



SFERS
San Francisco Employees' Retirement System

**City and County of San Francisco
Employees' Retirement System
RETIREMENT BOARD MEETING
MINUTES**

Wednesday, March 13, 2019

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

1:00 p.m.

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 3:30 PM.

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

President

Brian Stansbury

Vice President

Wendy Paskin-Jordan

Commissioners

Leona Bridges

Carmen Chu

Al Casciato

Joseph Driscoll

Ahsha Safai

Executive Director

Jay Huish

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Sunshine Ordinance Task Force
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OPENING CALENDAR

1. Pledge of Allegiance

2. Roll Call

Commissioner Leona Bridges	1:00 PM
Commissioner Al Casciato	1:00 PM
Commissioner Carmen Chu	1:00 PM
Commissioner Driscoll	1:00 PM
Vice President Wendy Paskin-Jordan	2:40 PM
Commissioner Ahsha Safaí	2:00 PM
President Brian Stansbury	1:00 PM

3. 031319-03 Action Item CLOSED SESSION

President Stansbury called for public comment on whether the Retirement Board should go into Closed Session

There were no comments and public comment was closed.

The Board entered closed session at 1:00 PM

The following individuals were present for the closed session: Commissioners Bridges , Casciato, Chu, Driscoll, Paskin-Jordan, Safaí, Stansbury; Jay Huish, Executive Director; William J. Coaker, Chief Investment Officer; Kurt Braitberg, Managing Director, Public Markets; David Francl, Managing Director, Absolute Returns, Anna Langs, Managing Director of Asset Allocation, Risk Management, and Innovative Solutions; Tanya Kemp, Interim Managing Director for Private Markets; Andrew Collins, Director of ESG Investing; Victoria Owens, Ed Comerford, Justin Lo, Bo Williamson, Han Pham, Chris Chow, Eunice McHugh, Senior Portfolio Managers; Cynthia Wong, Alo Martins, Dennis Esselsagoe, Kien Trinh, Luke Angus, Security Analysts; Anil Goteti, Sean Kim, Investment Fellows; Karen Perez, Investment Management Assistant; Darlene Armanino, Board Secretary; Robert Bryan, Molly Nordale, Deputy City Attorneys; Kelly Jensen, Anita Ng, Brendan Kinnane, Scott Martin, Cambridge Associates; Allan Martin, NEPC.

Possible Recommendation and/or Action on Sale and Purchase of Particular, Specific Pension Fund Investment under California Government Code Section 54956.81 (7 investments).

Closed session ended at 4:00 PM

Meeting recessed from 4:00 PM to 4:25 PM

The Board returned to open session at 4:25 PM

Action: Moved by Commissioner Driscoll, seconded by Commissioner Chu, not to disclose discussions held in closed session under San Francisco Administrative Code Section 67.12(a).

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Paskin-Jordan, Safaí, Stansbury

4. 031319-04 General Public Comment - Not earlier than 3:30 PM

President Stansbury called for General Public Comment.

John Stinson, member of pension fund, spoke about investment strategy.

Herbert Weiner, City Retiree, spoke of his concerns about stable and reliable investments with good returns.

There were no further comments and General Public Comment was closed.

5. 031319-05 Action Item Approval of the Minutes of the February 13, 2019 Meeting

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the February 13, 2019 Retirement Board Meeting

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: Moved by Commissioner Casciato, seconded by Commissioner Bridges to approve the Minutes of the February 13, 2019 meeting.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Paskin-Jordan, Safaí, 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.

6. 031319-06a Action Item Consent Calendar

031319-06b Action Item Voluntary Retirement Board List No. 9-18

031319-06c	Action Item	Decisions of Hearing Officers
Kevin M. Cleary Effective Date: 2/25/17	0382 Inspector III Police	Industrial Disability Retirement Granted
Michelle N. Estrada Effective Date: 10/3/17	H3 EMT/Paramedic/Firefighter Fire	Industrial Disability Retirement Granted
Paul C. Peterson Effective Date: 1/20/17	8550 Dist. Attorney's Investigator (SFERS) District Attorney	Industrial Disability Retirement Denied
James J. Schrick Effective Date: 12/1/11	H2 Firefighter Fire	Industrial Disability Retirement Granted
Oscar J. Taylor Effective Date: PERS	8304 Deputy Sheriff Sheriff	Cal-PERS - Disability Retirement Denied
Keith L. Wong Effective Date: 11/1/11	H2 Firefighter Fire	Industrial Disability Retirement Granted
031319-06d	Action Item	Travel Requests
031319-06e	Discussion Item	Retirement Board Member Reports and Comments

Action: This is a discussion only item.

