

File No. 170305

Committee Item No. 3

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: May 17, 2017

Board of Supervisors Meeting:

Date: \_\_\_\_\_

#### Cmte Board

- |                                     |                          |  |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

#### OTHER (Click the text below for a direct link to the document)

- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>District 3 Supervisor's Letter - May 9, 2017</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Referral FYI - SFERS - April 6, 2017</u>         |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____   |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____   |
| <input type="checkbox"/>            | <input type="checkbox"/> | _____   |

Prepared by: John Carroll

Date: May 12, 2017

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

1 [Urging the Retirement Board to Renew Its Commitment to Divest from Fossil Fuel  
2 Companies]

3 **Resolution urging the Retirement Board of the Employees' Retirement System to renew**  
4 **its commitment to divest from publicly-traded fossil fuel companies, pursuant to its**  
5 **commitments to do so since October 2013, and to provide an update on public and**  
6 **private equity fossil fuel holdings.**

7  
8 WHEREAS, On April 23, 2013, the San Francisco Board of Supervisors passed, by a  
9 unanimous vote, a Resolution urging the Retirement Board of the Employees' Retirement  
10 System (the "Retirement Board" or "SFERS") to divest from publicly-traded fossil fuel  
11 companies (the "2013 Resolution"); and

12 WHEREAS, At the time that the Board of Supervisors passed the 2013 Resolution,  
13 reports indicated that the San Francisco Employee Retirement System had  
14 approximately \$583.7 million of its total \$16 billion pension fund (the "Retirement Fund")  
15 invested in 91 of the top 200 corporations that hold the majority of the world's fossil fuel  
16 reserves, including \$112 million in ExxonMobil, \$60 million in Chevron, \$26 million in Shell  
17 Oil, \$17 million in Occidental Petroleum, and \$11 million in the China National Offshore Oil  
18 Corporation; and

19 WHEREAS, The 2013 Resolution urged the Retirement Board to "ensure that within  
20 five years none of its directly held or commingled assets include holdings in fossil fuel public  
21 equities and corporate bonds" as listed in the Carbon Tracker Initiative's "Unburnable Carbon"  
22 report; and

23 WHEREAS, At its March 2015 meeting, the Retirement Board moved to "adopt Level II  
24 of the SFERS Social Investment Policies and Procedures regarding fossil fuels...and direct  
25

1 staff to prepare an implementation plan and timeline to the Retirement Board for its  
2 consideration and approval;" and

3 WHEREAS, In spite of the March 2015 Motion, SFERS staff has yet to present an  
4 implementation plan and timeline for Level II engagement with its fossil fuel holdings; and

5 WHEREAS, In October 2015, the Rules Committee of the San Francisco Board of  
6 Supervisors held a Hearing on SFERS' progress in protecting the City's Retirement Fund from  
7 the stranded asset risk that global climate change poses to their investments in fossil fuel  
8 companies, including their progress in implementing Level 1 and Level 2 of their Social  
9 Investment Procedures, investing in a fossil fuel-free index fund, and divesting from the "worst  
10 of the worst" fossil fuel companies; and

11 WHEREAS, At the December 2015 meeting of the Retirement Board, SFERS staff  
12 identified \$21.1 million of holdings in companies with coal mining operations, and the  
13 Retirement Board moved to "prudently divest from thermal coal companies held in the  
14 portfolio;" and

15 WHEREAS, At the July 2016 meeting of the Retirement Board Executive Director, Jay  
16 Huish, stated that SFERS staff had not yet divested any of the coal holdings because, "we  
17 choose to ignore the part (of the motion) we believe is not prudent," and the Retirement Board  
18 has taken no further action on divesting from coal since then; now, therefore, be it

19 RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
20 urges the Retirement Board of the San Francisco Employees' Retirement System to adopt an  
21 implementation plan and timeline for Level II engagement with its fossil fuel holdings  
22 consistent with its motion adopted in March 2015; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors urges the Retirement Board to  
24 provide an update on its motion to divest from coal companies, including but not limited to a  
25

1 progress report on divestment from relevant public and private equity holdings from July 2013  
2 through the present date; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors urges the Retirement Board to  
4 adopt a plan for protecting the Retirement Fund from the stranded asset risk posed by global  
5 climate change that includes full divestment from fossil fuel companies.

