



Wednesday, June 10, 2015

**1145 Market Street, 6th Floor
San Francisco, CA 94103**

1:00 p.m.

MISSION STATEMENT

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RETIREMENT BOARD MEMBERS

President

Malia Cohen

Vice President

Herb Meiberger, CFA

Commissioners

Leona Bridges

Joseph Driscoll

Victor Makras

Wendy Paskin-Jordan

Brian Stansbury

Jay Huish
Executive Director

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Sunshine Ordinance Task Force
City Hall
1 Dr Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
(415) 554-7724
by fax at (415) 554-7854
or by email at sotf@sfgov.org

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OPENING CALENDAR

President Makras called the meeting to order at 1:18 PM

Pledge of Allegiance

<input type="checkbox"/> Roll Call	Commissioner Victor Makras	1:18 PM
	Commissioner Malia Cohen	1:18 PM
	Commissioner Leona Bridges	1:18 PM
	Commissioner Joseph D. Driscoll	1:18 PM
	Commissioner Herb Meiberger, CFA	1:18 PM
	Commissioner Wendy Paskin-Jordan	1:18 PM
	Commissioner Brian Stansbury	1:18 PM

President Makras announced that he was continuing item #8 (Report on Managers Under Review), and he requested a memorandum from staff on the due diligence staff performed on Prima and an analysis of the role of the custodian in reporting. He also announced that he was continuing item #17 (Review of Demographic Experience Study for the Period July 1, 2009 to July 1, 2014), and requested that staff bring the item back over two meetings, the first for discussion only, and the second for action.

061015 Action
-01 Item

Election of Board Vice President

Documents provided to the Board prior to the current meeting: none

President Makras called for nominations for the position of Vice-President.

Commissioner Cohen nominated Commissioner Meiberger, and Commissioner Driscoll nominated Commissioner Stansbury for Vice-President.

President Makras called for public comment.

Patrick Monette-Shaw addressed the Board and spoke in support of Commissioner Meiberger for Vice President, who he felt was very thoughtful in his due diligence as a member of the Board. Mr. Monette-Shaw submitted the following written statement, which he represented was an accurate summary of his public comment:

“I speak in support of Commissioner Meiberger’s nomination for Vice President and against Commissioner Stansbury. Stansbury’s lecturing Plan beneficiaries about his parents during the February discussion on hedge funds, and his motion to reject thoughtful amendments to the hedge fund RFP on March 11, are two examples demonstrating his lack of credentials for V.P. By contrast, I’ve witnessed numerous examples of Meiberger’s thoughtful

due diligence on a number of issues, including due diligence regarding on the failed FX Concepts currency overlay hedge funds debacle, questions about fossil fuel investment divesture, questions regarding investing in hedge funds in February, and important key amendments to the hedge fund RFP in March. Since I began attending your meetings, I've ranked Commissioners' due diligence abilities, with Meiberger most effective, followed in descending order by Commissioners Bridges, Makras, Cohen, Paskin-Jordan, Driscoll, and in last place, Stansbury. You don't want dead last becoming Veep, do you?"

Sylvia Alvarez-Lynch spoke in support of the nomination of Commissioner Meiberger for Vice-President.

President Makras called for a roll call vote:

Bridges:	Meiberger
Cohen:	Meiberger
Driscoll:	Stansbury
Makras:	Meiberger
Meiberger	Meiberger
Paskin-Jordan	Stansbury
Stansbury	Stansbury

Commissioner Meiberger was elected as Vice-President.

061015 Action
-02 Item

Election of Board President

Documents provided to the Board prior to the current meeting: none

President Makras called for nominations for the position of President.

Commissioner Meiberger nominated Commissioner Cohen for President.

President Makras called for public comment.

Patrick Monette-Shaw addressed the Board and spoke in support of Commissioner Cohen as President, expressing his view that she was well qualified for the office. He submitted the following written statement, which he represented was an accurate summary of his public comment:

"I am speaking in support of the nomination of Commissioner Cohen for President of this body. Her tenure as a member of the Board of Supervisors makes her well qualified to become SFERS' Board Prez. Commissioner Cohen, however, should carefully weigh advice from your Deputy City Attorney assigned to SFERS, Ms. Katie Porter. Importantly Cohen should ignore any legal advice Ms. Porter provides that is premised on the City Attorney's so-called Good Government Guide. As I noted during your May meeting, Ethics Commissioner Peter Keane has stated in open session of

Ethics Commission meetings that the Good Government Guide carries no weight in law, which I interpret to mean it's not worth the toilet paper it is written on. Commissioner Cohen: Any advice you receive from Ms. Porter that is premised on the Good Government Guide should be taken with a grain of salt, or better yet, totally ignored."