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

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: Moved by Commissioner Casciato, seconded by Commissioner Chu to approve the Consent Calendar.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Paskin-Jordan, Safaí, Stansbury

INVESTMENT CALENDAR

7. 031319-07 Discussion Item Report on Investment Performance of the Retirement Fund for the Quarter Ended December 31, 2018

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

Kurt Braitberg, Managing Director, Public Fixed Income, and Allan Martin, NEPC, presented an oral and written report on this item.

For the quarter ended December 31, 2018, the Retirement Fund was valued at \$24.0 billion. The net of fee total returns for the quarter and the calendar year were -4.4% and 1.4%, respectively. NEPC's Investment Performance Analysis report provides a detailed review of the market environment as well as risk and return information at the Total Fund, Asset Class, and Investment Manager levels.

Allan Martin, NEPC, reported on investment performance of the Retirement Fund for the Quarter ended December 31, 2018. Mr. Martin commented that for comparison purposes only, if SFERS had been invested in a 60/40 portfolio over the last five years instead of current investment strategy, SFERS Trust would have a market value of \$19 billion versus its current market value of \$24 billion – a market earnings loss of \$5 billion dollars.

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

Commissioner Driscoll thanked Mr. Martin for the positive investment information but pointed out that SFERS' main objective is to achieve the assumed rate of return – 7.4% - which SFERS did not achieve for Calendar Year 2018. Mr. Martin agreed that the primary goal of SFERS' investment strategy is to generate a sufficient return to amortize the liabilities which we have achieved over the past five and ten-year periods. Mr. Martin reported that SFERS still has a chance to achieve a 7% return for the Plan Year which ends June 30, 2019.

Commissioner Stansbury asked Mr. Martin to highlight how changes in asset allocation have influenced SFERS' investment success. Mr. Martin referred the Board to page 28 of his presentation. Mr. Stansbury asked Mr. Martin to confirm that our investments in Absolute Return has positively impacted our investment returns over this period, and had we not done that we would have earned less money. Mr. Martin confirmed that to be true.

President Stansbury called for public comment.

John Stinson recommended the best investment would be 40% stock, 40% bonds and 20% cash with allocation in the global recession.

There were no further comments and public comment was closed.

Action: This is a discussion only item.

8. 031319-08 Discussion Item Risk Management: Strategic Asset Allocation Review

Documents provided to the Retirement Board prior to the current meeting: SFERS Strategic Asset Allocation Review Presentation

Anna Langs, Managing Director, Asset Allocation, Risk Management, Innovative Solutions, presented an oral and written report on this item.

Ms. Langs reported that Strategic Asset Allocation Review analyzes capital and risk attributions for SFERS current actual and target asset allocations, reviewing four key factors contributing to Total Plan Risk and examines expected 10-year return distributions for each asset class, current actual portfolio, SFERS target asset allocation, and 70/30 portfolio (70% allocation to MSCI ACWI and 30% allocation to Bloomberg Barclays U.S. Aggregate Index). Further analyzes these portfolios vs. efficient frontier under mid-term (5-7 years) and long-term (30 years) capital market assumptions.

SFERS allocations to Private Equity, Real Assets, and Absolute Return are close to target. Allocation to Private Credit expected to take another 3-4 years to reach target. Liquidity needs to fund private markets will be met by reducing allocations to Liquid Credit and Public Equity.

SFERS Target Asset Allocation captures most of the upside of 70/30 while providing better expected returns and significant downside protection.

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

Commissioner Paskin-Jordan left the meeting at 5:30 pm.

