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**RETIREMENT BOARD CALENDAR SHEET**  
**Retirement Board Meeting of November 10, 2020**

**To:** Retirement Board  
**From:** Jay Huish *JH*  
Executive Director  
**Date:** November 10, 2020

**Agenda Item:** Executive Director's Report

**Background:**

Jay Huish, Executive Director, will report on the following items:

Administrative Update:

- Pension & Investments article: *DOL walks back ESG language in final rule*
- Deferred Compensation Committee meeting: November 18<sup>th</sup> at 10:00 AM
- Investment Committee meeting: November 18<sup>th</sup> at 2:00 PM
- Operations Oversight Committee meeting: December 1<sup>st</sup> at 10:00 AM

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

**Attachments for Informational Purposes:**

- Pension & Investments article: *DOL walks back ESG language in final rule*
- Retirement Board Forward Calendar for November 2020 to November 2021
- Request for Proposal in Progress Blackout Period
- *Public Retirement Conferences and Training Programs for SFERS Trustees – Nossaman LLP*

# Pensions & Investments

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October 30, 2020 02:28 PM

## **DOL walks back ESG language in final rule**

BRIAN CROCE

Bloomberg

The Labor Department unveiled its rule prohibiting investments in “non-pecuniary” vehicles that sacrifice returns or take on additional risk.

The Department of Labor unveiled a final rule Friday stipulating that ERISA plan fiduciaries cannot invest in “non-pecuniary” vehicles that sacrifice investment returns or take on additional risk, though the final rule focused less on ESG than the proposal on which it was based.

The rule was proposed in June and drew harsh criticism from the retirement community, including claims that the Labor Department did not sufficiently justify its reasoning behind the proposal and concerns that the proposal would create barriers for considering ESG risks; add to fiduciary confusion regarding if and when ESG factors may be considered material; and lead to increased documentation costs.

Chiefly, the final rule requires ERISA plan fiduciaries to select investments based on pecuniary factors, described as any factor that a fiduciary prudently determines is expected to have a material effect on the risk and return based on appropriate investment guideline.

“Retirement plan fiduciaries may never sacrifice investment, take on additional risk or increase cost in order to promote goals unrelated to the financial interests of their plan participants,” said Jeanne Klinefelter Wilson, acting assistant secretary of Labor for the Employee Benefits Security Administration, during a call with reporters Friday. “Now, this does not mean that fiduciaries are prohibited from considering such issues as environment impact and workplace practices when they are relevant to the financial analysis. Because

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these issues are pecuniary in that instance, and therefore appropriate considerations under the rule.”

On the same call, a senior Labor Department official noted that “ESG” is not mentioned anywhere in the rule text, though it is mentioned extensively in the preamble. “The focus on the final rule is on whether a factor is pecuniary, not whether it’s an ESG factor,” the official said.

In a fact sheet, EBSA said it concluded “that the lack of a precise or generally accepted definition of ‘ESG,’ either collectively or separately as ‘E, S and G,’ made ESG terminology not appropriate as a regulatory standard.”

Several changes were made from the proposal to the final rule, including a specification that fiduciaries only need to consider “reasonably available alternatives with similar risks” in order to meet their prudence and loyalty duties under ERISA, the senior Labor Department official said. The official noted that fiduciaries do not have to consider “an infinite number of alternatives,” which was a concern expressed in comment letters.

Another change in the final rule concerns qualified default investment alternatives, or QDIAs. The proposal contained a blanket prohibition on any fund that used ESG factors from being used in a qualified default investment alternative, even if those factors were used for pecuniary purposes. However, the final rule only excludes a fund from being a QDIA if its investment objectives, goals or principle investment strategy include or consider the use of one or more non-pecuniary factors.

George Michael Gerstein, co-chairman of the fiduciary governance group at Stradley Ronon Stevens & Young, said it’s unclear whether the Labor Department’s actions will be enough to give people comfort in adding a QDIA that has an ESG strategy. “The final rule opens the door to that, but it’s a narrow opening.”

Steven Rothstein, managing director of the Ceres Accelerator for sustainable capital markets, said the final rule will likely have a “chilling effect” on ESG investing. “This is a very harmful action by the Trump administration at a time when global climate crisis looms large and is affecting everyone’s lives,” he said. “Today’s decision is really unwelcome by pension fund investors and other fiduciaries and truly runs counter to global trends,” he added, referencing the recent uptick in ESG investing in the U.S.

