



# CITY OF *Los Angeles*

## DEFERRED COMPENSATION PLAN

### Board Report 21-01

Date: January 19, 2021

To: Board of Deferred Compensation Administration

From: Investments Committee and Staff

Subject: Stable Value Fund Request for Proposal Provider Presentations

#### Board of Deferred Compensation Administration

**Thomas Moutes**  
*Chairperson*

**Raymond Ciranna**  
*Vice-Chairperson*

**Robert Schoonover**  
*First Provisional Chair*

**Wendy G. Macy**  
*Second Provisional Chair*

**Hovhannes Gendjian**  
*Third Provisional Chair*

**Joshua Geller**

**Neil Guglielmo**

**Linda T. Ikegami**

**Baldemar J. Sandoval**

#### Recommendation:

That the Board of Deferred Compensation Administration (Board) consider presentations from providers Galliard Capital Management and Invesco and provide direction with respect to conducting further analysis or returning at the Board's February 16, 2021 meeting with a recommendation to make a final selection decision.

#### Discussion:

##### A. Background

The DCP Stable Value Fund (DCP SVF) is an investment option offered within the DCP investment menu that seeks to protect investor principal while obtaining a higher rate of return than other conservative investment alternatives (such as money market or savings accounts). As of September 30, 2020, assets in the DCP SVF option totaled \$1.38 billion, or approximately 18% of total DCP assets. The incumbent DCP SVF manager is Galliard Capital Management ("Galliard"). Contract No. C-127342 with Galliard will expire on December 31, 2021.

The Board approved release of a Request for Proposal (RFP) for SVF Management Services on **March 31, 2020**. The RFP was issued on **July 20, 2020**, with a response due date of **August 27, 2020**. The RFP produced 14 responses. The RFP provided that the DCP investments consultant, Mercer Investment Consulting ("Mercer"), prepare a report analyzing the responses across the various evaluation categories as delineated within the RFP Proposal Questionnaire and that its analysis and findings be reviewed and evaluated in collaboration with the DCP staff and the Investments Committee (Committee).

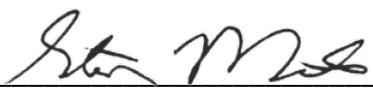
The Committee met on **October 30, 2020** to consider the analysis and review prepared by Mercer. Mercer noted that the City received an exceptionally strong and diverse range of

proposals, with all of the firms being established and competent SVF providers, but with distinguishing characteristics identified in certain evaluation criteria. As a result of that meeting, staff and Mercer further summarized the contents of the report incorporating feedback from the Committee and presented to the Board the following banded ranking of proposals at the Board's December 15, 2020 meeting.<sup>1</sup>



The Board exercised its option to request oral presentations of Tier A firms Galliard and Invesco prior to making a final selection. As noted in the staff report from that meeting, Galliard and Invesco are two of the largest SVF providers in the industry and distinguished themselves across virtually all of the rating factors included in the RFP.

Following the presentations, the Board has the option of requesting further analysis or requesting that the matter be agendized for final action at the next meeting. Staff recommends that the Board consider presentations from providers Galliard Capital Management and Invesco and provide direction with respect to conducting further analysis or returning at the Board's February 16, 2021 meeting with a recommendation to make a final selection decision.

Submitted by:   
Steven Montagna, Chief Personnel Analyst

<sup>1</sup> Banded rankings represent the evaluation of proposals for this specific mandate in light of the DCP's specific requirements and should not be misconstrued as Mercer's formal research ratings of the respective stable value strategies.