Commissioner Driscoll pointed out there are numbers in the presentation that would suggest that the 70/30 portfolio would produce a higher return, however, he feels the Board's decision should be to pursue the average return with the highest probability of achieving it. CIO Coaker agreed.

President Stansbury called for public comment.

John Stinson spoke in opposition to investments in Hedge Funds.

There were no comments and public comment was closed.

Action: This is a discussion only item.

President Stansbury called Item Nos. 17, 10, 11, 15, 12, 13, 14, 18, 9, 19

17. 031319-17 Action Item Review and Approval of Pension Adjustment for Melonee Alvarez

Documents provided to the Retirement Board prior to the current meeting: Staff and City Attorney Memoranda

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

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: Moved by Commissioner Casciato, seconded by Commissioner Chu to approve pension adjustment for Melonee Alvarez.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Safaí, Stansbury

Absent: Commissioner Paskin-Jordan

10. 031319-10 Action Item Approval of Hire Recommendation for Proxy Services

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

Kurt Braitberg, Managing Director, Public Markets, and Andrew Collins, Director of ESG Investing, presented an oral and written report on this item.

Mr. Braitberg reported that at the November 14, 2018 meeting SFERS approved the issuance and advertisement of a Proxy Voting Services Request for Proposal.

The RFP was issued on December 3, 2018.

By the deadline for submission indicated in the RFP, SFERS received responses from the following organizations:

- Institutional Shareholder Services Inc. ("ISS"); and
- Glass Lewis & Co. ("Glass Lewis")

Mr. Collins reported that SFERS relies on the Proxy provider, not only to execute votes in companies where SFERS is the shareholder, but also to provide insights and recommendations through reports and analytics. The proxy provider also provides SFERS staff with research on corporate ESG issues.

Mr. Collins reported that ISS and Glass Lewis are the two leading providers of proxy research and voting services globally. Combined they form a near duopoly, with ISS having approximately 60% market share and Glass Lewis having approximately 37% market share.

Staff focused on understanding the following four aspects of each firm and its service offerings:

1. Does the firm have a stable ownership structure, superior customer service, and a clear commitment to its proxy service business unit;
2. Can the firm provide high quality proxy voting research to SFERS, execute on voting instructions without error, and deliver compelling analytical reports;
3. Does the firm avoid conflicts of interest and have strong controls and compliance procedures in place; and
4. Does the firm offer a competitive fee structure for services SFERS requires?

After conducting its due diligence Staff recommended that Glass Lewis & Co be engaged as the proxy voting services consultant. Staff made this recommendation based on the following:

1. Staff believes that Glass Lewis demonstrates a strong commitment to its proxy voting services business segment;
2. Staff believes that Glass Lewis, headquartered in San Francisco, can offer SFERS highly responsive customer service; and
3. Glass Lewis offered the lowest overall fee structure for the services required by SFERS.

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

Commissioner Bridges asked if there were any major failures by ISS in the services they provided in the past. Mr. Andrews responded that staff was completely satisfied with the services that ISS had provided to SFERS under their existing agreement.

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: Moved by Commissioner Casciato, seconded by Commissioner Bridges to approve the engagement of Glass Lewis & Co. as SFERS' Proxy Voting Services Consultant.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Safaí, Stansbury

Absent: Commissioner Paskin-Jordan

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| 11. 031319-11 | Action Item | Recommendation to Terminate DFA US Small Cap Value Trust, Terminate DFA Small Company Portfolio, and to Convert Russell 2000 Growth to Russell 2000 Core |
|----------------------|--------------------|---|

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

Kurt Braitberg, Managing Director, Public Markets, presented an oral and written report on this item.

Staff reported that these recommendations are part of Staff's ongoing efforts to reshape the public equity portfolio as detailed in the strategic investment plan in May 2018 and the change in asset allocation (target for public equity declined from 40% to 31%) in November 2017.

