

## Position Specification Chief Executive Officer



SFERS, with approximately \$30 billion in combined defined benefit and defined contribution assets, is searching for an experienced and accomplished executive to lead this highly regarded and respected public retirement system. The position is open as a result of Jay Huish announcing his retirement.

### **System Overview**

SFERS, a cost-sharing multiple-employer public employee retirement system, approved by the California Legislature in 1921, provides retirement, disability, and death benefits to over 73,000 employees and retirees of the City and County of San Francisco. SFERS is a contributory plan where the employees and employer contribute. Sponsoring employers are required to contribute 100% of the actuarially determined contribution rate approved by the Retirement Board.

The System administers two benefit programs, a defined benefit plan (\$26 billion) and a deferred compensation plan (\$3.5 billion). The four main categories of Plan membership are Miscellaneous Non-Safety Members, Sheriff's Department and Miscellaneous Safety Members, Firefighter Members, and Police Members.

Governance of the System is under the direction of a seven-member Retirement Board. Three trustees are elected by active and retired members, three are appointed by the Mayor, and one trustee, a member of the Board of Supervisors, is appointed by the President of the Board of Supervisors.

The System is considered a department of the City and part of the City and County's financial reporting. All costs to administer the System are borne by SFERS and funded from the pension trust. The administrative budget, in addition to being approved by the Retirement Board, is reviewed by the Mayor and Board of Supervisors.

Employees of the System participate in the City's multiple employer defined benefit Other Post-employment Benefits Plan (OPEB). The plan is maintained by the City and administered through the City's Health Services System. It provides post-employment medical, dental, and vision insurance benefits to eligible employees, retired employees, surviving spouses and domestic partners.

The System's investment program is nationally recognized and is much more diversified than most defined benefit plans. It has less exposure to public equity and fixed income, and more exposure to private equity, real assets, private credit, and absolute return, than their peers. The defined benefit plan has reported:

- Positive returns 29 of the past 33 years.
- Returns have exceeded 7.4% (investment return assumption) 23 of the past 33 years.
- Returns have exceeded 10.0% 21 of the past 33 years.

For additional System information, visit [www.mysfers.org](http://www.mysfers.org).

### **Financial and Investment Highlights**

The System ended FY2019 with a net position of \$26.1 billion compared to \$24.6 billion in FY2018. As of June 30, 2019, the System reported a funded ratio of 87.7% with an Unfunded Actuarial Accrued Liability of \$3.6 billion. The funded ratio has exceeded 80% every year since 2008, and 9 of 11 years it was over 85%.

FY2018-19 actual administrative/investment expenses were \$67.5 million (\$17.7 million in administrative expenses plus \$49.8 million in investment expenses), FY2017-18 expenses were \$63.8 million, and FY2016-17 \$63.0 million.

SFERS returns consistently rank near the top, posting returns that have been in the top 7% for the past 20 years of peer median public funds. Returns as of 06/30/20 are:

<b>Total Fund</b>	<b>SFERS %</b>	<b>Peer Median %</b>	<b>Rank %</b>
1 Year	2.41	1.26	32
3 Years	7.17	4.97	4
5 Years	7.25	5.39	2
10 Years	9.39	7.78	4

In recent years, SFERS has sought to enhance its asset allocation, investment strategy, manager selection, and management of risk. They have expanded the investment team from 8 to 24 positions over the past six years, increased diversification of the asset allocation, strengthened the research for manager selection, and implemented comprehensive risk management and investment research tools.

The System's Strategic Asset Allocation as of 06/30/20 is:

<b>Asset Class</b>	<b>Policy Target %</b>	<b>Actual 6/30/20 %</b>
Public Equity	31.0	34.5
Private Equity	18.0	21.3
Real Assets	17.0	14.9
Absolute Return	15.0	14.2
Private Credit	10.0	4.8
Fixed Income	9.0	7.2
Cash	0.0	3.0

### **CEO Responsibilities**

The CEO, reporting to the Retirement Board and to the Board Chair, administratively, is the central point of responsibility and accountability for the System. The CEO leads a team of approximately 110, of which 20+ are "at will" employees. As the Appointing Officer, the CEO has appointment authority over these positions.

The CEO has five direct reports – Deputy Executive Director, Chief Investment Officer, Deputy Director of Administrative Services, Deferred Compensation Manager, and Information Systems Director. Internal Audit and Legal services are provided by the City. The Compliance Manager, Communication Manager, Finance Manager, Member Services Manager, Retirement Services Manager, and Actuarial Services Coordinator report to the Deputy Executive Director.