President Makras called for a roll call vote:

Bridges:	Cohen
Cohen:	Cohen
Driscoll:	Cohen
Makras:	Cohen
Meiberger	Cohen
Paskin-Jordan	Cohen
Stansbury	Cohen

Commissioner Cohen was elected as President.

Commissioner Driscoll noted that the Board Terms of Reference generally provided for rotation of officers between elected and appointed members.

061015 Discussion **Public Comment**
-03 Item

President Cohen called for general public comment.

Patrick Monette-Shaw addressed the Board and spoke regarding the agenda item on the Executive Director's performance evaluation. He expressed his view that Mr. Huish had contributed to a lack of transparency and responsiveness at SFERS. He submitted the following written statement, which he represented was an accurate summary of his public comment:

"I'm leaving before Agenda Item 23, Executive Director Jay Huish's performance review, to attend today's Ethics Commission meeting to seek expedited review of two Ethics complaints against Commissioner Wendy Paskin-Jordan. Comically, people presume I wrote either complaint, which I didn't. Given your Public Comment guidelines I'm commenting now on Item 23. As E.D., Huish has contributed to the lack of transparency, and lack of communications, with Pension Plan beneficiaries. From a records response I received, it appears Huish never responded to a written records request Commissioner Meiberger placed involving due diligence on FX Concepts; to that extent Huish obstructed Meiberger's fiduciary due diligence duties, an egregious and grave hindrance. Additionally, there's the three-month delay of the March 11 meeting minutes Huish's staff prepares, and another concern Huish may have overridden SFERS' Commissioners instructions specifying appointees to SFERS' Hedge Fund Selection Committee. You should conclude absolutely no confidence in Mr. Huish."

Kay Walker, retiree, addressed the Board regarding investment in hedge

funds and the potential impact on retiree COLAs.

Sylvia Alvarez-Lynch congratulated President Cohen on her election. Ms. Alvarez-Lynch addressed the Board opposing any potential investment in the City's first-time homeowners' loan assistance program, noting a lack of documents and process, as well as potential discrimination against single participants.

061015- Action
04 Item

Approval of the Minutes of the May 13, 2015 Retirement Board Meeting

Documents provided to the Retirement Board prior to the current meeting:
Draft Minutes of the May 13, 2015 Retirement Board Meeting

President Cohen called for public comment.

Patrick Monette-Shaw addressed the Board and requested that the Board move his written summary of his public comment from the end of the minutes to the place in the body of the minutes where his public comment was made. He submitted the following written statement, which he represented was an accurate summary of his public comment:

“I placed a records request for the draft May 13 minutes prior to this meeting. Once again, my 150-word testimony is attached at the end of the minutes, not incorporated in the body of the minutes where my testimony belongs. When Deputy City Attorney Katie Porter answered Commissioner Cohen's request for clarification on May 13, Porter pulled out her song and dance about the City Attorney's so-called Good Government Guide. Importantly Porter noted at the end of her response to Cohen that Porter is aware that the Sunshine Task Force has repeatedly ruled that written testimony belongs in the body of the minutes. If one of you does not make a motion to order SFERS staff to revise these minutes and place my testimony where it belongs, I intend to file an official complaint with the Sunshine Ordinance Task Force, which I can guarantee you I'm certain I'll win.”

Commissioner Meiberger requested that the Minutes be amended to place the attached written summary within the body of the minutes, with the item being discussed.

Action: Moved by Commissioner Makras, Seconded by Commissioner Meiberger to Approve the Minutes of the May 13, 2015 Retirement Board Meeting as amended

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan, Stansbury

- 061015- Action **Approval of the Minutes of the March 11, 2015 Retirement Board Meeting**
05 Item

Documents provided to the Retirement Board prior to the current meeting:
Draft Minutes of the March 11, 2015 Retirement Board Meeting

Commissioner Meiberger requested that the Minutes be amended to place the attached written summaries of public comment within the body of the minutes, where the item is discussed.

Commissioner Makras requested a change to the minutes at page 19, item 8 in the amendments to the hedge fund RFP.

President Cohen called for public comment. Patrick Monette-Shaw thanked President Cohen for saving him the time and trouble of filing a Sunshine Ordinance Task Force complaint regarding where his written summaries are placed in the Board's minutes.

