



SFERS
San Francisco Employees' Retirement System

City and County of San Francisco
Employees' Retirement System

RETIREMENT BOARD

INVESTMENT COMMITTEE

DRAFT MINUTES

Wednesday, October 16, 2019

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

1:00 PM

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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.

INVESTMENT COMMITTEE MEMBERS

Leona Bridges
Al Casciato
Carmen Chu
Joseph Driscoll
Scott Heldfond, Chair
Ahsha Safaí
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

1. Pledge of Allegiance

2. Roll Call

| | |
|------------------------|---------|
| Commissioner Bridges | 1:00 PM |
| Commissioner Casciato | 1:00 PM |
| Commissioner Chu | 1:09 PM |
| Commissioner Driscoll | 1:00 PM |
| Chair Heldfond | 1:00 PM |
| Commissioner Safaí | Absent |
| Commissioner Stansbury | 1:09 PM |

3. 10162019-03

General Public Comment

PUBLIC COMMENT PROCEDURES: During general public comment, members of the public shall have an opportunity to directly address the Committee on items of interest to the public that are within the subject matter jurisdiction of the Committee. In addition, members of the public will have an opportunity to speak on each item on the agenda when public comment is called for that item. Members of the public wishing to comment on a matter not on the agenda today may address the Committee now. Public comment is limited to 3 minutes per speaker, unless the Chair specifies a different time. Members of the public who wish to provide public comment are encouraged to complete a speaker card for each agenda item for which they intend to address the Committee and return the card(s) to the Commission Secretary prior to the consideration of that agenda item.

Chair Heldfond called for General Public Comment.

There were no comments and General Public Comment was closed.

4. 10162019-04 Action Item

Approval of the Minutes of the April 17, 2019 Investment Committee Meeting

Documents provided to the Committee prior to the current meeting: Draft Minutes of the April 17, 2019 Investment Committee Meeting.

Action: Moved by Commissioner Casciato, Seconded by Commissioner Driscoll to approve the Minutes of the April 17, 2019 Investment Committee Meeting.

Ayes: Commissioners Bridges, Casciato, Chu, Driscoll, Heldfond, Stansbury
Absent: Commissioner Safaí

5. 10162019-05 Discussion Item Presentations from Meketa Investment Consulting and NEPC, the two candidates for SFERS General Investment Consultant

Documents provided to the Committee prior to the current meeting: Staff Memorandum

At the June 12, 2019 Retirement Board Meeting, the Retirement Board approved Staff's recommendation to issue a request for proposals for investment consulting services. The request was issued on July 1 and two submissions were received by the August 1 deadline. Proposals were received from Meketa Investment Group and NEPC.

Each firm was invited to make a brief presentation to the Board at this Investment Committee meeting, to be followed by a "Q&A" session with the Board.

Mike Malone, CAIA – Managing Principal, Ryan Lobdell, CFA, CAIA – Principal, and Paola Nealon – Principal from Meketa Investment Group made the Meketa presentation to the Board.

The Board reviewed and discussed the material and engaged in a question and answer session with the representatives from Meketa Investment Group.

Alan Martin – Partner, and Daniel Hennessy, CFA, CAIA – Senior Consultant from NEPC made the NEPC presentation to the Board.

The Board reviewed and discussed the material and engaged in a question and answer session with the representatives from NEPC.

Chair Heldfond called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

6. 10162019-06 Discussion Item Modernizing the Energy Sector: Renewable Power Infrastructure, Smart Grid Modernization, and Low-Carbon Technology

Documents provided to the Committee prior to the current meeting: Staff Memorandum

Andrew Collins, Director of ESG Investing, and Luke Angus, ESG Analyst, presented an educational presentation on trends in the electric power sector related to renewable energy and smart grid technologies.

Mr. Collins reported that, globally, there's an urgent need to decarbonize to avoid the most catastrophic effects of climate change. Current policies and announced pledges will result in a significant gap in projected emissions and 2° or 1.5 ° targets through 2030.

The United Nations estimates reduction potentials in six key sectors, at cost <US\$100/tCO₂e, could close the emissions gap, with the electric power segment contributing to up to a third of these reductions. Currently electricity generation contributes to a significant portion of global greenhouse gas emissions and are a primary focus on reduction strategies because emissions are concentrated in a few large centralized source with proven and economically attractive alternatives.

Mr. Collins stated that the transition to a low-carbon smart grid is secular; not cyclical and will require trillions of capital expenditures through 2050, and core growth areas into three buckets 1) renewable power generation, 2) smart grid infrastructure, and 3) smart grid equipment and software.

Staff reported that renewable energy as a share of overall power generation continues to grow, but still represents a relatively small portion of the overall primary energy demand. Future adoption of renewables is highly dependent on collective, global regulatory action and continued technological progress. Historically, returns for direct renewable power investments have been relatively low, and risks remain around pace and scale of adoption, price, and subsidies.

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

Chair Heldfond called for public comment.

There were no comments and public comment was closed.

Action: This is a discussion only item.

CHAIR HELDFOND CONTINUED ITEM #7 TO THE CALL OF THE CHAIR

7. 10162019-07 Discussion Item Earning High Returns thru Science Technology and Innovation

Documents provided to the Committee prior to the current meeting: Staff Memorandum

Action: This is a discussion only item.

8. 10162019-08

Adjournment

Having no further business, the Committee adjourned the meeting at 4:00 PM

Respectfully submitted,
Jay Huish, Executive Director