Data from Morningstar show a nearly fourfold increase in 2019 over the previous year in flows into U.S. sustainable funds, at \$21.4 billion.

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The entire rule-making process lasted a bit over four months, including a 30-day comment period during which more than 1,100 comment letters were filed, mostly in opposition. Typically, rule-makings take significantly longer, even years.

But Mr. Gerstein said it makes sense for an administration to work quickly in the lead up to an election. “We’re in the fourth quarter of the first term of this administration ... they’re looking at the clock carefully,” he said. “So I’m not at all surprised that they moved quickly with this.”

The rule will be effective 60 days after publication in the Federal Register, but plans will have until April 30, 2022, to make any changes to certain QDIAs, where necessary to comply with the final rule, the Labor Department noted.

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**RELATED ARTICLES**

**Biden likely to put any pending DOL rules on hold if he wins election**

**DC asset managers continue ESG efforts despite DOL proposal – report**

**DOL’s rapid pace is too quick, many are saying**

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Inline Play

**Source URL:**

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# SFERS

San Francisco Employees' Retirement System

City and County of San Francisco  
Employees' Retirement System  
**Office of the Executive Director**

**To:** Retirement Board  
**From:** Jay Huish *JH*  
Executive Director  
**Date:** November 10, 2020  
**Subject:** Retirement Board Forward Calendar for November 2020 to November 2021

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**November 18, 2020 Deferred Comp Committee Meeting 10:00 AM**

Item
Presentation and possible action on SFDCP Autoenrollment
Voya – 1-year Annual Review
Legal Briefing on Recent Developments in DC Litigation
Review and Approval of FYs 2021-2022 and 2022-2023 SFDCP Division Budget
SFDCP Manager Report

**November 18, 2020 Investment Committee Meeting 2:00 PM**

Item
Guest Speaker: Cian Cotter, Managing Director at Insight Partners
Guest Speaker: David Goel, Co-Founder and Managing General Partner at Matrix Capital Management
Guest Speaker: Carl Gordon, Founding Partner and Co-Head of Global Private Equity at OrbiMed Advisors

**December 1, 2020 Operations Oversight Committee Meeting 10:00 AM**

Item
TBD

**December 9, 2020 Retirement Board Meeting 1:00 PM**

Item
<b>Administration:</b>
<b>Economic Assumptions Review for July 1, 2020 Actuarial Valuation</b>
Presentation of June 30, 2020 GASB 67/68 Report
Schedule of 2021 Retirement Board Meetings
2021 Forward Calendar of Retirement Board Meetings
Update on SFERS 2019-2024 Strategic Plan
Executive Director's Report
<b>Investments:</b>
Report on Investment Performance of the Retirement Fund for the Quarter Ended September 30, 2020
Review and Approval of Updated SFERS Investment Policy Statement
CIO Report

**January 13, 2021 Retirement Board Meeting**

**1:00 PM**

Item
<b>Administration:</b>
Board Fiduciary Training
Executive Director's Report
<b>Investments:</b>
<b>Fiscal Year 2020-2021 SFERS Portfolio Update</b>
<b>Public Equity Portfolio Update</b>
<b>Fixed Income Portfolio Update</b>
CIO Report

**January 20, 2021 Investment Committee Meeting**

**1:00 PM**

Item

**February 10, 2021 Retirement Board Meeting**

**1:00 PM**

Item
<b>Administration:</b>
Travel Expense Report for the Quarter Ended December 31, 2020
<b>Review and Approval of July 1, 2021 Basic Cost of Living Adjustment</b>
<b>Determination and Approval of Credited Interest Rate for Fiscal Year 2021-22</b>
<b>Review and Adoption of July 1, 2020 Actuarial Valuation Report</b>
<b>Adoption of Employer Contribution Rates for Fiscal Year 2021-22</b>
Review and Approval of FY2021-22 Department Budget
Update on 2019-2024 SFERS Strategic Plan
Executive Director's Report
<b>Deferred Compensation:</b>
SFDCP Manager Report
<b>Investments:</b>
CIO Report

