



City and County of San Francisco Employees' Retirement System

DEFERRED COMPENSATION COMMITTEE MINUTES

Wednesday, November 1, 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: 2663 807 2522

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 **[2663 807 2522]**, 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.

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Sunshine Ordinance Task Force, City Hall, 1 Dr Carlton B. Goodlett Place, Room 244, San Francisco, CA 94103-4689
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Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum, Callan ISE presentation.

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

Callan, SFDCP Investment Consultant, recommends an Investment Structure Evaluation every few years for the Plan. The Investment Structure Evaluation (ISE) evaluates the number of options and category of investments offered through the SFDCP with the goal of limiting behavioral bias impact that could adversely affect participant outcomes (based on recent findings). The primary objective of the ISE is to identify potential changes to the investment line up with the intent to better serve the needs of participants over the next five to ten years.

Callan believes that the SFDCP's current investment lineup is suitable, and the Plan is appropriately designed to meet a participant's retirement investing needs. However, as the SFDCP continuously strives to offer an exceptional voluntary retirement program, Callan has identified two possible recommendations for consideration:

1. Eliminate the SFDCP Real Estate Fund and replace with a Diversified Real Asset Fund (name TBD)
2. Consolidate the SFDCP Large Cap Value Equity Fund and the SFDCP Large Cap Growth Equity Fund into a single Active Large Cap Fund (name TBD)

Callan presented rationale for both considerations to the Board. Staff is seeking DCC guidance on desired next steps given the Plan's legacy investments and inclination to offer style based investing (or not).

The ISE also brings other factors into light, such as the type of ESG offerings, and whether the asset allocation of a fee based managed account service should be differentiated from the asset allocation established for the *futureReady* portfolios, which are available at no additional management cost. Staff and Callan will continue to evaluate these areas and will report back with a recommendation to the Deferred Compensation Committee in 2024.

The Committee engaged in a question and answer session.

The Committee agreed to the following timeline:

1. Staff will debrief with Callan and lay out a roadmap for addressing the discussion on US Large Cap;
2. Begin work on *futureReady* after the new Target Date Funds have had a suitable period of time for participant adoption; and
3. Discuss timeline on real assets to come back to the Committee with solution or a proposed timeline.

