



# City and County of San Francisco Employees' Retirement System

RETIREMENT BOARD MEETING

MINUTES

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**Thursday, June 9, 2022**

1145 Market Street, 6th Floor

San Francisco, CA 94103

10:00 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 10:30 AM.

This meeting will be held in person at the location listed above. As authorized by California Government Code Section 54953(e) and Mayor Breed's 45th Supplement to her February 25, 2020 emergency proclamation, it is possible that some members of the Retirement Board may attend this meeting remotely. In that event, those members will participate and vote by video.

Members of the public may attend the meeting to observe and provide public comment at the physical meeting location listed above or online on SFGovTV ([www.sfgovtv.org/sfersLIVE](http://www.sfgovtv.org/sfersLIVE)) and the public will be able to provide public comment during the meeting by live call-in. The public may listen to the meeting "live" by dialing 415-655-0001 and using Access Code: **2488 666 8094** and will be able to provide public comment during the meeting by live call-in. The public is encouraged to submit comments in advance of the meeting either by: (1) email to [sferspubliccomment@sfgov.org](mailto:sferspubliccomment@sfgov.org) or (2) recording your public comment on the Retirement System's public comment line 415-487-7020. Written public comments are limited to 150 words or less [Admin. Code § 67.16]. Public comments submitted by 5:00 p.m. PST, Monday, June 6, 2022 will be included in the record.

## 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

Shruti Gandhi

Scott Heldfond, Vice President

Ahsha Safaí, President

Brian Stansbury

A.J. Thomas

Jay Huish, Executive Director

## Retirement Board Meeting

**PUBLIC COMMENT CALL-IN: 415-655-0001**

**Access Code: 2488 666 8094**

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- 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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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  
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**OPENING CALENDAR**

<b>1. Roll Call</b>	Commissioner Leona Bridges	10:15 AM
	Commissioner Joseph Driscoll	10:10 AM
	Commissioner Shruti Gandhi	10:10 AM
	Commissioner Scott Heldfond	10:10 AM
	Commissioner Ahsha Safai	11:52 AM
	Commissioner Brian Stansbury	Absent
	Commissioner A.J. Thomas	10:10 AM

**2. Communications**

In-Person public comment was called.

No public present, and In-Person public comment was closed.

Public comment Callers was called.

There were no callers and public comment was closed.

- 3. 060922-03                      Action Item                      Review and Approval of June 2022 Board Resolution to Continue to Meet In-person with Some Members Possibly Attending Remotely for at least 30 days pursuant to California Government Code Section 54953(e)**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Retirement Board Resolution 2022.06.09.

Vice President Heldfond called for In-Person public comment.

No public was present, and In-Person public comment was closed.

Vice President Heldfond called for public comment Callers.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Driscoll, seconded by Commissioner Gandhi, to adopt the June 2022 Resolution recommending the Retirement Board continue to meet in-person with some members possibly attending remotely for at least the next 30 days; adopt findings under new State urgency

legislation codified as Government Code Section 54953(e) (AB 361), including that the State and the City remain in a state of emergency due to the COVID-19 pandemic and conducting meetings of the Retirement Board and its committees in person without allowing certain members of this body to attend remotely would present imminent risks to the health or safety of certain attendees due to COVID-19; and providing that all meetings of the Retirement Board and its committees will provide an opportunity for members of the public to address the body and will otherwise occur in a manner that protects the statutory and constitutional rights of parties and the members of the public attending the meeting in person or via teleconferencing.

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

Absent: Commissioners Safaí, Stansbury

**4. 060922-04                      Action Item                      CLOSED SESSION**

Vice President Heldfond announced that the Retirement Board would be going into Closed Session.

Vice President Heldfond called for In-Person public comment.

No public was present, and In-Person public comment was closed.

Vice President Heldfond called for public comment Callers.

There were no callers and public comment was closed.

The Board entered closed session at 10:25 AM

Possible Recommendation and/or Action on Sale and Purchase of Particular, Specific Pension Fund Investment under California Government Code Section 54956.81 (2 investments).

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 54956.81: Commissioners Bridges, Driscoll, Heldfond, Safaí, Thomas; Caryn Bortnick, Deputy Executive Director; Cecilia Mangoba, Deputy City Attorney; Darlene Armanino, Board Secretary.

