



City and County of San Francisco
Employees' Retirement System
**DEFERRED COMPENSATION
COMMITTEE MINUTES**

July 31, 2013

30 Van Ness Avenue, Suite 3000
San Francisco, CA 94102

2:00 PM

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COMMITTEE MEMBERS

Commissioners

Joseph Driscoll (Chair)

Leona Bridges

Brian Stansbury

Jay Huish
Executive Director

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Frank Darby, Administrator
Sunshine Ordinance Task Force
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or by email at sotf@sfgov.org

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Pledge of Allegiance

Roll Call:

Leona Bridges	Absent
Joseph Driscoll (Chair)	2:00 PM
Brian Stansbury	2:00 PM

Announcement: Commissioner Driscoll reviewed the procedures for public comment. There were no comments from the public.

07312013-01 Action Item **Review and Approval of Preliminary Recommendation of Prudential for Third Party Administration of the SFDCP and Galliard as Stable Value Manager**

Documents provided to the Committee prior to the current meeting: Staff and Consultant Memoranda

Julia Durand, Deferred Compensation Manager, Leslie Kautz and Anna McGibbons, Angeles Investment Advisors (SFDCP Investment Consultant) presented an oral and written report on this item.

Ms. Durand reported that since the last Committee meeting staff and consultant have completed reference checks and site visits. Site visits provided an opportunity to interact with the key individuals who would be working on the SFDCP account, including record keeping and communications, as well as to test the finalist's systems and procedures, and review educational materials – including web-based materials.

Prudential presented a high quality, high touch approach with compelling educational materials including Goal Maker, a highly recognized online tool. The review documented a strong commitment and passion at all levels to serving SFDCP participants.

Anna McGibbons reviewed the advantages of Prudential's Goal Maker application, in place since 1999. Great-West Retirement Services is just rolling out equivalent application, with less functionality – no rebalance, age migration, etc.

Staff and consultant noted high confidence in Prudential's team, compared with recent staff turnover at GW.

Ms. Durand noted that Prudential's highly personalized approach provides confidence in their ability to meet SFDCP goals, including increasing participation by eligible employees. In response to a question from Commission Driscoll she noted that Goal Makers is user friendly, with online support available, as well as in person training from Prudential representatives.

The Committee engaged in a question and answer session.

Commissioner Driscoll discussed a variety of issues to be considered as part of any transition, including data security and timely completion of a transition. Staff and consultant noted that Prudential has recent experience with transitions from Great West Retirement Services, and that successful completion of recent transitions part of the reference check process.

Commissioner Stansbury noted that a transition would be challenging and further noted the importance to avoid any disruption to participants.

Mike Hebel, representative from the Police Officers Association, noted the past transitions that have occurred within the SFDCP. He further urged the Committee to develop specific contractual performance measures and objectives to allow effective measure of the differences the Third party Administrator has made in the financial lives of SFDCP participants.

Commissioner Driscoll noted the potential advantages of Prudential's behavioral finance approach. Ms. Durand reported that the behavioral finance approach was evident in all interactions with Prudential.

Leslie Kautz and Anna McGibbons, Angeles Investment Advisors, reviewed process for conducting and evaluating the stable value search.

Ms. McGibbons noted that Galliard provides diversity and a state of the art approach. The site visit conducted by staff and consultant Galliard demonstrated a deep team to act the Stable Value expert on behalf of SFDCP participants, and to provide lower risk, increased expertise, and greater diversity of wrap providers.

The Committee discussed the role of wrap providers and

when a wrap would apply (participant not system driven).

Commissioner Driscoll called for public comment on this item:

Mike Hebel, representative from the Police Officers Association, expressed concern regarding a potential lower credited interest rate at higher fees and noted that Great West made significant improvements in Stable Value since 2009.

Commissioner Stansbury noted that many participants see the SFDCP as a form of savings, not retirement; for these participants the goal is not to lose principal. Participants are willing to accept lower return in exchange for stability. He further noted that other options are available for those willing to accept additional risk.

Action: Moved by Commissioner Stansbury, Seconded by Commissioner Driscoll to accept the staff recommendation forward to the full Board the Recommendation to retain Prudential for Third Party Administrator.

Ayes: Driscoll, Stansbury

Absent: Bridges

Action: Moved by Commissioner Stansbury, Seconded by Commissioner Driscoll to accept the staff recommendation forward to the full Board the Recommendation to retain Galliard for Stable Value.

Ayes: Driscoll, Stansbury

Absent: Bridges

07312013-02 Discussion item General Public Comment:

Commissioner Driscoll reviewed the procedures for public comment. There were no comments from the public.

07312013-03

Adjournment

There being no further business, the Committee adjourned its meeting at 3:30 PM.

Respectfully submitted,

Jay Huish
Executive Director