**February 22, 2021 Deferred Comp Committee Meeting**

**10:00 AM**

Item
SFDCP Investment Consultant RFP Update and Finalist Presentations
SFDCP Manager Report

**March 10, 2021 Retirement Board Meeting**

**1:00 PM**

Item
<b>Administration:</b>
Presentation of SFERS Audited Financial Statement and Required Communications for Years Ended June 30, 2020 and June 30, 2019
Review and Approval of 2020 SFERS Annual Report
Executive Director's Report
<b>Deferred Compensation:</b>
SFDCP Manager Report
<b>Investments:</b>
Report on Investment Performance of the Retirement Fund for the Quarter Ended December 31, 2020
<b>Proxy Voting Report for Calendar Year 2020</b>
<b>Review and Approval of Proxy Voting Policies for 2021</b>
CIO Report

**April 14, 2021 Retirement Board Meeting**

**1:00 PM**

Item
<b>Administration:</b>
Review of 2019-2024 SFERS Strategic Plan
Executive Director's Report
<b>Investments:</b>
<b>Absolute Return Portfolio Update</b>
CIO Report

**April 21, 2021 Investment Committee Meeting**

**1:00 PM**

Item

**May 12, 2021 Retirement Board Meeting**

**1:00 PM**

Item
<b>Administration:</b>
Travel Expense Report for the Quarter Ended March 31, 2021
Executive Director's Report
<b>Deferred Compensation:</b>
SFDCP Manager Report
<b>Investments:</b>
CIO Report

**May 31, 2021 Deferred Comp Committee Meeting**

**10:00 AM**

Item
SFDCP Manager Report

**June 9, 2021 Retirement Board Meeting****1:00 PM**

Item
<b>Administration:</b>
Election of Board President
Election of Board Vice President
Review and Update of 2019-2024 SFERS Strategic Plan
Travel Expense Report for the Quarter Ended March 31, 2021
Executive Director's Report
<b>Deferred Compensation:</b>
SFDCP Manager Report
<b>Investments:</b>
Report on Investment Performance of the Retirement Fund for the Quarter Ended March 31, 2021
CIO Report

**July 7, 2021 Retirement Board Meeting****1:00 PM**

Item
<b>Administration:</b>
Approval of President's Committee Assignments
Executive Director's Report
<b>Investments:</b>
Private Equity Portfolio Update
Real Assets Portfolio Update
Private Credit Portfolio Update
CIO Report

**July 14, 2021 Investment Committee Meeting****1:00 PM**

Item

**August 11, 2021 Retirement Board Meeting****1:00 PM**

Item
<b>Administration:</b>
Economic Assumptions Review for July 1, 2021 Actuarial Valuation
Travel Expense Report for the Quarter Ended June 30, 2021
Executive Director's Report
<b>Deferred Compensation:</b>
SFDCP Manager Report
<b>Investments:</b>
CIO Report

**August 30, 2021 Deferred Comp Committee Meeting****10:00 AM**

Item
SFDCP Manager Report



**September 8, 2021 Retirement Board Meeting**

**1:00 PM**

Item
<b>Administration:</b>
<a href="#">Review and Acceptance of July 1, 2021 Supplemental COLA Analysis</a>
Executive Director's Report
<b>Deferred Compensation:</b>
SFDCP Manager Report
<b>Investments:</b>
<b>Risk Management – Liquidity</b>
<b>Risk Management – Pacing Schedules</b>
Report on Investment Performance of the Retirement Fund for the Quarter Ended June 30, 2021
CIO Report

**October 13, 2020 Retirement Board Meeting**

**1:00 PM**

Item
<b>Administration:</b>
Executive Director's Report
<b>Investments:</b>
<b>Annual ESG Update</b>
Annual Update on Fossil Fuel Investments Engagement and Divestment
Annual Report and Recommendation on Tobacco Divestment
Annual Report and Recommendation on Targeted Divestment in Sudan
Annual Report and Recommendation on Firearms Divestment
Annual Report and Recommendation on Thermal Coal Divestment
Public Equity Portfolio Update
Liquid Credit Portfolio Update
CIO Report

