



SFERS

San Francisco Employees' Retirement System

City and County of San Francisco Employees' Retirement System

DEFERRED COMPENSATION

COMMITTEE MINUTES

Wednesday, May 17, 2023

1145 Market Street, 6th Floor

San Francisco, CA 94103

1:00 PM

Members of the Committee will attend this meeting in-person. Members of the public attending the meeting in person will have an opportunity to provide public comment on every item. There will not be an opportunity for members of the public to provide public comment remotely by phone or online, except for members of the public who have received an accommodation due to disability (as described below).

Members of the public may attend the meeting to observe and provide public comment at the physical meeting location listed above.

MISSION STATEMENT

Deliver an exceptional voluntary retirement program, with empowering education and advanced tools that enable participants to achieve their financial retirement goals.

DEFERRED COMPENSATION COMMITTEE MEMBERS

Leona Bridges, Chair

Joseph Driscoll

A.J. Thomas

Alison Romano, CEO & CIO

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DISABILITY ACCESS

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There is accessible parking in the vicinity of 1145 Market Street at Civic Center Plaza. Accessible **MUNI** lines are available at the corner of Market Street and 8th Street. The closest accessible **MUNI /BART** station is Civic Center Station.

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(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. FOR MORE INFORMATION ON YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE OR TO REPORT A VIOLATION OF THE ORDINANCE, CONTACT THE SUNSHINE ORDINANCE TASK FORCE.

Sunshine Ordinance Task Force, City Hall, 1 Dr Carlton B. Goodlett Place, Room 244, San Francisco, CA 94103-4689
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OPENING CALENDAR

1. **Roll Call**
- | | |
|-----------------------|---------|
| Commissioner Bridges | 1:07 PM |
| Commissioner Driscoll | 1:07 PM |
| Commissioner Thomas | Absent |

2. **051623-02** **General Public Comment**

Chair Bridges called for General Public Comment.

No public present, General Public Comment was closed.

3. **051623-03** **Action Item** **Approval of the Minutes of the April 12, 2023 Deferred Compensation Committee Meeting**

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the April 12, 2023 Deferred Compensation Committee Meeting.

Chair Bridges called for Public Comment.

No public present, Public Comment was closed.

Action: Moved by Commissioner Bridges, seconded by Commissioner Driscoll, to approve Minutes of the April 12, 2023 Deferred Compensation Committee Meeting.

Ayes: Commissioners Bridges, Driscoll

Absent: Commissioner Thomas

4. **051623-04** **Action Item** **Approve Manager Recommendations for underlying Target Date Fund Investments**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Search process summary, and Search books

Diane Chui Justen, Deferred Compensation Director, Greg Ungerman, Callan, Andrew Jacobs Van Merlen, T Rowe Price, provided a written and oral report on this item.

T Rowe Price, the incoming Target Date Fund Investment manager, recommended additional asset classes to be incorporated as part of the new Target Date Fund glidepath launch on July 1, 2023.

On February 22, 2023, the Deferred Compensation Committee approved Callan to begin their search process for the following four additional fixed income asset classes as recommended by T Rowe Price.

1. International Bond (USD Hedged)
2. Global Unconstrained Bond
3. Long Duration Treasuries
4. Short TIPS

Callan recommended the below managers for consideration and T Rowe Price, SFDCP Staff and SFERS investment staff support the recommendation to approve the underlying Investment Managers for Target Date Funds and to forward to the full Board with a recommendation of approval.

1. International Bond (USD Hedged) – PIMCO International Bond USD-Hedged
2. Global Unconstrained Bond – Blackrock Strategic Income Opportunities
3. Long Duration Treasuries – Fidelity Long-Term Treasury Bond Index
4. Short TIPS – Vanguard Short-Term Inflation Protected Securities

With Short TIPS allocation replacing TIPS and Short term bond, the percentage allocation to DFA Inflation Protected Securities and Allspring Short Duration Government Bond will be reduced to zero as a result.

The Committee engaged in a question and answer session.

Chair Bridges called for Public Comment.

No public present, Public Comment was closed.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Bridges, to approve the proposed additions and removals of the underlying Target Date Fund investment managers, and forward to the Full Board with a recommendation of Approval.

Ayes: Commissioners Bridges, Driscoll

Absent: Commissioner Thomas

5. 051623-05 Action Item SFDCP Investment Policy Statement

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum and SFDCP Investment Policy Statement Redline.

Diane Chui Justen, Deferred Compensation Director, provided an oral and written report on this item.

Staff reviewed the Investment Policy Statement with Callan, and after a detailed review, Callan did not propose any material changes at this time. The only recommended change was to update Benchmark references specific to the name change for the Bloomberg Aggregate Index as they have since dropped “Barclays” from the name.

Chair Bridges called for Public Comment.

No public present, Public Comment was closed.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Bridges, to approve Investment Policy Statement and forward to the Full Board with a recommendation of Approval.

Ayes: Commissioners Bridges, Driscoll

Absent: Commissioner Thomas

6. 051623-06 Discussion Item Deferred Compensation Committee Member Good of the Order

Commissioner Driscoll spoke about how the new Target Date Fund investment manager was a significant change and his concern on how our counselors will convey the changes to participants.

Commissioner Driscoll spoke about the Secure 2.0 Act and requested staff to look into rules for special catch-up.

Chair Bridges called for Public Comment.

No public present, Public Comment was closed.

Action: This is a discussion only item.

7. 051623-07 Adjournment

Having no further business, the Committee adjourned the meeting at 1:55 PM.