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Member, Board of Supervisors  
District 3



City and County of San Francisco

**AARON PESKIN**  
佩斯金 市參事

May 9, 2017

Executive Director Jay Huish  
San Francisco Employees' Retirement System  
1145 Market Street, 5<sup>th</sup> Floor  
San Francisco, CA 94103

Executive Director Huish:

At the March 21 regular meeting of the Board of Supervisors, I introduced a Resolution urging the Retirement Board of the SF Employees' Retirement System (SFERS) to renew its commitment to divest from publicly-traded fossil fuel companies, pursuant to its various commitments to do so since October 2013, and to provide an update on public and private equity fossil fuel holdings. Supervisors Fewer and Ronen have signed on as co-sponsors, and the item is scheduled to be heard at the Government Audit and Oversight Committee on May 17, 2017.

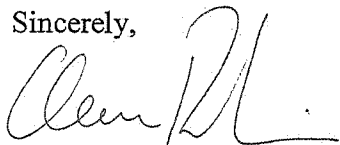
The below set of interrogatories are designed to help further the conversation and acquire information in advance of the aforementioned public hearing. Please respond to the following by May 16, 2017:

1. What actions have been taken by the Board and any of its committees relative to divestment from fossil fuel companies?
2. What actions has SFERS taken as part of Level 1 engagement with fossil fuel companies to actively vote its proxies shareholder resolutions related to climate change?
  - a. How many shareholder resolutions related to climate change has SFERS voted against?
  - b. Which of those resolutions were sponsored by members of the CERES' Investor network on Climate RISK (INCR), which SFERS joined in January 2015?
  - c. For which of those resolutions did the SFERS Retirement Board authorize the vote against the shareholder resolution related to climate change?

3. What actions has SFERS taken to implement Level 2 active shareholder engagement with fossil fuel companies? What is the status of the Retirement Board's March 2015 motion to "direct staff to prepare an implementation plan and timeline to the Retirement Board for its consideration and approval?"
4. What steps have been taken to identify the "worst of the worst" fossil fuel companies? What variables are being used to assess the corporate behavior of fossil fuel companies?
5. What steps has SFERS taken to implement the Retirement Board's December 2015 motion to prudently divest from thermal coal companies held in the portfolio consistent with the Board's Social Investment Policy and to prudently reinvest in renewables?"
6. What initiative has SFERS taken to invest in a fossil fuel-free index fund? How much has been invested in that fund, and what are SFERS' specific plans to increase that investment?

Thank you for your prompt attention to this increasingly urgent matter. I look forward to reviewing your responses in advance of this item's consideration at the Government Audit and Oversight Committee.

Sincerely,



Aaron Peskin

Cc: Supervisor Sandra Lee Fewer  
Supervisor Hillary Ronen  
Erica Major, Deputy Clerk of the Board

BOARD of SUPERVISORS



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1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Jay Huish, Executive Director, San Francisco Employees' Retirement System

FROM: Erica Major, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: April 6, 2017

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Government Audit and Oversight Committee has received the following proposed legislation, introduced by Supervisor Peskin referred to Committee on April 4, 2017:

**File No. 170305**

**Resolution urging the Retirement Board of the Employees' Retirement System to renew its commitment to divest from publicly-traded fossil fuel companies, pursuant to its commitments to do so since October 2013, and to provide an update on public and private equity fossil fuel holdings.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Darlene Armanino, San Francisco Employees' Retirement System

Print Form

# Introduction Form

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

By a Member of the Board of Supervisors or the Mayor

2017 MAR 21 PM 4:51  
Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission     Youth Commission     Ethics Commission
- Planning Commission     Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

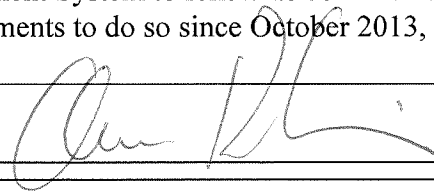
Peskin; Fewer

**Subject:**

Urging the Retirement Board to Renew Its Commitment to Divest from Fossil Fuel Companies

**The text is listed below or attached:**

Resolution urging the Retirement Board of the Employees' Retirement System to renew its commitment to divest from publicly-traded fossil fuel companies, pursuant to its commitments to do so since October 2013, and to provide an update on public and private equity fossil fuel holdings.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only: