



San Francisco City and County Employees' Retirement System

DEFERRED COMPENSATION COMMITTEE MINUTES

Wednesday, February 21, 2024

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 771 3384

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 771 3384]**, 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.

Deferred Compensation Committee Minutes

February 21, 2024

Page 3 of 7

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 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 8th 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/>.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

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.

Know Your Rights Under the Sunshine Ordinance

(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

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/>

Any materials distributed to the Retirement Board (or committee) within 72 hours of the meeting or after distribution of the agenda packet to Board (or committee) members are available for public inspection at SFERS, 1145 Market Street, 7th Floor, during regular office hours.

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

OPENING CALENDAR

- | | | |
|---------------------|-----------------------|---------|
| 1. Roll Call | Chair Bridges | 1:05 PM |
| | Commissioner Driscoll | 1:05 PM |
| | Commissioner Thomas | 1:20 PM |

2. **022124-02** **General Public Comment**

Chair Bridges called for General Public Comment.

There were no comments from the public and General Public Comment was closed.

3. **022124-03** **Action Item** **Approval of the Minutes of the November 1, 2023 Deferred Compensation Committee Meeting**

Documents provided to the Retirement Board prior to the current meeting: Draft Minutes of the November 1, 2023 Deferred Compensation Committee Meeting.

Chair Bridges called for Public Comment.

There were no comments from the public and Public Comment was closed.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Bridges, to approve Minutes of the November 1, 2023 Deferred Compensation Committee meeting.

Ayes: Commissioners Bridges, Driscoll, Thomas

4. **022124-04** **Discussion Item** **SFDCP Active Large Cap Update**

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum and Callan presentation.

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

Staff and Callan have analyzed the performance and risk profile of various large cap investment strategies across a number of multiple scenarios. Based on the investment analysis, Callan has identified three possible paths the Plan could take regarding US Large Cap investments:

1. Keep with current structure – low disruption with legacy funds and preserves style choice for those that value it
2. Combine Growth and Value into one active large cap fund – automatically rebalances 50/50 for participants but may have a hard time outperforming the S&P 500 index net of fees
3. Only offer the S&P 500 Index fund – focuses participants on broad US large cap exposure at very low fees but eliminates style choice for those appreciate style factor investing

The Committee reviewed and discussed the material and engaged in a question and answer session.

Chair Bridges called for Public Comment.

There were no comments from the public and Public Comment was closed.

Action: This is a discussion only item.

5. 022124-05 Action Item Diversified Real Asset Fund Recommendation

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum and Callan's DRA Search Summary.

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

Callan completed the DRA search and interviewed three finalists:

1. Cohen & Steers Real Assets Fund (MF ticker: RAPIX)
2. PIMCO Inflation Response Multi-Asset Fund (MF ticker: PIRMX)
3. State Street Real Assets Strategy CIT (Class C)

Staff and Callan recommended State Street's Real Assets Strategy CIT (Class C) to replace the current REIT fund to offer participants a more diversified inflation hedging strategy.

The State Street fund offers a very diversified approach that includes Commodities, Global Natural Resource Equities, Global Listed Infrastructure, TIPS and REITs. They use index funds for each category to keep fees low and is very well diversified. Returns and risk adjusted metrics are strong relative to the peer group and the other finalist candidates. The fund's investment construction is very straightforward for participants to evaluate.

The Committee reviewed and discussed the material and engaged in a question and answer session.

Chair Bridges called for Public Comment.

There were no comments from the public and Public Comment was closed.

Action: Moved by Commissioner Driscoll, seconded by Commissioner Thomas, approved to replace the SFDCP Real Estate Fund managed by Principal with a SFDCP Diversified Real Asset Fund managed by State Street and forward to the Retirement Board with a recommendation for approval.

Ayes: Commissioners Bridges, Driscoll, Thomas

6. 022124-06 Discussion Item SECURE 2.0 - Age 60 variable catch up provision

Documents provided to the Retirement Board prior to the current meeting: Staff Memorandum

Diane Chui Justen, Deferred Compensation Director, provided an update on the SECURE 2.0 Age 60 catch-up provision.

Ms. Chui Justen reported that the variable age 60 catch up is a mandatory provision for all plans who already offer the age 50 catch up. No formal approval is needed to implement. Staff is targeting to roll out the age 60 catch-up by year-end and will be communicating with Participants, that it is their choice to either contribute \$10,000 or 50% more than the actual catch up approved by the IRS each year.

The variable age 60 provision will be added to the SFDCP Plan document, in addition to other mandatory and approved optional provisions. The deadline to incorporate CARES, Secure, and Secure 2.0 provisions into a Plan document has been extended to 2027.

The Committee reviewed and discussed the material and engaged in a question and answer session.

Chair Bridges called for Public Comment.

There were no comments from the public and Public Comment was closed.

Action: This is a discussion only item.

7. 022124-07 Discussion Item Deferred Compensation Committee Member Good of the Order

Chair Bridges called for Public Comment.

Commissioner Driscoll suggested item to be calendared regarding a budget discussion on fees.

There were no comments from the public and Public Comment was closed.

Action: This is a discussion only item.

8. 022124-08

Adjournment

Having no further business, the Committee adjourned the meeting at 2:45 PM.