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

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: Moved by Commissioner Chu, seconded by Commissioner Casciato, to adopt the following motions:

- the Retirement Board of the San Francisco Employees' Retirement System terminate the DFA US Small Cap Value Trust.
- the Retirement Board of the San Francisco Employees' Retirement System terminate the DFA International Small Company Portfolio.
- the Retirement Board of the San Francisco Employees' Retirement System convert the investment in the Russell 2000 Growth Index to the Russell 2000 (Core) Index.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Safai, Stansbury

Absent: Commissioner Paskin-Jordan

15. 031319-15 Action Item Presentation of the June 30, 2018 GASB 67/68 Report

Documents provided to the Retirement Board prior to the current meeting: Cheiron's GASB 67/68 Report as of June 30, 2018

Janet Brazelton, Actuarial Services Coordinator, presented an oral and written report on this item.

Ms. Brazelton stated that SFERS must report financial information in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. Key schedules from this GASB 67/68 Report will appear in both SFERS' audited June 30, 2018 financial statements and in SFERS' June 30, 2018 annual report.

Ms. Brazelton noted that this report is separate from the actuarial funding valuation reports and that SFERS' funding valuation reports no longer contain GASB financial accounting disclosures.

Ms. Brazelton reported that each of SFERS' four sponsoring employers (City and County, Trial Courts, SFUSD, and SFCCD) report pension information under GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The sponsoring employers have opted to use measurement dates 12 months prior to their fiscal year-ends. Information from this June 30, 2018 report will be used for the employers' required June 30, 2019 GASB disclosures.

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

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Bridges to accept the GASB 67/68 Report.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Stansbury
Absent: Commissioners Paskin-Jordan, Safaí

President Stansbury continued Item No. 16 to the next Board meeting.

16. 031319-16 Action Item Review and Approval of FY2019-20 Department Budget

12. 031319-12 Discussion Item Absolute Return Portfolio Update

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

David Francl, Managing Director of Absolute Return, Alberto Santulin, Managing Director – Portfolio Management, Blackstone Alternative Asset Management and Ms. Roberta Osborne, Vice President – Investor Relations / Business Development, Blackstone Alternative Asset Management provided an update of the Absolute Return program.

Mr. Francl presented an overview of the strategy behind the Absolute Return Portfolio which included:

- Partnering and investing with the most elite absolute return managers
- Utilizing scale as a large institutional allocator to obtain preferential economics and terms
- Operating within program liquidity, leverage, and other guidelines
- Utilizing SFERS long-term investment horizon to earn a premium for duration of capital where opportunities exist
- Embracing opportunities to partner with emerging managers
- Practicing fee-sensitivity and negotiating all situations but not at the expense of sustainable, uncorrelated alpha generation
- Negotiating fee arrangements that create a high alignment of interests

- Seeking a concentrated portfolio comprised of material relationships with investment partners with sustainable competitive advantages and defensible business moats
- Emphasizing tech, health care, innovation and Asia themes in investment/process
- Seeking opportunities that will benefit SFERS overall Plan by identifying and maximizing on opportunities to add value outside of the absolute return allocation

Mr. Francl also reported that the portfolio's key initiatives for 2019 included:

- Reducing equity directionality and sensitivity
- Increasing manager concentration by reducing total number of relationships and line items
- Increasing exposure to unique sources of return and risk (e.g. quantitative strategies, co-investment opportunities)
- Implementing/optimizing additional portfolio construction and monitoring tools

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

Mr. Santulin reported that as of September 30, 2017, \$925 million of investments, representing 4% of total plan assets, have been approved relative to the \$1 billion commitment to the absolute return program that was approved by the Board in August 2016.

Mr. Santulin reported that SFERS' allocation to absolute return can be increased to 15% over the course of 2 years while maintaining the current investment profile and without compromising quality using the following timeline:

- Expect to have an allocation of 10% invested by April 30, 2018, six months from now
- Expect to have an allocation of 12% invested by July 31, 2018, nine months from now
- Expect to have an allocation of 13% invested by October 31, 2018, one year from now

Mr. Francl reported that the portfolio will be constructed and managed consistent with guidelines similar to those previously approved by the Board in August 2016. Mr. Francl also reported that, in order to implement the allocation shift timeline, SFERS will invest the majority (60%) of the incremental capital in a BAAM-managed customized fund of funds portfolio.