Action: Moved by Commissioner Makras, Seconded by Commissioner Meiberger to Approve Minutes of the March 11, 2015 Retirement Board Meeting as amended.

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan, 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.

- | | | | |
|--------------------------|--|---|--|
| <input type="checkbox"/> | 061015-06a | Action Item | Consent Calendar |
| | 061015-06b | Action Item | Voluntary Retirement Board List No. 12-14 |
| | 061015-06c | Action Item | Decisions of Hearing Officers |
| | Timothy J. Farrelly II
Effective Date: 10/1/13 | Q4 Police Officer III
Police | Industrial Disability Retirement
Granted |
| | Cris N. Logia, Jr.
(Deceased – 2/20/15)
Effective Date:
4/30/11 | 7252 Chief Stationary Engineer
PUC-Clean Water | Ordinary Disability Retirement
Granted |

Lawanda J. Marrero 2585 Health Worker I Ordinary Disability Retirement
Effective Date: 12/1/12 DPH-CMHS Denied

Steven P. Rascon H2 Firefighter Industrial Disability Retirement
Effective Date: 3/10/12 Fire Granted

Ramon A. Useda 8214 Parking Control Officer Ordinary Disability Retirement
Effective Date: 5/1/13 MTA Denied

061015-06d Action Item **Petition for Rehearing**

Lawanda J. Marrero 2585 Health Worker I Ordinary Disability Retirement
Effective Date: 12/1/12 DPH-CMHS Denied

061015-06e Action Item **Request Travel Approval for Commissioner**

Documents provided to the Retirement Board prior to the current meeting: Voluntary Retirement Board List, Hearing Officer Decisions, Travel Requests, Agenda

President Cohen called for public comment.

There was none.

Action: Moved by Commissioner Meiberger, Seconded by Commissioner Makras to Approve the Consent Calendar.

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan, Stansbury

INVESTMENT CALENDAR

061015-07 Discussion Item **Report on Investment Performance of the Retirement Fund for the Quarter Ended March 31, 2015**

Documents provided to the Board prior to the current meeting: Staff memorandum and Consultant Report

William J. Coaker, Jr., Chief Investment Officer, and Leslie Kautz, Angeles Investment Advisors, presented an oral and written report on this item.

Mr. Coaker noted that this would be Angeles Investment Advisors last presentation as the Board's General Investment consultant and expressed his appreciation for their efforts on behalf of the Board.

Mr. Coaker reported that for the quarter ended March 31, 2015, the Retirement Fund was valued at \$20.3 billion, providing a net of fees total return of +2.41% for the quarter and +2.72% for the Fiscal Year to date. Performance was ahead of the Policy Index by 12 basis points, led by gains within international equity and private equity.

Commissioner Meiberger discussed the underperformance of public equities relative to their benchmark and lessons to be learned from this experience. He asked Ms. Kautz for recommendations on how the Board could improve its manager selection process. Ms. Kautz recommended the development of a more nimble search process.

Commissioner Meiberger noted that Prima Asset Management had performed above their benchmark but had been placed on the watch list. Ms. Kautz noted that this was due in part to a benchmark mismatch, but agreed Prima's performance exceeded its benchmark. She noted that Prima was placed under review for reasons other than performance.

President Cohen called for public comment.

There was none.

Action: This was a discussion only item

061015-08 Discussion Item

Report on Managers Under Review

Documents provided to the Board prior to the current meeting: Staff memorandum and Consultant Report

This item was continued.

□ 061015-09 Discussion Item **Report on the Performance of Private Equity Portfolio for the Period Ended December 31, 2014**

Documents provided to the Board prior to the current meeting: Staff memorandum and Consultant Report

William J. Coaker, Jr., Chief Investment Officer, Glen Schwartz, Senior Investment Officer, and Kara King and David Fann, TorreyCove (Board Private Equity consultant), presented an oral and written report on this item.

Ms. King reported that as of December 31, 2014 the reported valued of the Private Equity portfolio was \$2.2 billion (11.2% of the total Fund). The target allocation is 18% of total pension assets.

During calendar year 2014, 25 funds totaling \$1.09 billion were approved by the Board and 23 funds totaling \$924.5 million closed. As of July 1, 2014, 17 energy focused funds were moved from the private equity portfolio to the real assets portfolio. Therefore, the current private equity report no longer includes performance related to these funds.