**November 10, 2021 Retirement Board Meeting**

**1:00 PM**

Item
<b>Administration:</b>
Travel Expense Report for the Quarter Ended September 30, 2020
<a href="#">Economic Assumptions Review for July 1, 2020 Actuarial Valuation</a>
Presentation of June 30, 2020 GASB 67/68 Report
Executive Director's Report
<b>Deferred Compensation:</b>
Review of SFDCP Investment Performance for First Half of 2020
SFDCP Manager Report
<b>Investments:</b>
<b>Risk Management – Risk and Return Exposures</b>
<b>Risk Management – Stress Testing</b>
CIO Report



**RETIREMENT BOARD CALENDAR SHEET**  
**Retirement Board Meeting of November 10, 2020**

**To:** Retirement Board

**From:** Jay Huish   
Executive Director

**Date:** November 10, 2020

**RE:** Request for Proposal in Progress Blackout Period List

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The following Requests for Proposals/Qualifications are currently open and subject to the Board's Blackout Policy:

- Private Credit Consulting Services RFP
  - Private Equity Consulting Services RFP
  - Private Markets Performance Reporting Services RFP
  - Real Assets Consulting Services RFP
  - SFDCP Investment Consulting Services RFP
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PUBLIC RETIREMENT CONFERENCES AND TRAINING PROGRAMS FOR SFERS TRUSTEES

November 2020 to March 2021

Date	Sponsor	Program	Location
October 26– November 18, 2020	American Society of Pension Professionals & Actuaries (ASPPA)	<p><b>2020 All Access Conference</b></p> <p><i>ASPPA states, “this highly interactive event will kick off with a two-day live virtual event featuring presentations that cover the hottest topics in the industry. After the kick-off, attendees have four weeks to access pre-recorded workshops for TPAs, actuaries, record-keepers and business owners/managers on-demand.</i></p> <p><i>This event will be anchored by a number of keynote sessions from some of the top thought leaders, breaking into tracks for TPAs, actuaries, recordkeepers and business owners at various points. Here are some topics we will be covering:</i></p> <ul style="list-style-type: none"> <li>• <i>Cybersecurity</i></li> <li>• <i>COVID-19 Distributions</i></li> <li>• <i>SECURE Act and CARES Act</i></li> <li>• <i>Electronic Disclosures</i></li> <li>• <i>Ethics</i></li> <li>• <i>MEPs and PEPs</i></li> <li>• <i>Innovations in the Workplace”</i></li> </ul>	Online
November 10–13, 2020	Pension Bridge	<p><b>Altinvestor APAC 2020 Conference</b></p> <p><i>The aim of the forum is to “provide the highest level of education to all within the institutional investment community across 3 days. We look forward to welcoming an audience from Public and Corporate Pension Funds, Sovereign Wealth Funds, Foundations, Endowments, Family Offices, Consultants and Investment Managers for this exclusive event.”</i></p> <p><i>The 2020 event “will focus on what the post-COVID world would look like and how asset owners can invest in the alternatives space in such an environment. With the divergence between the financial markets and the real economy being starker than ever before coupled with an increasing correlation across asset classes, it is imperative that investors discover how best to diversify risk and generate higher returns in various alternative asset classes, which strategies make the most sense now and how a sound portfolio construction process can be critical to avoiding the pitfalls of behavioral biases that</i></p>	Online

Date	Sponsor	Program	Location
		<i>have now become apparent.”</i>	
November 10–13, 2020	State Association of County Retirement Systems (SACRS)	<p><b>Fall Conference</b></p> <p><i>SACRS states, “attendees will enjoy a safe and convenient way to advance their education, as they practice CDC social distancing recommendations. The Conference will offer attendees valuable insights on investment, legislative and operation/benefit matters impacting our public pension systems today. There will be general sessions, breakout sessions, networking opportunities, even a self-care fun run and yoga session to get attendees ready to engage.”</i></p>	Online
December 2, 2020	ASPPA/ National Tax-Deferred Savings Association (NTSA)	<p><b>NTSA Webcast: 2020 Election Results and Retirement Plan Legislative Outlook</b></p> <p><i>NTSA states, “Don't miss an in-depth analysis of the 2020 election results and what is in store for possible retirement legislation going forward. The session will examine possible additional retirement plan COVID relief and provide insight into possible further reforms of our nation's retirement plan system under a new political order if one comes to pass.”</i></p>	Online
November 16–20, 2020	The Wharton School, University of Pennsylvania (Wharton)	<p><b>Investment Strategies and Portfolio Management</b></p> <p><i>This program is part of Wharton's Executive Education series that it states is taught by its “renowned finance faculty with practitioner experience and expertise. The program provides a solid understanding of today's investment landscape and tools and theories for developing and measuring the performance of portfolios. It then looks closely at specific asset classes.”</i></p>	Online
November 17–19, 2020	Pensions & Investments (P&I)	<p><b>Fixed Income &amp; Credit Series</b></p> <p><i>P&amp;I states that this series “will provide a survey of fixed income assets and strategies, their pros and cons, and how they fit into a risk profile while balancing a fund's liquidity needs. Attendees will have the opportunity to learn which types of assets work best for them. In addition to asset classes, the event will discuss quantitative, and traditional active and passive approaches, and what investors should consider when deciding on an approach to fixed income investing.”</i></p>	Online