Commissioner Chu requested Mr. Francl calendar a future briefing for the Board regarding what considerations the Board and staff will be making going forward as we continue to build out the Absolute Return portfolio.

President Stansbury called for public comment.

John Stinson urged the Board to divest from hedge funds.

There were no additional comments and public comment was closed.

Action: This is a discussion only item.

13. 031319-13 Discussion Item Chief Investment Officer Report

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

William J. Coaker, Chief Investment Officer, presented an oral and written report on this item. Mr. Coaker reported that SFERS returned 1.08% in February 2019, improving returns thus far in 2019 to 4.78%, a very strong gain for just two months. In 2018, SFERS edged out a positive return of +1.41% when the median public plan with assets over \$1 billion lost -3.99%.

Mr. Coaker reported that SFERS has posted returns of 3.23% for the first eight months of FY 2018-19. Private Equity has posted a stellar return of 11.26%, backed by a strong IPO market for technology and biotech stocks as well as corporate revenue growth among private companies. The IPO market is poised to remain strong in the near term, as Lyft plans to issue its IPO at a valuation estimated to be \$20 billion to \$25 billion and other notable private companies including AirBnB, Uber, and Precision Bioscience are expected to issue publicly traded shares this year as well. Real Assets and Private Credit have also posted solid returns of 6.85% and 6.44%. Public Equity has returned -0.47%, but corporate profit growth and job growth have been strong.

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

Closed Session Disclosures:

ABRY Partners IX, L.P.

At its meeting on January 9, 2019, the Retirement Board approved in closed session an investment of up to \$50 million in ABRY Partners IX, L.P. The investment was approved by the following vote:

Ayes: Commissioners Bridges, Chu, Driscoll, Paskin-Jordan, Safai

Absent: Commissioners Casciato, Stansbury

SFERS' investment of \$50 million in ABRY Partners IX, L.P. closed on February 28, 2019.

This investment is classified as a Medium Buyout within SFERS' private equity portfolio and is SFERS' 8th commitment to ABRY's flagship buyout strategy.

More information about ABRY Partners is available on <http://abry.com/>

Cerberus Global NPL Fund, L.P.

At its meeting on December 12, 2018, the Retirement Board approved in closed session an investment of up to \$50 million in Cerberus Global NPL Fund, L.P. The investment was approved by the following vote:

Ayes: Commissioners Casciato, Chu, Driscoll, Paskin-Jordan, Safaí, Stansbury
Absent: Commissioner Bridges

SFERS' commitment of \$50 million closed on February 5, 2019. SFERS' investment in Cerberus Global NPL Fund, L.P. is classified as a real estate investment within SFERS' Real Assets portfolio and is SFERS' sixth investment with Cerberus Capital Management.

More information about the firm is available at www.cerberus.com.

Genstar Capital Partners IX, L.P. and Genstar IX Priority Co-Invest Program

At its meeting on February 13, 2019, the Retirement Board approved in closed session an investment of up to \$75 million in Genstar Capital Partners IX, L.P. and Genstar IX Priority Co-Invest Program. The investment was approved by the following vote:

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Paskin-Jordan, Safaí, Stansbury
Absent: None

SFERS' investment of \$56.25 million in Genstar Capital Partners IX, L.P. and \$18.75 million Genstar IX Priority Co-Invest Program closed on February 21, 2019.

This investment is classified as a Large Buyout within SFERS' private equity portfolio and is SFERS' first commitment with Genstar Capital Partners LLC.

More information about Genstar Capital Partners is available on <https://www.gencap.com/>

New Mountain Net Lease Partners, L.P.

At its meeting on January 9, 2019, the Retirement Board approved in closed session an investment of up to \$50 million in New Mountain Net Lease Partners, L.P. The investment was approved by the following vote:

Ayes: Commissioners Bridges, Chu, Driscoll, Paskin-Jordan
Absent: Commissioners Casciato, Safaí, Stansbury

SFERS' commitment of \$50 million closed on February 27, 2019. SFERS' investment in New Mountain Net Lease Partners, L.P. will be classified as a real estate debt fund within SFERS' Private Credit portfolio.

More information about the firm is available at <http://www.newmountaincapital.com/>.