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 54956.81 via teleconference: Commissioner Gandhi; Caryn Bortnick, Chief Operating Officer; Kurt Braitberg, Interim Chief Investment Officer; Tanya Kemp, Managing Director, Private Markets; Han Pham, Director, Public Equity; Anna Langs, Managing Director, Asset Allocation, Risk Management and Innovative Solutions; Justin Lo, Director, Venture Capital; Chris Chow, Director, Real Assets; Eunice McHugh, Director, Private Credit; Chris Terrazzano, Chris Wisdom, Associate Portfolio Managers; Alo Martins, Senior Portfolio Manager, Fixed Income; Rishi Garbharran, Senior Portfolio Manager, Private Equity; Adrienne von Schulthess, Kien Trinh, Brady Jewett, Jiada Tu, Dennis

Esselsagoe, Investment Analysts; Ba Do, Investment Operations Director; Tran Ly, Deputy City Attorney; Allan Martin, NEPC; Anita Ng, Kelly Jensen, Richard Grimm, Mark Cabrillo, Cambridge Associates.

The Board ended Closed Session at 10:50 am

The Board returned to Open Session at 11:00 AM

In-Person public comment was called.

No public present, and In-Person public comment was closed.

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, seconded by Commissioner Driscoll, not to disclose any discussions held in Closed Session under San Francisco Administrative Code Section 67.12(a).

Ayes: Commissioners Bridges, Driscoll, Heldfond, Thomas

Absent: Commissioners Gandhi, Safaí, Stansbury

**5. 060922-05 General Public Comment – Not earlier than 10:30 AM**

President Safaí called for General Public Comment.

In-Person public comment was called.

No public present, and In-Person public comment was closed.

Public comment Callers was called.

There were no callers and public comment was closed.

**6. 060922-06 Action Item Approval of the Minutes of the May 12, 2022 Retirement Board Meeting**

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the May 12, 2022 Retirement Board Meeting.

In-Person public comment was called.

No public present, and In-Person public comment was closed.

Public comment Callers was called.

John Furlan spoke about his concern of valuation of assets, private equity valuations and transparency.

There were no further callers and public comment was closed.

**Action:** Moved by Commissioner Thomas, seconded by Commissioner Bridges, to approve Minutes of the May 12, 2022 Retirement Board Meeting.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Thomas

Absent: Commissioners Gandhi, Safai, Stansbury

### **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 so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.*

<b>7. 060922-07</b>	<b>Action Item</b>	<b>Consent Calendar</b>
<b>060922-07b</b>	<b>Action Item</b>	<b>Voluntary Retirement Board List No. 12/21</b>
<b>060922-07c</b>	<b>Action Item</b>	<b>Decisions of Hearing Officers</b>
<b>060922-07d</b>	<b>Action Item</b>	<b>Conference Request</b>

Request approval for Commissioner Leona Bridges to attend the Pomerantz 2022 Corporate Governance Roundtable Event, June 14, 2022, Beverly Hills, CA.

Request approval for Commissioner Leona Bridges to attend the 33<sup>rd</sup> Annual NASP Financial Services Conference, June 27-29, 2022, Chicago, IL.

<b>060922-07e</b>	<b>Discussion Item</b>	<b>Retirement Board Member Reports and Comments</b>
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Report by Commissioner Joseph Driscoll who attended SDP Virtual Annual Conference, April 27-29, 2022.

Report by Commissioner Leona Bridges who attended the 25<sup>th</sup> Milken Institute Global Conference, May 1-4, 2022, Beverly Hills, CA.

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

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

In-Person public comment was called.

No public present, and In-Person public comment was closed.

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, seconded by Commissioner Thomas, to approve Consent Calendar.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Thomas

Absent: Commissioners Gandhi, Safaí, Stansbury

### **INVESTMENT CALENDAR**

**8. 060922-08                      Action Item                      Approval of Recommended Benchmark for SFERS' Real Assets Portfolio**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Cambridge Associates Memorandum, NEPC Memorandum, Investment Policy Statement Redline.

Kurt Braitberg, Interim Chief Investment Officer; Tanya Kemp, Managing Director, Private Markets; Chris Chow, Director, Real Assets, provided an oral and written report on this item.

The current Real Assets benchmark – 67% NCREIF ODCE and 33% Cambridge Associates Natural Resources – was adopted in early 2021. Given changes in the Real Assets' portfolio construction and implementation, the Investment Team proposed adopting a new benchmark that better reflects long-term strategic plans.