Date	Sponsor	Program	Location
November 19–20, 2020	Institutional Investor	<p><b>Sustainable Returns: ESG Investing</b></p> <p><i>The rise of ESG investing in allocators' portfolios continues to outpace that of most other active strategies. And institutional investors are not the only ones taking notice. Underlying plan participants and stakeholders are demanding more transparency and accountability around investments. That trend is only predicted to increase as the coming decades will see millennials projected to control \$30 trillion of investable assets. This one-day summit will allow investors to explore environmental, social and governance investing from various viewpoints.</i></p>	Online
December 1–2, 2020	P&I	<p><b>ESG Investing: Virtual ESG 2.0</b></p> <p><i>P&amp;I states, "True long-term investing, like the type of institutional asset allocators, requires many different value considerations when it comes to risk and return. ESG investing has been positioning itself as a way for investors to mitigate risks and still generate returns that meet fiduciary obligations in the long term. The conversation around ESG has reached the "how-to" phase as strategies abound, and many allocators are starting to approach this space for the first time or refine their existing practice. Join your institutional peers to discuss how to best utilize an ESG strategy to attain investment goals.</i></p> <ul style="list-style-type: none"> <li>• <i>Integrating ESG into your investment policy</i></li> <li>• <i>ESG investing across asset classes</i></li> <li>• <i>Manager selection with ESG considerations</i></li> <li>• <i>How to use data to your advantage</i></li> <li>• <i>Using ESG as a risk mitigator and return generator</i></li> <li>• <i>Gender diversity and its relationship with financial performance"</i></li> </ul>	Online
December 1–2, 2020	Opal Group	<p><b>Alternative Investing Summit 2020</b></p> <p><i>Opal Group states, "Participants and delegates of this alternative investment conference will investigate a range of critical investment issues, including discussion of the risks and benefits of various asset classes and investment vehicles such as hedge funds and private equity, examining means of cutting costs associated with implementation of absolute returns strategies, reviewing the future of commodities and surveying the landscape of emerging international markets. With the current struggle of obtaining these returns, the question of fees has become of particular relevance, especially within</i></p>	Online

Date	Sponsor	Program	Location
		<p><i>the field of alternatives as investors measure their risks v. rewards. We will also look into impact investing as a way of obtaining returns that are socially responsible as well as many issues involved with fund management and the importance of education for trustees and other investment officers."</i></p>	
December 2, 2020	ASPPA	<p><b>ASPPA Webcast: Ethics – It’s Never the Wrong Time to Do the Right Thing</b></p> <p><i>ASPPA states, "As an ASPPA member you are subject to the Code of Conduct of the association. This session will provide highlights of the code that every member should be familiar with plus some real-life situations that require you to apply those ethical standards. How would you respond? How should you respond? Join us for a look at ethics and how they pop up in all types of situations."</i></p>	Online
December 8–9, 2020	Institutional Investor	<p><b>Litigation &amp; Governance Trends for Asset Management Firms</b></p> <p><i>Institutional Investor states, "This meeting has evolved as the thinking around corporate governance, shareholder engagement, and active litigation has developed and matured. It began as a forum for public pension plans focused primarily on corporate governance and then became the meeting known as the Evolving Fiduciary Obligations of Pension Plans, taking on a more shareholder engagement perspective."</i></p>	Apella, NY
January 11–13, 2021	Pension Bridge	<p><b>Alternatives 2021</b></p> <p><i>Pension Bridge states, "Designed specifically for professionals working within alternative investments, and upholding our traditional ratio of 1:1 investors to manager firms, this sought-after event brings together key investment decision makers, to discuss and learn about the latest trends, challenges and opportunities facing the industry."</i></p> <p><i>We'll address what the post-COVID world will look like and how you can invest for that environment in the alts space. With the longest bull market in U.S. history coming to an end, we'll discover how to best diversify risk and generate higher returns in various alternative asset classes, which alternative strategies make the most sense now and a sound portfolio construction process can be critical to avoiding the pitfalls of behavioral</i></p>	Online