The Rise Fund II, LP.

At its meeting on January 9, 2019, the Retirement Board approved in closed session an investment of up to \$100 million in The Rise Fund II, LP. The investment was approved by the following vote:

Ayes: Commissioners Bridges, Chu, Driscoll, Paskin-Jordan, Safaí

Absent: Commissioners Casciato, Stansbury

SFERS' investment of \$100 million in The Rise Fund II, LP. closed on February 28, 2018.

This investment is classified as a growth capital investment within SFERS' private equity portfolio.

More information about The Rise Fund is available on <http://therisefund.com/>.

Mr. Coaker announced that Bill McGlashan, founder and managing partner of TPG Growth, founder and the portfolio manager of The Rise Fund, has been put on administrative leave by TPG due to implications in the academic misgivings filed by the Justice Department. Bill McGlashan's leave or departure is not enough alone to cause the key man clause. The Investment team has met with TPG and will be monitoring and will provide update upon further information.

Commissioner Safaí left the meeting at 6:25 pm.

Commissioner Chu called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

14. 031319-14 Discussion Item Travel Expense Report for the Quarter ended December 31, 2018 (THIS ITEM WAS CONTINUED FROM THE FEBRUARY 13, 2019 RETIREMENT BOARD MEETING)

Documents provided to the Retirement Board prior to the current meeting: Travel Expense Report for the Quarter ended December 31, 2018

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

18. 031319-18 Discussion Item Executive Director's Report

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

Administrative Update:

- REMINDER: Statements of Economic Interests - Form 700 filings due Tuesday, April 2, 2019
- REMINDER: Ethics and Sunshine Training – Declaration Form filings due Monday, April 1, 2019
- SFERS Audited Financials released February 22, 2019
- California Supreme Court ruling in *Cal Fire Local 2881 vs. California Public Employees' Retirement System*

Mr. Huish announced to the Board that he and other staff members will be reaching out to brief Board members on the budget should they have questions.

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

9. 031319-09 Discussion Item Report on Managers Under Review

Documents provided to the Retirement Board prior to the current meeting: Report on Managers Under Review

Kurt Braitberg, Managing Director, Public Markets, presented an oral and written report on this item.

Mr. Braitberg reported that the purpose of the Manager Monitoring and Retention Policy is to establish general guidelines for monitoring investment manager effectiveness and identifying issues of concern and to provide a systematic and consistent process for the Staff and the General Consultant to employ when making decisions and recommendations to the Retirement Board concerning manager retention and evaluation.

Mr. Braitberg reported that staff is not recommending any new managers to be added to the Under Review List. He reported that Fidelity International Small Cap was removed from the Under Review List as the Board approved its termination at the January 2019 meeting.

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

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

19. 031319-19 Discussion Item Retirement Board Member Good of the Order

Retirement Board members may request that any matter be calendared at a future meeting. All such requests shall be calendared in a reasonable time. (Board Operations Policy ¶24.) The Board will not discuss any items requested to be calendared until a subsequent meeting when the matter is included on the agenda with the required public notice.

Commissioner Driscoll spoke about a recent public pension fund article he read in Pew Research and the stress test they performed. They used 10 public fund states and the method they used was different than what Cheiron does for SFERS. Mr. Driscoll believes their analysis was incorrect and stated that our stress test compared to what Pew is doing shows that we are running a very solid system, not taking wrong risks in an imprudent way.

Commissioner Chu expressed her appreciation for the services of Board Member Wendy Paskin-Jordan who will be leaving the Board later this.

Commissioner Casciato stated Commissioner Wendy Paskin-Jordan was a great person to work with and a great colleague.

Commissioner Stansbury spoke about all the changes in the System and gave his thanks to all Staff and Board members for their hard work and expressed his appreciation for Wendy Paskin-Jordan's years of service.

Commissioner Driscoll indicated that he would like to express his appreciation to Wendy Paskin-Jordan more formally.

President Stansbury called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

20. 031319-20

Adjournment

Having no further business, the Board adjourned the meeting at 6:40 PM



Respectfully submitted,
Jay Huish, Executive Director