The key responsibilities and duties are to:

- Ensure the financial stability and long-term viability of the plan.
- Ensure operation of the System in accordance with its mission, vision and core values, and state and federal law.
- Oversee planning, organization, and administration of all program areas for which the System is statutorily responsible.
- Monitor the performance of the investment portfolio, ensure assets are invested in accordance with established policies, and ensure proper controls to monitor risk and safeguard assets.
- Advise and confer with the Board on financial, economic, and political trends and developments affecting the System.
- Develop the Strategic Plan for approval by the Board and ensure resources are sufficient and aligned to execute and accomplish the Plan.
- Maintain effective relationships with the Mayor's Office, Board of Supervisors, City Attorney, City Controller, active and retiree groups, unions, media, and other stakeholders.
- Represent SFERS as a subject matter expert on retirement system programs and activities.

In addition, the CEO serves as a newly appointed trustee on the City's Retiree Health Care Trust Fund, \$500 million in assets.

### **Key Objectives**

The CEO will be expected to build upon initiatives to transform the culture, implement the new strategic plan for investment operations, modernize the operational infrastructure, improve organizational effectiveness, and strengthen relationships with stakeholders and constituents. The Board has identified the following Key Objectives to measure, in part, the CEO's performance.

- Evaluate, and if necessary, make changes in the organizational structure to ensure it is properly scaled, organized, and resourced to ensure efficient and cost-effective administration and management of the System today and for the next 10 years.
- Update and implement administrative and investment strategic plans to ensure the System is positioned for the expected growth in assets and liabilities over the next 10 years.
- Evaluate operational processes and procedures, and systems, and if necessary, make changes to modernize the infrastructure to improve operational effectiveness, enhance decision support systems and reporting, and improve customer service.
- Implement controls and reporting to track and monitor the status of member inquiries to ensure timely response and resolution.
- Work with the City on the additional positions required for the System's operation.
- Working with the Chief Investment Officer, conduct a review of investment processes and procedures to improve organizational decision-making quality and reporting.
- Review the performance evaluation system and, if necessary, direct a redesign of the system to ensure appropriate measurements and accountabilities are in place.
- Lead the System's recruitment initiatives and continue the high success rate recruiting, developing, and retaining top talent across the organization.
- Develop succession plans for key executive positions and implement programs to identify and develop future leaders.

- Review the outreach program, and if necessary, restructure it to focus on educating and promoting the System and its significant accomplishments and strengthening relationships with the City, active and retiree groups, unions, and other stakeholders.

### **Qualifications and Experience**

The Board is seeking a strategic and forward-thinking leader who sets the tone at the top that aligns to SFERS' mission – *“Dedicated to securing, protecting and prudently investing the pension trust assets, administering mandated benefits programs, and providing promised benefits to the active and retired members of the City and County of San Francisco.”*

A leader having foundational institutional investment acumen along with relevant operational and administrative experience is required. Other requirements and preferences include:

#### **Requirements**

- Bachelor's degree from an accredited institution.
- Advocate of defined benefit plans.
- Minimum of eight years of managerial experience of which all must include supervisory.
- Experience implementing new processes or improvements to improve operational efficiencies or customer service.
- Positive track record of recruiting, hiring, and retaining top talent.
- Experience restructuring an organization to meet the changing needs of the business and to position it for the future.

#### **Preferences**

- Advanced degree or certifications.
- Institutional investment experience gained from working for (or consulting to) an institutional investor with a complex investment program in a senior investment position or directly managing or overseeing an investment department.
- Experience leading an organizational cultural transformation.
- Working knowledge of pension laws.
- Management experience with a defined contribution plan or endowment.

### **Leadership Competencies and Characteristics**

The CEO must be a “thinker and visionary” who is a dynamic, confident, and inspiring communicator and leader. An executive who delegates authority and empowers people leading with a participative and collaborative style while establishing clear goals supported by accountabilities is desired.

To achieve success, the ideal candidate must have the managerial courage to make tough decisions, have candid conversations, and the emotional intelligence to affect positive change. The CEO must establish positive relationships with trustees and keep them apprised of major developments affecting the System and informed on major projects.

As the System's top executive, the CEO must be a leader with superior social and interpersonal skills and effective at building consensus and negotiating compromise. In addition to being visible,

approachable and a good listener, other important skills and attributes include having:

- Effective political and diplomatic skills to manage key political and stakeholder relationships.
- Confidence to put forward ideas and recommendations while being open to adjusting them based on input from others.
- Commitment to embrace innovation, best practices, and change.
- Poise and presence to expertly represent SFERS.

This is a highly visible position and the CEO must understand and respect the requirements of operating in a public environment.

### **Compensation**

The CEO is an “at will” employee. Compensation includes base salary and a comprehensive benefits package. SFERS will also pay relocation assistance. All SFERS employees are participants in the SFERS plan. SFERS employees also participate in Social Security and are eligible for benefits.

**For additional information or to apply, please contact Hudepohl & Associates, [info@hudepohl.com](mailto:info@hudepohl.com) or (614) 854-7300.**