



SFERS

San Francisco Employees' Retirement System

San Francisco City and County
Employees' Retirement System

RETIREMENT BOARD MEETING

MINUTES

Wednesday, June 12, 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 466 1920

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 466 1920**], 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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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, 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)

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

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/>

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OPENING CALENDAR

- | | | |
|---------------------|------------------------------|----------|
| 1. Roll Call | Commissioner Leona Bridges | 11:05 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. 061224-03 Discussion Item CLOSED SESSION

President Heldfond 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 Bridges, Driscoll, Engardio, Gandhi, Heldfond, O’Connor, Thomas

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, Heldfond, 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 11:24 PM

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; Han Pham, Director, Public Markets; Eunice McHugh, Director, Public Equity; Kurt Braitberg, Managing Director, Public Markets; Alo Martins, Senior Portfolio Manager; Ali Kazemi, Lauren Gellhaus, 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, Kelly Jensen, Cambridge; Richard Grimm, Cambridge.

The Board ended Closed Session at 11:55 AM

The Board returned to Open Session at 12:15 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 Bridges, not to disclose any discussions held in Closed Session under San Francisco Administrative Code Section 67.12(a).

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

Absent: Commissioner Gandhi

4. 061224-04 General Public Comment

General Public Comment was called.

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

5. 061224-05 Action Item Minutes of the May 8, 2024 Retirement Board Meeting

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the May 8, 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 Bridges, to approve the Minutes of the May 8, 2024 Retirement Board Meeting.

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

Absent: Commissioner 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.

6.	061224-06	Action Item	Consent Calendar
	061224-06a	Action Item	Voluntary Retirement Board List No. 12-23
	061224-06b	Action Item	Decisions of Hearing Officers
Applicant - A		9136 Transit Training Specialist	Ordinary Disability Retirement
Effective Date: 11/01/2023		SFMTA	Granted
Applicant - B		H040 Battalion Chief, Suppression	Industrial Disability Retirement/Stip
Effective Date: 05/31/2019		Fire	Denied
Applicant - C		Q004 Police Officer III	Industrial Disability Retirement/Stip
Effective Date: 04/02/2022		Police	Granted
Applicant - D		1053 IS Business Analyst - Senior	Ordinary Disability Retirement
Effective Date: 08/01/2017		Human Services	Denied (VR 11/01/18)
Applicant - E		7315 Auto Mach Assistant	Ordinary Disability Retirement/Stip
Effective Date: 06/01/2022		Supervisor Airport Commission	Granted
Applicant - F		Q002 Police Officer	Industrial Disability Retirement/Stip
Effective Date: 12/21/2019		Police	Granted
Applicant - G		Q052 Sergeant III	Industrial Disability Retirement/Stip
Effective Date: 05/29/2021		Police	Granted-in part / Denied-in part

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Applicant - H Effective Date: 07/01/2022	H003 EMT/Paramedic/Firefighter Fire	Industrial Disability Retirement/Stip Granted
Applicant - I Effective Date: 06/30/2022	Q004 Police Officer III Police	Industrial Disability Retirement/Stip Granted
Applicant - J Effective Date: 06/08/2023	Q052 Sergeant III Police	Industrial Disability Retirement Granted
Applicant - K Effective Date: 01/08/2022	H002 Firefighter Fire	Industrial Disability Retirement/Stip Denied
Applicant - L Effective Date: 12/17/2022	Q004 Police Officer III Police	Industrial Disability Retirement/Stip Granted

061224-06c

Discussion Item

**Retirement Board Member Reports
and Comments**

Report by Commissioner Shurti Gandhi who attended the Milken Institute 2024 Global Conference, May 5-8, 2024, Beverly Hills, CA.

Report by Commissioner Leona Bridges who attended 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 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, Heldfond, O'Connor, Thomas

Absent: Commissioner Gandhi

ADMINISTRATION CALENDAR

7. 061224-07 Action Item Election of Retirement Board President

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

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, to nominate Commissioner Heldfond as Retirement Board President.

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

Absent: Commissioner Gandhi

Commissioner Gandhi returned to Open Session at 12:19 PM

8. 061224-08 Action Item Election of Retirement Board Vice President

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

Public Comment was called.

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

Action: Moved by Commissioner Bridges, seconded by Commissioner O'Connor, to nominate Commissioner Thomas as Retirement Board Vice President.

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

9. 061224-09 Action Item Approve New Resolution and Amendment to Resolution 44

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Resolution 44 – Redlined, Resolution 44 – Clean version, with amendments, New Resolution.

Alison Romano, CEO & CIO, provided an update to Resolution 44. She also introduced to the Board for consideration a parallel document for the San Francisco Deferred Compensation Program, similar to Resolution 44, which reflects the delegation of duties consistent with current practice and necessary to conduct day-to-day operations.

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 a new resolution defining delegation for the SFDCP program and the amendment to Resolution 44.

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

10. 061224-10 Discussion Item Fiduciary Governance Training

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

Ashley K. Dunning, Nossaman and Cecilia Mangoba, SFERS General Counsel, presented a written and oral presentation on fiduciaries duties and the roles and responsibilities of Trustees.

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.

11. 061224-11 Action Item Approve IPS Amendments to Reflect Phase II of Investment Delegation

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Redlined Investment Policy Statement, Exhibit 1: Supplemental Delegation Data; Exhibit 2: Wilshire Presentation.

