

Deferred Compensation Plan

BOARD REPORT 16-28

Date: October 11 2016

To: Board of Deferred Compensation Administration

From: Staff

Subject: Plan Governance & Investment Committees

*Board of Deferred
Compensation Administration*
John R. Mumma, Chairperson
Michael Amerian, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Raymond Ciranna, Second Provisional Chair
Wendy G. Macy, Third Provisional Chair
Linda P. Le
Thomas Moutes
Robert Schoonover
Don Thomas

Recommendation:

That the Board of Deferred Compensation Administration (a) refer a review of Plan resources, the Plan Document and Board Bylaws to the Plan Governance & Administrative Issues Committee; and (b) refer a review of the Plan's Investment Policy Statement and investments menu to the Plan Investments Committee.

Background

The Board has established two standing Committees to support the Board in carrying out its responsibilities. The Plan Governance & Administrative Issues Committee is responsible for examining issues related to Plan oversight, ethics, surveys, fees and other issues of a non-investment nature delegated for consideration by the full Board. The Plan Investments Committee is responsible for examining issues related to the Plan's investment menu design and Investment Policy Statement.

The following tables indicate the current committee rosters as designated by the Board Chairperson, effective July 20, 2015:

Plan Governance & Administrative Issues Committee
John R. Mumma, Chair
Cliff Cannon
Linda P. Le
Michael Amerian

Investments Committee
Raymond Ciranna, Chair
Thomas Moutes
Michael Amerian
Don Thomas

Board members interested in changing committee assignments may do so at the Board Chairperson's discretion. Board members may also attend these meetings in accordance with Plan Governance Policies and Bylaws.

Plan Governance & Administrative Issues Committee

- **Plan Resource Review**

Staff submits quarterly recommendations for reimbursing administrative costs. Included with those reports are long-term projections of the Plan's reserve fund balance vs. its

target using assumptions for key variables developed by the Board. The Board last reviewed and adopted its assumptions and variables in November 2013.

With the approved change in Plan Third Party Administrator service providers, staff recommends that the Board refer a review of these assumptions and variables to the Plan Governance & Administrative Issues Committee, and further engage in a process of reviewing the long-term allocation of Plan revenues, staffing and administrative resources.

- **Plan Governance Documents Review**

A best practice for administering a Plan Document is to review it on a regular basis to ensure that it is current and in accordance with applicable policy/regulation established by the Internal Revenue Code. In addition, the Board maintains its Board Bylaws to govern its operations. Staff recommends that the Board refer a review of the Plan Document and Plan Governance Policies/Bylaws to the Plan Governance & Administrative Issues Committee. The goals of this review would be to help refine as necessary Plan administration and certify compliance with applicable policy/regulation.

Plan Investments Committee

- **Plan Investment Policy & Menu Review**

The Board of Deferred Compensation Administration developed the Investment Policy Statement (IPS) to define the investment objectives and codify the design of the Plan's investment menu. Staff recommends that a review of the IPS and investment menu be referred to the Plan Investments Committee. This would include addressing the investment mandate presently filled by the Voya Midcap Opportunities Fund. Staff will coordinate with the Plan's Investment consultant, Mercer Investment Consulting, to identify areas for review and policy discussion.

Submitted by: _____
Matthew Vong

Approved by: _____
Steven Montagna