

Deferred Compensation Plan BOARD REPORT 11-38

Date: May 25, 2011
To: Board of Deferred Compensation Administration
From: Staff
Subject: Board Meeting Structure

*Board of Deferred Compensation
Administration
Eugene Canzano, Chairperson
Richard Kraus, Vice-Chairperson
Sangeeta Bhatia
Cliff Cannon
Tom Moutes
John R. Mumma
Michael Perez
Robert Schoonover
Maggie Whelan*

Recommendation:

That the Board of Deferred Compensation Administration approve a proposal from staff for structuring Board meetings.

Discussion:

Staff has been reviewing options for improving the efficiency of Board meetings. This review has been brought about by not only a trend towards lengthier meetings but the significant anticipated workload in both the near- and medium-term.

In addition to ongoing administrative issues and structural reporting (including investment manager presentations, quarterly investment reviews and quarterly presentations from the Plan's Third-Party-Administrator), over the next 18 months there will be considerable activity related to multiple procurement processes (for the Plan consultant, custodian, and a variety of investment managers). Staff has also considered other priorities of the Plan and grouped them into the following potential general or structured topic categories for Board meetings:

- **Plan Administrative Issues** – These include issues involving the general administration of the Plan (e.g. policy, governance, regulatory matters, Plan design, and participant services).
- **TPA Administrative Review** – These are quarterly Plan statistical reviews provided by the Plan Third-Party-Administrator (TPA).
- **Investment Manager Presentations** – These include presentations from the Plan's various investment managers regarding fund performance.
- **Quarterly Investment Review** – These are quarterly Plan investment reviews provided by the Plan consultant.
- **Investment Issues** – These are investment-related issues involving procurement or policy matters.

- **Communications** – Communications topics have not in the past been a structured aspect of Board meetings, but this is an area where staff is proposing renewed emphasis going forward.
- **Training** – Training has likewise not been a structured aspect of Board meetings, but the Board has been discussing the need for more training opportunities.
- **Strategic Planning** – Strategic planning has also not been a structured aspect of Board meetings, but is an important part of developing a proactive and well-considered roadmap for developing the Plan over the long-term.

Staff is proposing that over the course of a calendar year Board meetings be generally structured as outlined in the table below. The general concept is that related topics would be grouped together so that information could be exchanged more efficiently. To be sure, certain critical or time-sensitive topics may have to be considered outside the framework of this calendar, but establishing the framework will help guide the Board’s staff and service providers in more efficient project development and reporting.

MONTH	AGENDA TOPICS			
January	Administrative Issues	Communications		Training
February	Administrative Issues	TPA Admin Review		
March	Passive Managers Presentations ¹	Quarterly Investment Review	Investment Issues	
April	Administrative Issues	Communications		
May	Administrative Issues	TPA Admin Review		
June	Active Managers A Presentations ²	Quarterly Investment Review	Investment Issues	
July	Administrative Issues	Communications		Training
August	Administrative Issues	TPA Admin Review		
September	Active Managers B Presentations ³	Quarterly Investment Review	Investment Issues	
October	Administrative Issues	Communications		Strategic Planning
November	Fixed Income Managers ⁴	Quarterly Investment Review	Investment Issues	
December	Administrative Issues	TPA Admin Review		

¹ Includes the four (4) passive Large-Cap, Mid-Cap, Small-Cap and Bond Fund managers.

² Includes four (4) of eight active managers: Mid-Cap Growth, Mid-Cap Value, Small-Cap Growth, Small-Cap Value

³ Includes three (3) of eight active managers: International Developed, International Emerging Market, and International Small-Cap.

⁴ Includes the five (5) Stable Value, Bank Deposit Account, and active Bond Fund managers.

In addition, because of the considerable number of procurements anticipated for next year, it may be necessary to schedule one or more special meetings to address those specifically. The determination of a need for a special meeting will weigh other issues before the Board in the proximate time period, scheduling needs, and staff resources.

Staff believes that this proposal for structuring Board meetings will be an effective planning tool and will facilitate a more efficient review of matters before the Board. Staff recommends that the Board approve this proposal. Implementation will occur January 2012, given that many of the investment managers have already presented in the first half of the year.

Submitted by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez