



SFERS
San Francisco Employees' Retirement System

City and County of San Francisco
Employees' Retirement System

**DEFERRED COMPENSATION
COMMITTEE MINUTES**

June 22, 2016

1145 Market Street, 6th Floor
San Francisco, CA 94103

11:00 AM

MISSION STATEMENT

Our mandate is simple: 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

Commissioner Joseph Driscoll, *Chair*

Commissioner Leona Bridges

Commissioner Brian Stansbury

Jay Huish
Executive Director

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OPENING CALENDAR

Commissioner Driscoll called the meeting to order at 11:20 AM.

1. Pledge of Allegiance

2. Roll Call	Commissioner Bridges	11:20 AM
	Commissioner Driscoll	11:20 AM
	Commissioner Stansbury	11:20 AM

3. 06222016-03 General Public Comment

Commissioner Driscoll called for public comment.

Mike Hebel, Police Officers Association, spoke in support of implementation of the SFDCP loan program.

4. 06222016-04 Action Item Approval of the Minutes of the May 25, 2016 Deferred Compensation Committee Meeting

Documents provided to the Committee prior to the current meeting: Draft Minutes of the May 25, 2016 Deferred Compensation Committee Meeting

Action: Moved by Commissioner Bridges, Seconded by Commissioner Driscoll to approve the Minutes of the May 25, 2016 Deferred Compensation Committee Meeting.

Ayes: Bridges, Driscoll, and Stansbury

5. 06222016-05 Discussion Item Update on SFDCP Target Date Fund Investment Manager RFP process

Documents provided to the Committee prior to the current meeting: Staff Memorandum, Angeles Investment Advisors Memorandum and Russell Investments Presentation Materials

Diane Chui Justen, Deferred Compensation Manager, and Anna McGibbons, Angeles investment Advisors, presented an oral and written report on this item.

Ms. Chui Justen reported that Russell Investments (Russell) is the current Target Date Fund Investment Manager for San Francisco's 457(b) Deferred Compensation Plan (SFDCP). The Target Date Funds are the SFDCP's qualified default investment alternative. The contractual agreement between SFDCP and Russell will expire on June 30, 2016.

On May 9, 2016, the Retirement Board approved staff to enter into a five (5) year contractual agreement to retain Russell as the Target Date Fund Investment Manager, as a result of the RFP Process. On May 26, 2016, Russell informed SFDCP Staff and Angeles Investment Advisors (SFDCP Consultant) that John Greves, SFDCP's custom Target Date Fund portfolio manager, would leave the firm as of June 3, 2016.

Brian Meath, CFA, CIO of Multi-Asset Solutions will serve as the SFDCP's primary custom Target Date Fund portfolio manager going forward, with Rob Balkema, CFA, Senior portfolio manager, as his back up portfolio manager. Mr. Meath and Mr. Balkema will continue to take responsibility for the

implementation of the asset allocation developed by the custom Glide path within the SFDCP's target date funds.

The Target Date Fund team responsible for the Glide path methodology, asset allocation oversight and income replacement analysis remains intact. The team responsible for these functions, led by Steve Murray, Global Head of Strategic Asset Allocation, and Yuan-An Fan, Senior Research Analyst, will remain the same. Keith Lennon will continue as the key liaison between Russell, SFDCP and Prudential. Staff expect zero interruption to Prudential on the implementation front.

In light of this significant portfolio manager change, Russell will remain on "Under Review" according to SFDCP's Investment Policy. Under these circumstances, staff recommended extending the existing contract for six months, to observe Russell during this change, and to consider other options given the open RFP process. The extension will also allow the new Investment Consultant to participate in future considerations related to the Target Date Investment Management mandate.

Russell is amendable to the contract extension and has agreed to apply the lower fee schedule proposed in their Target Date Fund RFP response to the extension period as well.

Rob Balkema, CFA, Steve Murray, Ph.D., CFA and Keith Lennon from Russell Investments presented an overview of SFDCP's Target Date Fund investment team structure and answered questions from the Committee.

Action: This was a discussion only item.

6. 06222016-06 Discussion Item Presentation on SFDCP loan application process by Third Party Administrator

Documents provided to the Committee prior to the current meeting: Prudential Presentation Materials

Diane Chui Justen, Deferred Compensation Manager, introduced Cyril Tuason, Julie Klassen and Robert Belanger from the SFDCP Third party Administrator, Prudential. Mr. Tuason conducted a demonstration walkthrough of the online loan application process and experience.

The Committee engaged in a question and answer session during and after the demonstration.

Action: This was a discussion only item.

Commissioner Driscoll called items 7 and 8 together.

7. 06222016-07 Action Item Approval of proposed revisions to the SFDCP Plan Document

Documents provided to the Committee prior to the current meeting: Proposed revisions to the SFDCP Plan Document

Diane Chui Justen, Deferred Compensation Manager, presented an oral and written report on this item.

The Committee discussed the proposed revisions to the SFDCP Plan Document and the SFDCP Loan Policy.

Action: Moved by Commissioner Stansbury, Seconded by Commissioner Bridges to approve forwarding to the full Board proposed revisions to the SFDCP Plan Document.

Ayes- Bridges, Driscoll, Stansbury

8. 06222016-08 Action Item Approval of proposed revisions to the SFDCP Loan Policy

Documents provided to the Committee prior to the current meeting: Proposed revisions to the SFDCP Loan Policy

Diane Chui Justen, Deferred Compensation Manager, presented an oral and written report on this item.

Action: This item was continued by the Committee to the next Deferred Compensation Committee meeting on July 13, 2016 at 12:00 PM.

9. 06222016-09 Discussion Item SFDCP Manager Report

Documents provided to the Committee prior to the current meeting: None

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

- New SFDCP participants enrolled YTD;
- Stable Value Crediting Rate for Q3

Action: This was a discussion only item.

10. 06222016-10 Adjournment

Having no further business, the meeting adjourned at 12:45 PM.

Respectfully submitted,
Jay Huish, Executive Director