

Deferred Compensation Plan

BOARD REPORT 17-39

Date: December 5, 2017

To: Board of Deferred Compensation Administration

From: Staff

Subject: 2018-2020 Investment Manager Presentation Schedule

*Board of Deferred
Compensation Administration
John R. Mumma, Chairperson
Michael Amerian, Vice-Chairperson
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Raymond Ciranna, Second Provisional Chair,
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Thomas Moutes
Robert Schoonover
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Recommendation:

That the Board of Deferred Compensation Administration approve the proposed 2018-2020 investment manager presentation schedule.

Discussion:

Pursuant to the Plan's Investment Policy Statement, the Board is responsible for periodically monitoring the Plan's investment performance and making investment option changes when necessary. In accordance with this requirement and in fulfillment of the Board's role as fiduciary of the Plan, the Board periodically receives presentations from investment managers providing investment services for the Plan. These presentations provide Board members with the opportunity to expand their knowledge of financial industry matters and to ensure the responsible management of participant assets.

Staff has developed a proposed three-year schedule for investment manager presentations. In constructing this schedule, staff incorporated feedback from the Board's consultant, Mercer Investment Consulting ("Mercer") and members of the Investments Committee. Following is a summary of the factors taken into consideration in developing the proposed schedule:

- In the past, the Plan has scheduled investment managers of similar funds to present at Board meetings together. For example, in April of 2016, all three mid-cap managers presented back to back. The disadvantage of this method was that the Board received three presentations which all had very similar commentary on the market and economic conditions affecting that investment type.
- Given the number of investment managers and the fact that investment manager review is provided on a quarterly basis by Mercer, staff reviewed options for scheduling investment managers with longer intervals between presentations.
- Investment Committee members provided feedback to staff consistent with having active managers present to the Board approximately twice during the course of a five-year service term and having passive managers present once during a five-year service term.
- The proposed schedule provides that presentations would occur on a quarterly basis and at the same meeting that Mercer provides its quarterly investment reviews.
- In terms of sequencing, the proposed schedule generally prioritizes managers who have not previously or recently presented to the Board.

The following table details staff's recommended investment manager schedule for the period spanning 2018-2020. This schedule can be modified at any time upon Board direction. For example, if the Board was interested in having a manager present outside of the adopted schedule, such presentations can be arranged upon request. In addition, as a result of scheduled search processes for certain investment categories which will launch over the course of the 2018-2020 window, some presentations may need to be modified so as to not have the presentation occur within a search window.

Month	Manager
February 2018	DFA (US Small Cap + Emerging Markets)
May 2018	MFS (International), Loomis Sayles (Bond)
August 2018	Brandes (International)
November 2018	Galliard Capital
February 2019	Voya (Mid Cap)
May 2019	Vanguard
August 2019	Hartford (Small Cap)
November 2019	Galliard Capital
February 2020	Bank of the West
May 2020	East West Bank
August 2020	RidgeWorth (Mid Cap)
November 2020	DFA (US Small Cap + Emerging Markets)

Having the formal schedule provides the Board, staff, Mercer, and the investment managers with clarity for future planning. Staff recommends that the Board approve the proposed investment manager schedule.

Submitted by: _____
Daniel Powell

Approved by: _____
Steven Montagna