Commissioner Paskin-Jordan requested clarification of the benchmark for the 10 year performance data, Mr. Fann confirmed that it was S&P plus 500 basis points.

Commissioner Driscoll discussed the commitment rate, and if the assumed rate of return used by the Board was based on being fully allocated. Mr. Fann noted that manager selection will be key going forward in the allocation process.

Commissioner Stansbury inquired regarding comparing SFERS to other successful public plan private equity programs. Mr. Fann noted that SFERS is heavy in venture capital compared to other programs, which is partially due to proximity to Silicon Valley.

Commissioner Meiberger and Commissioner Makras requested that the report identify specific funds by name.

President Cohen called for public comment.

There was none.

Action: This was a discussion only item

061015-10 Action Item

Approval to commit up to €100 million in European Property Investors Special Opportunities IV, L.P.

Documents provided to the Board prior to the current meeting: Staff and Consultant memoranda

William J. Coaker, Jr., Chief Investment Officer, Peter Lin, Security Analyst, and Craig Beach, Cambridge Associates, presented an oral and written report on this item.

Mr. Lin reported that Tristan Capital Partners LLP (“Tristan”) is currently raising European Property Investors Special Opportunities IV, L.P. to pursue value-add, mid-market real estate opportunities in Western, Southern, and Central Europe. Tristan follows a top-down approach to identifying attractive markets and investment cycles, then utilizes its strong network of operating, banking, and developing partners to source individual investment opportunities. Tristan combines its deep market knowledge with conservative underwriting to select undermanaged, capital starved or impaired assets where they can inject capital and implement a management plan to unlock value. While Tristan relies on its operating partners to manage the assets, it retains control of the management strategy and works closely with each operator to ensure their interests are aligned and the execution of the operating strategy is successful.

Fund IV has the potential to be an accretive addition to SFERS’ existing real estate partnerships. The majority of SFERS’ real estate partnerships are predominantly focused in the United States. The Real Assets team’s long-term objective with the real estate portfolio is to be more reflective of the global investment opportunity set. Exposure to European real estate is significantly under-represented in SFERS’ real estate portfolio. Fund IV will be the second Europe-focused real estate strategy for SFERS. Tristan’s investment strategy, its value-add European focus, and its consistent track record would be highly complementary to SFERS’ real estate portfolio.

Commissioner Driscoll inquired regarding the performance of Fund III. Mr. Lin confirmed that he had conducted due diligence on the fund, which included a review of materials related to Fund III.

Commissioner Meiberger inquired regarding the relative valuation of European real estate. Mr. Beach noted that European real estate is comparable to U.S. gateway city valuations.

President Cohen called for public comment.

There was none.

Action: Moved by Commissioner Meiberger, Seconded by Commissioner Bridges to Approve commitment of up to €100 million in European Property Investors Special Opportunities IV, L.P.

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan, Stansbury

061015-11 Action Item

Approval to commit up to \$50 million to Westbrook Real Estate Fund X, L.P.

Documents provided to the Board prior to the current meeting: Staff and Consultant memoranda

William J. Coaker, Jr., Chief Investment Officer, Peter Lin, Security Analyst for Real Assets, and Craig Beach, Cambridge Associates, presented an oral and written report on this item.

Mr. Lin reported that the Westbrook Group is raising its eleventh opportunistic real estate fund, Westbrook Real Estate Fund X, L.P., to target investment opportunities primarily in twelve global gateway markets. Westbrook seeks to invest approximately 50% of the Fund's commitments in the U.S., 40% in Western Europe, and less than 10% in Japan. Consistent with prior funds, Westbrook intends to assemble a well-diversified portfolio of fifty to seventy investments for Fund X, each targeting transaction sizes of \$25 to \$75 million in equity. To generate the Fund's target returns of 12% net IRR and 1.5x net multiple, Westbrook will focus on acquiring real estate assets at below replacement cost and maximizing net-operating-income through active

asset management. Westbrook places high emphasis on maintaining optimal flexibility and managing downside risks during times of market distress. As such, Westbrook will typically utilize moderate levels of leverage on assets with current income and minimal financing on properties undergoing their value-creation phase. The average LTV ratio on Westbrook's track record since 2009 has been 28% and is expected to continue to be so for Fund X's as well.

Commissioner Makras requested that future reports include where real estate manager offices are located (resources on the ground).

President Cohen called for public comment.

There was none.

