy codifies this approval.

Alison Romano, CEO & CIO, commented that over the next several months there may be other policies that may come before the Board due to a robust review of policies.

The Board engaged in a question and answer session.

Commissioner Thomas commented that he agrees that adhering to best practices in future analysis should still be a priority and the Board should prioritize trying to look at the model for funding and analysis around that highest tier of best practice when looking at any expense that is incurred.

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 revised Actuarial Funding Methods Policy.

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

Absent: Commissioners Bridges, Gandhi

**7. 050824-07 Discussion Item Review Phase I Partial Investment Delegation and Discuss Phase II**

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

Alison Romano, CEO & CIO, presented an oral and written report on this item.

The Investment Team reviewed the rationale for partial investment delegation, discussed the implementation of Phase I, demonstrated compliance with the requirements of that delegation, and highlighted the enhanced internal processes, and reviewed the proposed Phase II guidelines.

The purpose of this discussion was to provide the entire Board with background on the implementation Phase I and to afford the Board the opportunity to ask questions. Based on this discussion and the guidance of the Board, Staff will seek approval from the Board in June on IPS changes to enact Phase II, effective July 1, 2024.

The Board engaged in a question and answer session.

Commissioner Heldfond left the Board room at 11:32 AM and returned at 11:37 AM

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 called a Break at 12:10 PM and returned to Open Session at 12:30 PM**

**8. 050824-08 Discussion Item Chief Executive Officer's Report**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Quarterly Travel Expense Report, Retirement Board Forward Calendar for June 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.

### **INVESTMENT CALENDAR**

**9. 050824-09 Discussion Item 2024 Annual Liquidity Management Update**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, 2024 Annual Liquidity Management Update, Staff's presentation, SFERS Commitment Pacing Discussion, Cambridge Associates.

Anna Langs, Managing Director, provided an oral and written report on this item.

SFERS Investment Staff monitors and reviews liquidity and cash flows on an ongoing basis and presented an annual update to the Retirement Board.

SFERS is a large investor in private markets with an aggregate strategic target allocation to Private Equity, Real Assets, and Private Credit of 40%. Relative to this target, SFERS' current allocation to private market strategies is 51% of total plan assets or \$18.2 billion. Additionally, SFERS has approximately \$7.7 billion in contractual commitments of uncalled capital to private markets managers.

This presentation updated the Retirement Board on the current management of SFERS' liquidity. It also highlighted that as the Plan matures, liquidity is an increasingly important consideration in establishing strategic asset allocation and its implementation glide path, and in managing through stressed market conditions.

As the result of current challenging market liquidity conditions and projected higher net cash payout, SFERS reduced its actual commitments by 30% in 2023 vs 2022. Proposed commitment pacing for 2024 is reduced by 13% from \$2.7 billion in 2023 to \$2.35 billion in 2024 to accommodate current liquidity conditions while keeping appropriate vintage diversification. The \$350mm reduction in annual commitment pacing comes across all asset classes by decreasing Private Equity annual commitment pacing from \$1.2 billion to \$1 billion, Real Assets from \$650 million to \$600 million, and Private Credit from \$850 billion to \$750 million.

The Board engaged in a question and answer session.



Public Comment was called.

Fred Sanchez, Protect our Benefits, commented that he was glad to hear that liquidity is factored into each aspect of investments and all the modeling in the report from Cambridge clearly indicates that there is a lot of effort put into this.

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

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

**10. 050824-10 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, reported on performance and market update and plan value, and provided an update on a Closed Investment as follows:

**LAV Fund VII, L.P.**

Under its delegated authority, SFERS invested \$31.8 million in LAV Fund VII, L.P. \$31.2 million closed on April 19, 2024, and 0.6 million closed on April 24, 2024.

The fund will be classified as Venture Capital within SFERS' Private Equity portfolio.

More information about Lilly Asia Ventures (LAV) is available at <https://www.lillyasiaventures.com/>.

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**

**11. 050824-11 Discussion Item San Francisco Deferred Compensation Plan Quarterly Report – Q1 '24**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, SFDCP Quarterly Memorandum – Q1 '24, Quarterly Activity Report – Q1 '24, Q1 '24 Plan Review, Galliard Q1 Economic Update.

Diane Chui Justen, Deferred Compensation Director, Greg Ungerman, Callan, Bishop Bastien, Voya, presented a quarterly report on the San Francisco Deferred Compensation Plan covering four key areas:

Investments

- Stable Value Credit Rate increased to 3.08% for Q2 2024
- State Street Real Assets Strategy approved as the new SFDCP Diversified Real Asset Fund

Marketing/Communications

- 2024 Targeted Mailing Campaign
- SFDCP Core Index Funds - Cost Reduction Notification

Operations

- 2024 Required Minimum Distribution Notifications dropped on April 20, 2024
- Lower SFDCP account balances and student loan payments

Recordkeeper

- New SFDCP Retirement Counselor – Alvin Liang
- Enhanced Account Registration and PIN Delivery
- VRA online advice usage and Managed Accounts

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. 050824-12            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 ¶24.) 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.

There were 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.

**13. 050824-13**

**Adjournment**

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