



## City and County of San Francisco Employees' Retirement System

### DEFERRED COMPENSATION COMMITTEE MINUTES

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**Wednesday, October 4, 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. In addition to in-person public comment, members of the public may provide public comment remotely by phone. The Committee will hear remote public comment on each agenda item in the order that commenters add themselves to the queue to comment on the item.

#### **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

## Deferred Compensation Committee Meeting

**PUBLIC COMMENT CALL-IN: 415-655-0001**

**Access Code: 2664 798 7262**

### Providing Public Comment

- Public comment will be available on each item on this agenda. Each speaker will be allowed 2 minutes to speak. Comments or opportunities to speak during the public comment period are available via phone call by calling **(415) 655-0001**, access code **[2664 798 7262]**, press '#' then '#' again.
- When connected you will hear the meeting discussions, but you will be muted and in listening mode only.
- When your item of interest comes up, dial \*3 to be added to the speaker line. Best practices are to call from a quiet location, speak clearly and slowly, and turn down your television, radio, or computer.

**DISABILITY ACCESS**

The San Francisco Employees' Retirement System is wheelchair accessible. Remote public participation is available upon request for individuals who cannot attend in person due to disability. Making a request to participate remotely no later than one hour prior to the start of the meeting helps ensure availability of the meeting link. Sign Language Interpretation is also available upon request. If requesting remote Sign Language Interpretation, please submit an accommodation request a minimum of four business hours prior to the start of the meeting. Allowing a minimum of 48 business hours for all other accommodation requests (for example, for other auxiliary aids and services) helps ensure availability. To request accommodation, please contact the Board Secretary at [Darlene.armanino@sfgov.org](mailto:Darlene.armanino@sfgov.org) or 415.487.7012.

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 8<sup>th</sup> Street. The closest accessible **MUNI /BART** station is Civic Center Station.

Materials accompanying the agenda are available for public inspection and copying at SFERS, 1145 Market Street, 7th Floor. For additional information, please contact Darlene Armanino, Board Secretary, at (415) 487-7012. Written reports or background materials for calendar items are available for public inspection and are available online at <https://mysfers.org/about-sfers/retirement-board/>.

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**The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.**

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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  
(415) 554-7724 by fax at (415) 554-7854 or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org)

**Citizens interested in obtaining a free copy of the Sunshine Ordinance can print a copy of Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>**

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**Lobbyist Registration and Reporting Requirements:**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (San Francisco Campaign and Governmental Conduct Code sections 2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94103, telephone (415) 252-3100, fax (415) 252-3112 and web site: [www.sfgov.org/ethics](http://www.sfgov.org/ethics)

**OPENING CALENDAR**

- 1. Roll Call**
- |                       |         |
|-----------------------|---------|
| Commissioner Bridges  | 1:12 PM |
| Commissioner Driscoll | 1:12 PM |
| Commissioner Thomas   | 1:12 PM |

**2. 100423-02 General Public Comment**

Chair Bridges called for General Public Comment.

No public present, General Public Comment was closed.

**3. 100423-03 Action Item Approval of the Minutes of the May 17, 2023 Deferred Compensation Committee Meeting**

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the May 17, 2023 Deferred Compensation Committee Meeting.

Chair Bridges called for Public Comment.

No public present, Public Comment was closed.

**Action:** Moved by Commissioner Driscoll, seconded by Commissioner Thomas, to approve Minutes of the May 17, 2023 Deferred Compensation Committee Meeting.

Ayes: Commissioners Bridges, Driscoll, Thomas

**4. 100423-04 Action Item Target Date Fund update and Money Market Fund Recommendation**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, T Rowe Price Presentation, Callan MMF search summary, Money Market Manager search book.