Action: Moved by Commissioner Meiberger, Seconded by Commissioner Makras to Approve commitment of up to \$50 million to Westbrook Real Estate Fund X, L.P.

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan, Stansbury

061015-12 Action Item

Approval to commit up to \$75 million to TA Associates XII L.P.

Documents provided to the Board prior to the current meeting: Staff and Consultant memoranda

William J. Coaker, Jr., Chief Investment Officer, Glen Schwartz, Senior Investment Officer, and Anita Ng, Cambridge Associates, presented an oral and written report on this item.

Mr. Schwartz reported that TA Associates is seeking commitments for TA Associates XII L.P. ("TA XII"). TA XII will make control-oriented buyout and growth equity investments on a global basis. TA Associates is targeting total capital commitments of \$4 billion for TA XII with a first close scheduled in June 2015.

TA Associates is organizing its twelfth institutional private equity fund, TA XII, L.P. while simultaneously raising its fourth subordinated debt

fund, TA Subordinated Debt Fund IV, L.P. TA XII is targeting total capital commitments of \$4.0 billion, with an expected close scheduled for late June 2015. Similar to its predecessor fund, TA XII will seek to originate investments primarily in profitable, fast growing companies with solid management teams, where TA can be the first institutional investor, lead investor, or lead director. Investments will range from high-growth technology companies to management buyouts in sectors such as technology, consumer products, and healthcare services. Meanwhile, the TA Subordinated Debt Fund IV will participate in many of the Firm's management buyout transactions as it will invest in deals that are primarily "captive" to TA, investing alongside the equity provided by the TA-managed funds.

SFERS has previously made aggregate commitments of \$135 million to seven TA Associates sponsored funds, including two TA Sub-Debt funds. From inception through December 2014, SFERS' investments in these TA funds have performed well, achieving a 1.8x multiple on invested capital as calculated by TorreyCove Capital Partners.

This investment will be placed in the Buyout segment of the Private Equity Portfolio. This will be San Francisco Employees' Retirement System's eighth fund commitment across a series of TA Associates private market funds.

President Cohen called for public comment.

There was none.

Action: Moved by Commissioner Makras, Seconded by Commissioner Meiberger to approve commitment of up to \$75 million to TA Associates XII L.P.

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan, Stansbury

- 061015-13 Discussion Item **Update on Level I of the Social Investment Policies and Procedures – 2015 Proxy Voting Season**

Documents provided to the Board prior to the current meeting: Staff memorandum

Jay Huish, Executive Director, William J. Coaker, Jr., Chief Investment Officer, and Bob Shaw, Managing Director for Public Markets, presented an oral and written report on this item.

Mr. Shaw reported that at its February 19, 2014 special board meeting, the Retirement Board requested that staff provide an update on fossil fuel related proxy voting items as they relate to Level I (Shareholder Voting) as outlined in the Social Investment Procedures that were adopted by the Board.

As of May 26, 2015, SFERS is aware of 22 shareholder proxy proposals in the area of fossil fuels. These proposals fall generally into the following areas:

- Report on Plan to Address Stranded Carbon Asset Risk;
- Report on Methane Gas Emissions;
- Report on Carbon Dioxide Reduction Goals and
- Report on Capital Expenditure Strategy with Respect to Climate Change Policy.

Analysis from Institutional Shareholder Services (“ISS”), SFERS’ proxy consultant, has been received on each of the proposals – with a recommendation to vote “For” in 19 of the 22 cases. Mr. Shaw reviewed the proposals where an “Against” vote had been recommended:

- ConocoPhillips – Remove or Adjust Reserve Metrics used for Executive Compensation.
- Chevron Corporation – Increase Return of Capital to Shareholders in Light of Climate Change Risk.
- Chevron Corporation – Adopt Quantitative Greenhouse Gas Goals for Products and Operations.
- Exxon Mobil Corporation – Adopt Quantitative Greenhouse Gas Goals for Products and Operations.

President Cohen called for public comment.

Jeremy Pollack, Fossil Free SF, noted that the proxy reports are after the fact, do not provide time for Board consideration and action in advance of the proxy vote, and urged greater focus in the Level II engagement or Level III divestment from the “worst of the worst” carbon companies.

Marguerite Young, SEIU Capital Stewardship Program, noted that proxy information, including identification of sponsors, is available in advance of scheduled proxy votes from multiple sources.

Commissioner Stansbury requested that future proxy reports indicate which specific fossil fuel related proxies were adopted following the scheduled vote.