The Board reviewed and discussed the material and engaged in a question and answer session.

In-Person public comment was called.



No public present, and In-Person public comment was closed.

Public comment Callers was called.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Driscoll, seconded by Commissioner Thomas, to revise the Real Assets Portfolio Benchmark as follows effective July 1, 2022:

1. 70% Real Estate, 20% Infrastructure and 10% Natural Resources. Weights will float based on actual calendar year-end allocations until the target is reached or until Year 10, whichever is first;
2. The Real Estate sub-benchmark as a blend of NCREIF ODCE and Cambridge Associates Real Estate based on actual calendar year-end weights in Core and ValueAdd/Opportunistic Real Estate;
3. The Infrastructure sub-benchmark as Cambridge Associates Infrastructure; and
4. The Natural Resources sub-benchmark as Cambridge Associates Natural Resources

Ayes: Commissioners Bridges, Driscoll, Heldfond, Thomas

Absent: Commissioners Gandhi, Safaí, Stansbury

**9. 060922-09 Discussion Item Report on Investment Performance of the Retirement Fund for the Quarter Ended March 31, 2022**

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

Kurt Braitberg, Interim Chief Investment Officer; Allan Martin, NEPC, provided an oral and written report on this item.

For the quarter ended March 31, 2022, the Retirement Fund was valued at \$35.6 Billion. The net of fee total returns for the quarter and the trailing one-year were -3.37% and 12.8%, respectively.

Allan Martin, NEPC, 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 reviewed and discussed the material and engaged in a question and answer session.

In-Person public comment was called.

No public present, and In-Person public comment was closed.

Public comment Callers was called.

There were no callers and public comment was closed.

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

President Safaí arrived at 11:52 AM

**10. 060922-10 Discussion Item Chief Investment Officer Report**

Documents provided to the Retirement Board prior to the current meeting: CIO Report

Kurt Braitberg, Interim Chief Investment Officer, provided an oral and written report on this item.

During the month, SFERS' assets were down an estimated -0.71%. Real Assets, Private Credit, Fixed Income, and Absolute Return<sup>2</sup> produced positive results of 4.46%, 0.31%, 0.28%, and 0.01%, respectively. Private Equity and Public Equity were down an estimated -2.75% and -1.41% for the month. For context, a 60/40 portfolio and a 60/30/10 portfolio returned an estimated 0.01% and 0.23%<sup>3</sup> for the month.

SFERS has generated an estimated return of -1.72% over the current fiscal year. Results have been led by Real Assets and Private Equity which have returned 27.60% and 13.83% while Private Credit has generated a positive return of 8.89%. Public Equity, Fixed Income and Absolute Return are down -22.80%, -6.79%, and -0.99%, respectively. For reference, a 60/40 portfolio and a 60/30/10 portfolio have returned an estimated -10.73% and -5.69%, respectively.

SFERS estimated assets at the end of May are \$33.5 Billion.

The next Investment Committee Meeting is scheduled for July 20th at 1:00 p.m. Investment Staff will provide annual updates for SFERS' Private Equity, Private Credit, and Real Assets portfolios.

The Commissioners thanked Kurt Braitberg for his commitment and dedication and work as Interim Chief Investment Officer along with Investment Staff.

President Safaí called for In-Person public comment.

Fred Sanchez, Protect our Benefits, thanked Kurt Braitberg and Jay Huish for their hard work and dedication.

No other public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

John Furlan thanked Jay Huish and Kurt Braitberg for their service. Mr. Furlan referenced one of the tables in the CIO report, Plan Value, and stated that public and private equity numbers are not reality.

There were no further callers and public comment was closed.

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

President Safaí announced Break at 12:05 PM

Returned to Open Session at 12:50 PM

### **DEFERRED COMPENSATION PLAN CALENDAR**

#### **11. 060922-11                      Action Item                      SFDCP Target Date Funds – Request for Proposal**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, SFDCP Target Date Fund Manager RFP, Callan’s Custom Glidepath Manager RFP Timeline and Process.

Steve Moy, Deferred Compensation Program Manager; Ben Taylor, Callan, presented an oral and written report on this item.

