

## Divisive election for SF retirement board election highlights transparency concerns



San Francisco Employees' Retirement Board Member Herb Meiberger poses for a portrait Tuesday, January 3, 2016. (Jessica Christian/S.F. Examiner)

By Jonah Owen Lamb on January 15, 2017 1:00 am

The election for a seat on a little-known body that has power over billions of dollars in investments is getting ugly and the results could impact thousands of San Francisco pensioners, city coffers and taxpayers.

But no one knows how much money is being spent or who is paying for the campaign, which has prompted Supervisor Malia Cohen to introduce a drafting request for legislation that would require transparency in such elections.

But for now, this fight over a seat on the San Francisco Employee Retirement System will remain in the dark, even though the seven-member body — three mayoral appointees, three elected seats and one Board of Supervisors appointee — collectively vote on how more than \$20 billion in pension funds are invested.

So far, the two candidates —one a former cop and the other an incumbent and former city employee — have thrown accusations at one another in an uncommonly expensive race (almost \$50,000 has been spent so far) that has included a protest in front of the San Francisco Police Officer Association and that body's vocal support for one candidate.

Former SFERS board member and retired police officer [Al Casciato](#) said he was called on by a number of city unions to run for the seat in order to remove the incumbent, whose campaign has called him divisive and overcautious, and whose actions have already impacted the fund's bottom line.

[Herb Meiberger](#), the incumbent whose terms ends Feb. 20 and who worked for The City advising it on investing, has served on the SFERS board for 24 years, said his role has been to keep steady the finances of the fund.

Meiberger has cast his opponent as a big-spending police and fire union-backed candidate set on making riskier bets with the billions in investment dollars the retirement board controls.

Casciato's election, Meiberger added, would put all three elected board members into the hands of public safety-linked members, which in other cities has not worked out well for pensioners.

The truth, at least the facts that can be pinned down in an election for which only public employees and retirees can vote and that is not required to be transparent like elections for public office, lies somewhere in between these narratives.

This all matters to city voters because the fund's ultimate performance will be a major factor in how much The City must pay out in pensions.

The City projects a deficit of \$119 million in the next fiscal year and \$283 million in the subsequent fiscal year, which is driven largely by pensions and payroll. Those pension costs are projected to rise; by fiscal year 2021-22 The City expects to spend \$431 million in pensions, \$171 million more than previously expected.

### **The fund**

The fund was valued at \$21 billion as of fiscal year 2016-15, which is nearly \$5 billion more than it was valued at in 2011-12.

Still, several recent years of less-than-robust gains have meant increased contributions from employees and The City.

This issue of how well the fund has been performing is at the heart of this divisive election, said Patrick Monette-Shaw in a recent San Francisco Examiner opinion article on the matter.

"They're lying to frighten voters into voting for Casciato to invest more of SFERS' \$21 billion portfolio in high-risk hedge funds," the West Side Observer columnist wrote.

But not everyone is siding with Meiberger, the incumbent.

A video attacking Meiberger on the POA's website says his obstructionism has lost the fund money and cost benefits.

### **The candidates**

Meiberger claims that Casciato will put the pension funds into risky hedge funds, but the person running Casciato's campaign disagrees.

Political consultant Jim Ross, who is working on the campaign pro bono for Casciato, said it's a shoestring affair and accusations of risky investments strategies by his opponent are false.

"This is not a big effort in terms of money spent," said Ross.

Casciato told the Examiner that the campaign has spent about \$40,000 so far but would not say how much has been raised.

"I think this is an attempt by him to create a false difference," Casciato said of his opponent.

Casciato defended himself when it came to allegations of the public safety cabal.

"It's a very false argument to say that this is a public safety take over and that [public] safety will have an undue influence," said Casciato.

Meiberger, who said he's only spent about \$12,000 of his own funds for mailers, argued that his expertise far outstrips Casciato.

"There's been a lot of misinformation spread by my opponent," said Meiberger. "If we have some big hedge fund losses ... the taxpayers are going to have to cough up."

### **Election**

The election is open to the roughly 60,000 pensioners and current city employees. Voting began in mid-December.

Unlike public elections, SFERS board members are only required to file a few of the transparency filings others are, and only if they are a city employee, according to the San Francisco Ethics Commission.