Commissioner Meiberger requested that the reports identify the source of proxy proposals, particularly those initiated by public pension funds.

Commissioner Cohen discussed the process for providing the Board with information in advance of scheduled proxy vote. Mr. Shaw reported that ISS is being invited to meet with the Board in an informational session to discuss their review process and related issues.

Mr. Huish noted that staff can provide the Board with notice of pending fossil fuel related proxies in advance of a formal ISS analysis or actual vote on the proxy.

Commissioner Makras noted the need to act in a timely manner on pending proxies.

Commissioner Meiberger requested at staff forward proxy proposals to the Board as they become available.

Mr. Huish agreed to schedule an informational session with ISS. He noted that ISS had appeared before the Board earlier in the year, when the Board approved proxy voting policies for 2015.

Action: This was a discussion only item

061015-14 Action Item

Discussion and possible action regarding potential investment with the Mayor's Office of Housing

Down Payment Assistance Loan Program

Documents provided to the Board prior to the current meeting: None

Commissioner Cohen requested that staff conduct due diligence on a possible investment of up to \$125 million in the MOH Down Payment Loan Assistance Program, looking at various investment structures and a reasonable rate of return, and report back to the Board at the July meeting.

Commissioner Driscoll requested that any staff analysis define the target rate of return, as the proposed investment appears to be a highly illiquid asset requiring a higher rate of return.

Commissioner Makras noted that at this point the Board was taking no action other than a directive to staff to conduct appropriate due diligence.

Commissioner Meiberger recommended that the due diligence include a “competitive rate of return”, and inquired if any analysis from staff was currently available.

Mr. Huish noted that there was no staff analysis or recommendation at this point, only data on underlying mortgages that has been received from the Mayor’s Office of Housing.

Commissioner Paskin-Jordan inquired as to what would be the next steps.

Mr. Huish reported that staff will need additional information on the structure of the proposed investment from the Mayor’s Office of Housing; staff will be scheduling a meeting with the Mayor’s Office of Housing to discuss what information would be required to complete a due diligence analysis.

Commissioner Stansbury noted that due diligence would require careful analysis and possibly additional staff resources.

Commissioner Makras noted that staff should be given an opportunity to complete their due diligence process before the Board discusses the proposal.

Commissioner Paskin-Jordan left the meeting from

3:50 to 3:53 PM. and Commissioner Stansbury left meeting at 4:10 PM and returned at 4:15 PM.

President Cohen called for public comment.

Patrick Monette-Shaw addressed the Board about the Mayor's Office Housing, which he said had not been responsive to his public records requests. He noted his concerns about the potential investment. He submitted the following written statement, which he represented was an accurate summary of his public comment:

The two PDF files Norm Nickens provided me of MOHCD re-paid vs. outstanding loans show the vast majority of MOHCD loans issued are for BMR units. MOHCD reportedly claims loans funded by SFERS' Pension fund will focus on market-rate units that might provide an effective return on investment. This Board should require MOHCD make an in-person formal presentation before you vote to invest our funds in MOHCD's DALP scheme. Any "deal" struck with MOHCD must negotiate that MOHCD will **NOT** have sole discretion on how SFERS' funds can be used. The joint press release Mayor Lee and Commissioner Cohen suddenly issued today is both premature and riddled with factual errors, including falsely asserting a "loss rate" less than 1%; of 157 repaid loans, 12 (7.6%) returned zero to the City's share in appreciation. The two PDF files total only 548 of MOHCD's 1,000 DALP loans, styming effective due diligence analyses.

Sylvia Alvarez-Lynch spoke in opposition to the proposal, stated that it was not possible for staff to complete a thorough analysis by the July meeting, and that the Mayor's Office should consider other alternatives for funding.

Herb Weiner, retiree, spoke in opposition to the proposal. He noted a lack of documentation for the proposal, and that it opens the door to future similar actions. He recommended that the Mayor's Office of Housing consider other alternatives for funding.

Kay Walker, retiree, spoke in opposition to the proposal, noted the lack of documents, that real estate market are unstable, and any housing proposal in San Francisco should focus on below market rate housing.

Claire Zvanski, RECCSF, noted the lack of specifics and details on the proposal; and that returns will likely

not meet investment policy. In her view, SFERS should invest in its own headquarters building. She noted that in addition to retiree concerns, active employees are concerned with potential impact of this investment on their contribution rates.

Commissioner Paskin-Jordan noted that staff will conduct a full due diligence analysis on the proposal.