Russell Investments (Russell) is the current Target Date Funds Investment Manager for the SFDCP. The Target Date Funds (TDF) are the SFDCP’s default investment alternative. The Retirement Board approved the SFDCP to re-enter into a five-year contractual agreement with Russell on May 9, 2016, as the result of a Request for Proposal process (RFP). The contract was successfully negotiated and effective January 1, 2017; it is set to expire on December 31, 2022.

The proposed RFP was presented to the Deferred Compensation Committee on May 26, 2022. The Deferred Compensation Committee voted unanimously to forward the TDF RFP to the Retirement Board with a recommendation for approval.

The Board reviewed and discussed the material and engaged in a question and answer session.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, seconded by Commissioner Thomas, to approve Target Date Fund Investment Manager Request for Proposal.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Stansbury

**12. 060922-12 ITEM NOT USED**

**13. 060922-13 Discussion Item Deferred Compensation Committee Report**

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

Commissioner Bridges, Chair, presented Deferred Compensation Committee Report as submitted.

At their meeting of May 26, 2022, the Deferred Compensation Committee:

- Approved the Minutes of March 30, 2022, Deferred Compensation Committee Meeting
- Forwarded the Target Date Fund Investment Manager RFP to the Retirement Board with a recommendation of approval.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

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

**14. 060922-14 Discussion Item San Francisco Deferred Compensation Plan Monthly Report**

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

Steve Moy, Deferred Compensation Program Manager, provided an update on the April 2022 Monthly Activity Report.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

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

### **ADMINISTRATION CALENDAR**

**15. 060922-15            Action Item            Election of Board President**

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

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Driscoll, seconded by Commissioner Heldfond to approve Election of Commissioner Asha Safaí as Board President.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Stansbury

**16. 060922-16            Action Item            Election of Board Vice-President**

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

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

**Action:** Moved by Commissioner Bridges, seconded by Commissioner Thomas, to approve Election of Commissioner Scott Heldfond as Board Vice-President.

Ayes: Commissioners Bridges, Driscoll, Heldfond, Safaí, Thomas

Absent: Commissioners Gandhi, Stansbury

**17. 060922-17 Discussion Item Executive Director's Report**

Documents provided to the Retirement Board prior to the current meeting: Executive Director's Report

Jay Huish, Executive Director, provided an oral and written report on the following items:

- Department Budget Update
- Supplemental COLA Letter sent to Post-July 7, 2012 Retired Members
- Charter Amendments Introduced:
  - 1) File No. 220633 Charter Amendment -Forfeiture of Pension Benefits
  - 2) File No. 220640 Charter Amendment -Retiree Supplemental Cost of Living Adjustment; Retirement Board Contract with Executive Director
- Erik Rapoport Appointed SFERS Deputy Director of Retirement Services
- Update on SFERS' Return-to-Office Plans

Attachments for Informational Purposes:

- File No. 220633 Charter Amendment -Forfeiture of Pension Benefits
- File No. 220640 Charter Amendment -Retiree Supplemental Cost of Living Adjustment;
- Retirement Board Contract with Executive Director
- Retirement Board Forward Calendar for May 2022 to May 2023
- Request for Proposal in Progress Blackout Period
- Public Retirement Conferences and Training Programs for SFERS Trustees - Nossaman LLP

Jay Huish announced that the Department Budget was approved through the Mayor's Office and Board of Supervisors and thanked them for their support.

Cecilia Mangoba, Deputy City Attorney, provided an overview of the two Charter proposals.

The Board reviewed and discussed the material and engaged in a question and answer session. Jay Huish thanked the Board and staff for their support over the years.

The Commissioners individually thanked Jay Huish for his service and leadership and wished him a well-deserved, long and healthy retirement.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

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

**18. 060922-18                      Discussion Item                      Retirement Board Member Good of the Order**

President Safaí thanked Jay Huish and Kurt Braitberg for their service and reminded a follow up from City Attorney on Charter amendments. President Safaí reminded Commissioners to meet with new CEO/CIO Alison Romano who he will swear in on Monday, June 13, 2022.

Commissioner Driscoll commented on hard work of staff processing retirees during pandemic.

President Safaí called for In-Person public comment.

No public was present, and In-Person public comment was closed.

President Safaí called for public comment Callers.

There were no callers and public comment was closed.

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

**19. 060922-19**

**Adjournment**

Having no further business, the Board adjourned the meeting at 2:05 PM