SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM

POLICY REGARDING DISCLOSURE OF PLACEMENT AGENT FEES, GIFTS, AND CAMPAIGN CONTRIBUTIONS

I. PURPOSE

This Policy ("Policy") recognizes that investment managers, in both public and private markets, use Placement Agents to help them raise capital. This Policy requires disclosure of payments made to Placement Agents in connection with SFERS’ investments with External Managers. The Policy also requires the disclosure of gifts and campaign contributions to members of the Retirement Board, Employees or Consultants. The purpose of this Policy is to help ensure that SFERS’ investment decisions are made solely on the merits of the investment opportunity and in a manner consistent with the fiduciary duties of the SFERS Retirement Board (the "Board"). The Policy is intended to comply with applicable state and federal laws regulating placement agents.

II. APPLICATION

This Policy applies to all agreements with External Managers that are entered into after the date this Policy is adopted, and all amendments or extensions to agreements entered into after the date this Policy is adopted.

III. DEFINITIONS

The terms "External Manager", "Placement Agent", "Investment Fund", and "Investment Vehicle" shall have the meanings defined by Government Code Section 7513.8.

IV. EXTERNAL MANAGER OBLIGATIONS

A. Each External Manager is responsible for providing a statement that it will comply with this Policy.

B. Each External Manager shall provide to SFERS Investments Staff ("Staff") the required information that follows within 45 days of the time investment discussions are initiated, but in any event, prior to the time Staff submits the proposed investment for Board approval.

C. Each External Manager shall provide to Staff a written representation that the External Manager has not used a Placement Agent in connection with the SFERS investment and that a Placement Agent will not receive compensation from the External Manager if SFERS makes the investment; or

If the External Manager has used a Placement Agent, or if a Placement Agent will receive compensation from the External Manager if SFERS makes the investment, the External Manager will disclose the following:

1. The name of the Placement Agent and the relationship between the External Manager and the Placement Agent.

2. A resume for each officer, partner, or principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience.
3. A description of all compensation of any kind or agreed to be provided to the Placement Agent, including its nature, timing and value.

4. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients.

5. A representation that the fee is the sole obligation of the External Manager and not of SFERS, the Investment Vehicle, the Investment Fund, or any of the investors in the Investment Vehicle or the Investment Fund.

6. A statement whether the Placement Agent, or any of its affiliates, are registered with the Securities and Exchange Commission, the Financial Industry Regulatory Association, or any similar regulatory agent in a country other than the United States, and the details of that registration, or if the Placement Agent is not registered with any regulatory agency, an explanation as to why no registration is required.

7. A statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.

8. The names of any current or former SFERS Board Members, Employees, or Consultants who suggested retention of the Placement Agent.

9. The names of current or former SFERS Board Members, Employees or Consultants that are either employed or receiving compensation of any kind provided, or agreed to be provided, directly or indirectly from the Placement Agent.

D. Providing an update of any changes to any of the information provided pursuant to section C above within 14 calendar days of the date that the External Manager knew of the change in information.

E. Representing and warranting the accuracy of the information described in section C above.

F. Causing its engaged Placement Agent to disclose, prior to acting as a Placement Agent to SFERS,

1. All campaign contributions made by the Placement Agent to any SFERS Board Member during the prior 24-month period. Additionally, any subsequent campaign contribution made by the Placement Agent to any SFERS Board Member during the time the Placement Agent is receiving compensation in connection with a SFERS investment shall also be disclosed.

2. All gifts, as defined in Government Code Section 82028, given by the Placement Agent to any SFERS Board Member during the prior 24-month period. Additionally, any subsequent gift made by the Placement Agent to any SFERS Board Member, Employee or Consultant during the time the Placement Agent is receiving compensation in connection with a SFERS investment shall also be disclosed.
V. SFERS INVESTMENT STAFF OBLIGATIONS

The SFERS Staff is responsible for each of the following:

A. Providing External Managers with a copy of this Policy and Policy Disclosure forms not later than the second meeting (whether in person or by telephone) to discuss the proposed investment.

B. Confirming, in writing to the Deputy Director for Investments, that the information in Section IV, above, has been received prior to submitting an investment with the External Manager for approval by the Board.

C. Maintaining records of all information disclosed to SFERS in accordance with this Policy.

D. Informing the Board at the meeting where an investment decision with an External Manager will be considered of the name of any Placement Agent used by the External Manager in connection with the proposed investment, and any campaign contributions or gifts reported by each Placement Agent.

E. Providing the Board with notice of any violation of this Policy at the next scheduled Board meeting after SFERS Investment Staff has learned of the violation.

F. Prohibiting any External Manager or Placement Agent from soliciting new investments from SFERS for five years after they have committed a violation of this Policy, unless the Board, by majority vote at a noticed public meeting, reduces this prohibition upon a showing of good cause.

G. Providing a semi-annual report to the Board containing (1) the names and amount of compensation agreed to be provided to all Placement Agents by an External Manager as reported in the Placement Agent Disclosure forms and (2) any violations of this Policy.

VI. SFERS BOARD RESPONSIBILITIES

A. The Board shall, at a publicly noticed meeting, review the semi-annual report to the Board as set forth in section V (G), above and all material violations reported by SFERS Investment Staff.

B. The Board shall consider, upon recommendation by SFERS Investment Staff, at a public noticed meeting, whether there is good cause to reduce any prohibition, as set forth in section V (F) above, imposed on an External Manager or Placement Agent.

This Policy was adopted by the SFERS Retirement Board on June 8, 2010 and amended on February 13, 2013. Applicable state or federal laws shall govern in the event of an inconsistency with this Policy.