



April 9, 2013

Wendy Paskin-Jordan
President
San Francisco Employees Retirement System
30 Van Ness Avenue, Suite 3000
San Francisco CA 94102

Dear President Paskin-Jordan,

I am writing on behalf of Tenants Together, California's statewide organization for renters' rights, to express our support for a motion that we understand will be considered at the April 10 board meeting concerning the risks posed by the lending practices of major financial institutions.

Our organization has been deeply involved in efforts to make sure that state public employee pension funds do not intentionally or inadvertently fund evictions. We sponsored legislation, authored by Assemblymember Tom Ammiano, that ultimately led CalPERS and CalSTRS to adopt policies prohibiting investments into real estate deals that displace rent-regulated tenants. We remain concerned with the negative impact that public employee retirement funds and major financial institutions have had not just on homeowners, but on tenants.

East Palo Alto provides a disturbing, recent example of what happens when proper controls are not in place. CalPERS invested \$100 million in a partnership that the fund would later regret. The funds were invested in Page Mill Properties which bought up more than half of the rent controlled housing in EPA and began systematically displacing low-income tenants. Wells Fargo subsequently foreclosed on the portfolio. Wells then violated its promise to work with the community to transition the properties to a responsible landlord. Instead, Wells transitioned the entire portfolio to Equity Residential, a massive landlord headed by Sam Zell, whose hostility toward rent control is well known. Not surprisingly, EPA tenants have experienced yet another round of evictions under the new ownership.

In addition to refraining from investing directly in real estate deals involving evictions, the Board should consider whether the financial institutions with whom SFERS does business have policies against evicting innocent tenants after foreclosure. More than a third of residential units in foreclosure in California are occupied by renters. Some financial institutions, like Fannie Mae, have adopted policies that allow tenants to continue renting after foreclosure. Others, like Wells Fargo, have stubbornly refused to offer a rental option to tenants after foreclosure, resulting in unnecessary vacancies and blight that are devastating to tenants and communities across California.

President Wendy Paskin-Jordan

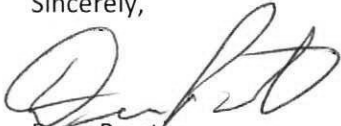
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Fundamentally, workers' retirement funds should not be used to fuel displacement and instability for workers and their families. We urge SFERS to act to prevent its funds from financing evictions and to do everything within its power to urge national banks to stop unfair evictions and foreclosures. Doing so will help safeguard SFERS from risks associated with the banking practices that contribute to volatility in the markets or which pose reputational, compliance, litigation or regulatory risks.

Thank you for your consideration of these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean Preston", written in a cursive style.

Dean Preston

Executive Director