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

T. Rowe Price, the SFDCP Target Date Fund Investment manager, has taken over TDF glidepath management beginning July 1, 2023. Since transition, T. Rowe Price (TRP) has been gradually re-allocating the glidepath to its' targeted asset allocation, with the final stages being completed by September 30, 2023. TRP has also been executing tactical asset allocation which includes strategic and discretionary decisions to overweight or underweight certain asset and/or sub-asset classes. To do this most effectively, TRP would benefit from having a cash bucket for liquidity to take advantage of investment opportunities as they arise in the market, while limiting sensitivity to equity and interest rate risk.

SFDCP's Investment Consultant, Callan, is responsible for manager selection of all SFDCP investments, including the underlying investment managers that make up the Target Date Funds. Callan has a long-established internal search process designed to identify the best investment managers for each mandate.

Callan recommended the Vanguard Cash Reserves Money Market Fund and T. Rowe Price and Staff were supportive of the recommendation.

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 Thomas, to approve the proposed SFDCP TDF underlying money market fund and forward it to the Retirement Board with a recommendation for approval.

Ayes: Commissioners Bridges, Driscoll, Thomas

**5. 100423-05                      Action Item                      Investment Fee Benchmarking Analysis**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Callan Investment Fee Benchmarking Analysis.

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

To remain competitive, the SFDCP periodically engages Callan, Investment Consultant, to conduct an investment fee benchmarking study to ensure that SFDCP investments are still in the lowest cost share class possible.

Greg Ungerman, Callan, presented the Investment Fee Benchmarking Analysis to the Board.

The Committee engaged in a question and answer session.

Commissioner Driscoll requested that

Chair Bridges called for Public Comment.

No public present, Public Comment was closed.

**Action:** Moved by Commissioner Driscoll, seconded by Commissioner Thomas, to approve the Fidelity Low Price Stock Fund, Northern Trust S&P 500 Index and Northern Trust MSCI EAFE Index into the lowest cost CIT vehicles and forward it to the Retirement Board for approval.

Ayes: Commissioners Bridges, Driscoll, Thomas

**6. 100423-06 Discussion Item Active Large Cap Fund Review**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Callan's Active Large Cap Review.

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

The SFDCP has Callan conduct an Investment Structure Evaluation (ISE) every few years to periodically evaluate the number of options offered in the Plan and the category of investments offered. One of the goals of the review is to use the Plan's structure to limit the impact of behavioral biases and how they can adversely affect participant outcomes (based on recent findings). The ISE is scheduled to be presented to the Deferred Compensation Committee (DCC) on November 1, 2023.

The Committee engaged in a question and answer session.

Chair Bridges called for Public Comment.

No public present, Public Comment was closed.

**Action:** This is a discussion item only.

**7. 100423-07 Discussion Item SFDCP Manager Report**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, NRSM overview presentation.

Diane Chui Justen, Deferred Compensation Director, reported on the following:

- NRSM campaign overview
- SECURE 2.0 – two-year administrative transition period allowed for Roth Age 50+ catch-up
  - Target launch no earlier than January 2025 (includes Age 60 increased catch up)
  - Roth conversion option will be sent to RMD participants by November to allow conversion to a Roth account by 12/31/2023 and avoid 2023 RMDs next year.

The Committee engaged in a question and answer session.

Chair Bridges called for Public Comment.

No public present, Public Comment was closed.

**Action:** This is a discussion item only.

**8. 100423-08 Discussion Item Deferred Compensation Committee Member Good of the Order**

Committee members may request that any matter be calendared at a future meeting. All such requests shall be calendared in a reasonable time. (Board Operations Policy ¶125.) The Committee will not discuss any items requested to be calendared until a subsequent meeting when the matter is included on the agenda with the required public notice.

Chair Bridges closed the Deferred Compensation Committee meeting in memory of Diane Feinstein and spoke about her many contributions.

Chair Bridges called for Public Comment.

No public present, Public Comment was closed.

**Action:** This is a discussion only item.

**9. 100423-09 Adjournment**

Having no further business, the Committee adjourned the meeting at 3:00 PM.