Commissioner Driscoll noted that the Board may need to be flexible on the date for Board consideration of the proposed investment if staff needs more time for a full analysis.

Action: This was a discussion only item.

The Board took a recess from 4:03 to 4:15 PM.

061015-15 Discussion Item **Chief Investment Officer Report**

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

William J. Coaker, Jr., Chief Investment Officer, presented an oral and written report on this item.

Mr. Coaker reported that the Plan was valued at \$20.6 billion as of May 29, 2015. With one month remaining in this fiscal year, the System's investments have returned 4.40% fiscal year-to-date. Asset classes that have done well include U.S. Equities (8.37%), Private Equity (16.18%), and Real Assets (7.58%). Segments that have lagged include International Equities (-1.73%) and Fixed Income (2.24%).

Commissioner Makras joined the meeting at 4:21 PM.

Closed session disclosures:

Shoreline China Value Fund III

At its meeting on May 13, 2015, the Retirement Board approved in closed session an investment of up to \$25 million in Shoreline China Value Fund III, L.P. ("Fund III"). The investment was approved by the following vote:

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan

Absent: Stansbury

SFERS' \$22.5 million investment in Fund III closed on May 13, 2015.

Benjamin Fanger and Xiaolin Zhang cofounded Shoreline Capital in 2004. The firm is headquartered in Guangzhou, China and has an investor relations office in Los Gatos, CA.

More information about Shoreline Capital is available on www.shoreline-capital.com.

SBCVC Fund V, L.P.

At its meeting on February 11, 2015, the Retirement Board approved in closed session an investment of up to \$25 million in SBCVC Fund V, L.P. The investment was approved by the following vote:

Ayes: Makras, Cohen, Bridges, Driscoll, Paskin-Jordan, and Stansbury

Absent: Meiberger

SFERS' investment of \$25 million in SBCVC Fund V, L.P. closed on May 20, 2015.

This investment is classified as venture capital investment within SFERS' private equity portfolio and is SFERS' first investment with SB China Capital.

More information about SB China Capital is available on <http://english.sbcvc.com>.

Pelion Ventures VI, L.P.

At its meeting on April 8, 2015, the Retirement Board approved in closed session an investment of up to \$25 million in Pelion Ventures VI, L.P. The investment was approved by the following vote:

Ayes: Bridges, Cohen, Driscoll, Meiberger, Paskin-Jordan, Stansbury

Absent: Makras

SFERS' investment of \$25 million in Pelion Ventures VI, L.P. closed on May 1, 2015.

This investment is classified as a venture capital investment within SFERS' private equity portfolio and

is SFERS' first investment with Pelion Venture Partners.

More information about Pelion Venture Partners is available on <http://pelionvp.com/>.

President Cohen called for public comment.

There was none.

This was a discussion only item

DEFERRED COMPENSATION PLAN CALENDAR

- 061015-16 Discussion Item **SFDCP Manager Report**
- Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum and Report
Caryn Bortnick, Deputy Director and Interim Deferred Compensation Manager, presented an oral and written report on this item.
- Ms. Bortnick provided an update on the following:
- Monthly Activity Report
- Jay Huish, Executive Director, noted the increase in the number of participants over that last year.
- Commissioner Stansbury requested an update on recently adopted Gillmore debt provisions, and on the recently adopted SFDCP loan provisions.
- President Cohen called for public comment.
- There were no comments from the public.
- Action: This was a discussion only item

ADMINISTRATION CALENDAR

- 061015-17 Action Item **Review of Demographic Experience Study for the Period July 1, 2009 to July 1, 2014**

Documents provided to the Board prior to the current meeting: Staff memorandum and Consultant Report
This item was continued.

061015-18 Action Item

Declaration of Vacancy on the Board and Adoption of Election Procedures and Timelines

Documents provided to the Board prior to the current meeting: Draft election schedule and materials

Jay Huish, Executive Director, presented an oral and written report on this item.

On February 20, 2016 Commissioner Driscoll will complete his term of office. Pursuant to the provisions of Administrative Code Section 16.550 the Retirement Board is required to declare that a vacancy will occur and establish a schedule for the election of a Retirement Board member for the five-year term commencing February 21, 2016.

The Board was presented a tentative schedule showing the dates required by the Administrative Code, subject to approval by the Department of Elections which will administer the election process.

President Cohen called for public comment.

There were no comments from the public.