Date	Sponsor	Program	Location
		<i>biases which have become apparent.</i>	
February 18, 2021	Institutional Investor	<p><b>Virtual Roundtable for Public Pension Funds</b></p> <p><i>Institutional Investor states, "Join the Alternative Investor Institute &amp; Institutional Investor institute's Virtual Roundtable for Public Pension Funds in February 2021 as we bring the institutional investing community together when they need it most – for the most essential intelligence for consultants, allocators, and managers alike."</i></p>	Online
February 20–24, 2021	National Association of State Retirement Administrators (NASRA)	<p><b>Annual Conference</b></p> <p><i>NASRA states that "[t]he conference features leaders in the fields of retirement plan investment and administration covering a variety of subjects including investment management, world events applicable to the pension industry, the economy, human resources, trends, and more."</i></p>	Washington, DC
February 23–25, 2021	Pension Bridge	<p><b>ESG Summit</b></p> <p><i>Pension Bridge states, "With research showing a growing number of institutional investors incorporating ESG factors into their decision making, and a broad range of tactics being applied across asset classes, this new annual event will be a platform to debate the evolving best practices being developed. By providing the optimal ratio of 1:1 investors to managers, we create the ideal environment conducive to strengthening relationships between senior executives at investors, consultants and asset managers."</i></p>	San Diego, CA
February 23–26, 2021	National Conference on Public Employee Retirement Systems (NCPERS)	<p><b>NCPERS Accredited Fiduciary (NAF) Program – Modules 1&amp;2</b></p> <p><i>NCPERS states that this "trustee accreditation program specifically designed and tailored for public pension governance. It divides plan governance, oversight and administration into four modules. Each module delves into the fundamental components and strategies necessary for governing a public pension fund, allowing trustees and plan staff to walk away with the key competencies critical to their fiduciary responsibilities.</i></p> <p><i>Module 1 – Governance and the Board's Role</i>  <i>Module 2 – Investment and Finance</i>  <i>Module 3 – Legal, Risk Management and Communication</i>  <i>Module 4 – Human Capital</i></p>	Online

Date	Sponsor	Program	Location
March 2–5, 2021	NCPERS	<b>NAF Program – Modules 3&amp;4</b> <i>See NCPERS NAF Program description above.</i>	Online
March 8–10, 2021	Council of Institutional Investors (CII)	<b>Spring Conference</b> <i>CII describes itself as “a nonprofit, nonpartisan association of asset owners, asset managers and other service providers representing assets under management of approximately \$40 trillion. CII’s voting members include pension funds, corporate funds, other employee benefit funds, endowments and foundations with approximately \$4 trillion in assets. CII’s nonvoting members include asset management firms with more than \$35 trillion in assets. CII is a leading voice for effective corporate governance, strong shareowner rights and vibrant, transparent and fair capital markets. CII promotes policies that enhance long-term value for U.S. institutional asset owners and their beneficiaries.”</i>	Washington, DC
March 8, 2021	California Association of Public Retirement Systems (CalAPRS)	<b>General Assembly 2021</b> <i>The CALAPRS General Assembly is an educational conference for retirement system trustees, senior staff, and annual sponsors of CALAPRS. The program includes educational sessions on relevant and timely topics, as well as networking opportunities for participants. The program agenda is developed by a planning committee commissioned by the CALAPRS Board of Directors.</i>	Online
March 25–26, 2021	Pension Real Estate Association (PREA)	<b>Spring Conference</b> <i>This is semi-annual conference is a primary source of education for public pension trustees, executive staff and their consultants on real estate investment related matters.</i>	Online