Alison Romano, CEO & CIO, and Ali Kazemi, Wilshire, presented an oral and written report on this item seeking approval from the Board to amend the IPS to enact Phase II of partial investment delegation, effective July 1, 2024.

Wilshire view is supportive of the requested authority given the approach Staff has taken to educate and implement the changes.

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 Thomas, seconded by Commissioner Driscoll, to approve Investment Policy Statement (IPS) Amendment to Reflect Phase II of Investment Delegation.

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

12. 061224-12 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 June 2024 to December 2024, Public Retirement Conferences and Training Programs for SFERS Trustees – Nossaman LLP.

Alison Romano, CEO & CIO, reported that at the next Board meeting Committee Assignments will be presented and there will be an informative discussion on Private Equity and Real Assets.

Charter Proposals were discussed.

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

President Heldfond left the Board Room at 1:49 PM and returned at 2:00 PM

13. 061224-13 Action Item Approve Recommended Benchmark for SFERS Public Credit Portfolio

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Staff Memo – Approval of Recommended Benchmark for SFERS Public Credit Portfolio, Wilshire Concurrence Memo – Benchmark Change for Public Credit, Mercer Concurrence Memo – Public Credit Benchmark Change.

Kurt Braitberg, Managing Director, Public Markets, Alo Martins, Senior Portfolio Manager, presented and oral and written report on this item recommending changing SFERS' Public Credit benchmark to an equal blend of (1) Bloomberg US Corporate Bond Index and (2) Bloomberg US Corporate High Yield Index.

Public Comment was called.

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

Action: Moved by Commissioner Bridges, seconded by Commissioner Driscoll, to approve Staff, Wilshire and Mercer recommendation to change SFERS' Public Credit benchmark to an equal blend of (1) Bloomberg US Corporate Bond Index and (2) Bloomberg US Corporate High Yield Index.

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

Absent: Commissioner Heldfond

14. 061224-14 Action Item Asset and Liability Study (ALS): IPS Changes and Implementation Framework

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Wilshire Associates' presentation "IPS Changes and Implementation Framework: Supporting the 2023-2024 SFERS ALS", Wilshire Associates' Memorandum "Benchmark Changes for Cash & Leverage Allocations", Red-lined version of the proposed changes to SFERS Investment Policy Statement (IPS) incorporating the results of the 2023-2024 Asset and Liability Study.

Alison Romano, CEO & CIO, Anna Langs, Managing Director, Ali Kazemi, Wilshire, provided an oral and written report on this item proposing changes to SFERS Investment Policy Statement (IPS) related to the new Strategic Asset Allocation (SAA) and its implementation framework.

The IPS changes include:

- Updates to SAA target allocations
- Updates to SAA allocation ranges
- Benchmark modifications for the following asset classes:
 - Cash Benchmark
 - Public Credit Benchmark (subject to separate board approval)
 - Leverage Benchmark

The Board engaged in a question and answer session.

Commissioner O'Connor left the meeting at 1:59 PM

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 proposed changes to SFERS Investment Policy Statement (IPS) related to the new Strategic Asset

Allocation and its implementation, and include the income capital preservation allocation target of 31%.

Ayes: Commissioners Bridges, Driscoll, Engardio, Gandhi, Heldfond, Thomas

Absent: Commissioner O'Connor

Commissioner Gandhi left the Board Room at 2:29 PM and returned at 2:35 PM

Commissioner Engardio left the Board Room at 2:33 PM and returned at 2:36 PM

15. 061224-15 Discussion Item Report on Investment Performance for Quarter Ended March 31, 2024

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

Ali Kazemi, Lauren Gellhaus, Wilshire, presented a Quarterly Performance Summary report which provided a detailed review of the market environment as well as risk and return information at 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.

Commissioner Thomas left the Board Room at 2:48 PM and returned at 2:52 PM

16. 061224-16 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:

Gasherbrum Fund II, L.P.

Under its delegated authority, SFERS rolled \$16.6 million of its existing exposure in K4 Private Investors, L.P. to Gasherbrum Fund II, L.P., which closed on May 22, 2024.

Gasherbrum Fund II, L.P. is managed by K1 Investment Management ("K1"). Gasherbrum Fund II, L.P. is classified as a Buyout investment within SFERS' Private Equity portfolio and is SFERS' fourth investment in a K1 sponsored investment vehicle.

More information about the firm is available at www.k1.com.

Atalaya Special Opportunities Fund IX, L.P.

Under its delegated authority, SFERS invested \$75 million in Atalaya Special Opportunities Fund IX, L.P. This investment closed on May 31, 2024.

This investment is classified as a Credit Opportunities investment within SFERS' Private Credit portfolio.

More information about Atalaya Capital Management is available at <https://www.atalayacap.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

17. 061224-17 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 June 5, 2024, the Deferred Compensation Committee:

- Approved the Minutes of the February 21, 2024 Deferred Compensation Committee Meeting;
- Received an update on Active Large Cap;
- Staff and Callan provided an overview of the Stable Value Fund and presented a proposed timeline outlining the custom search process over the next eight to ten months; and
- Discussed Voya Contract Extension.

Public Comment was called.

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

Action: This is a discussion only item.

18. 061224-18 Discussion Item San Francisco Deferred Compensation Plan Monthly Report