Action: Moved by Commissioner Meiberger, Seconded by Commissioner Stansbury to Approve declaration of vacancy on Board and election procedures and timelines

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan, Stansbury

061015-19

Item not used

061015-20 Discussion Item **Executive Director's Report**

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

Administrative Update:

- The Deferred Compensation Committee will meet at 2:00 PM, Wednesday, June 17, 2015
- The Investment Committee will meet at 1:00 PM, Wednesday, July 1, 2015.
- SFERS received 3 proposals on the Board Governance Consulting Services RFP.

Attachments for Informational Purposes:

The Cortex Report of Educational Opportunities
Blackout Period List
Forward Calendar

President Cohen called for public comment.

There were no comments from the public.

Action: This was a discussion only item

061015-21 Discussion Item **Retirement Board Member Good of the Order**

Documents provided to the Board prior to the current meeting: none

Commissioner Meiberger commended Commissioner Makras for his service as Board President.

President Cohen called for public comment.

There were no comments from the public.

Action: This was a discussion only item

- 061015-22 Discussion Item **Retirement Board Member Reports and Comments**

Report by Commissioner Wendy Paskin-Jordan on her attendance at the 2015 Blackstone Capital Partners Limited Partners Conference, May 6-8, 2015, New York, NY

Documents provided to the Board prior to the current meeting: Conference report

Commissioner Paskin-Jordan reported on her attendance at the 2015 Blackstone Capital Partners Limited Partners Conference, May 6 – 8, 2015 in New York, NY.

President Cohen called for public comment.

There were no comments from the public.

Action: This was a discussion only item

CLOSED SESSION

- 061015-23 Action Item Public comment, including on whether the Board should assert the attorney-client privilege and enter closed session for item (b) below.

President Cohen called for public comment on the closed session. There were no comments from the public.

Vote whether to assert the attorney-client privilege for item (b) and whether to enter closed session for items (a), (b) and (c) (Action).

Action: Moved by Commissioner Meiberger, Seconded by Commissioner Makras to assert the attorney-client privilege for item (b) and enter closed session for items (a), (b) and (c).

Ayes: Bridges, Cohen, Driscoll, Makras, Meiberger, Stansbury

Absent: Paskin-Jordan

The Board entered closed session at 4:42 PM.
Commissioner Paskin-Jordan joined the meeting at

4:45 PM.

b) Conference with Legal Counsel under Government Code Section 54956.9(d)(4) and San Francisco Administrative Code Section 67.10(d)(2) - Anticipated litigation as plaintiff. Number of potential cases: one. (Discussion and Possible Action)

The following individuals were present for closed session on item (b): Commissioners Bridges, Cohen, Driscoll, Makras, Meiberger, Paskin-Jordan, Stansbury; Jay Huish, Executive Director; Caryn Bortnick, Deputy Director; Katie Porter, William Lin and Tran Ly, Deputy City Attorneys; Ronald Flynn, Chief Deputy City Attorney; Avi Josefson, partner, and Tony Gelderman, counsel, at Bernstein, Litowitz, Berger & Grossman; and Norm Nickens, Board Secretary.

a) Recommendations and Possible Action on Purchases of Particular, Specific Pension Fund Investments under California Government Code Section 54956.81 (2 investment recommendations) (Discussion and Possible Action)

Commissioner Makras left the meeting at 5:35 PM.

The following individuals were present for closed session on item (a): Commissioners Bridges, Cohen, Driscoll, Meiberger, Paskin-Jordan, Stansbury; Jay Huish, Executive Director; Caryn Bortnick, Deputy Director; William J. Coaker, Chief Investment Officer; Bob Shaw, Managing Director for Public Markets; Eunice McHugh, Senior Portfolio Manager; Peter Lin, Securities Analyst; Katie Porter, William Lin and Tran Ly, Deputy City Attorneys; Norm Nickens, Board Secretary; and Anita Ng, Cambridge Associates.

c) Public Employee Performance Evaluation Executive Director Jay Huish: California Government Code Section 54957(b), San Francisco Administrative Code Section 67.10(b).

This item was continued.

The Board returned to open session at 5:54 PM.

Moved by Commissioner Stansbury, Seconded by Commissioner Bridges not to disclose discussions held in closed session.

Ayes: Bridges, Cohen, Driscoll, Meiberger, Paskin-Jordan, Stansbury

Absent: Makras

061015-24

Adjournment

Having no further business, the Board adjourned the meeting at 5:55 PM.

Respectfully submitted,
Jay Huish, Executive Director