

Deferred Compensation Plan BOARD REPORT 11-61

Date: August 31, 2011
To: Board of Deferred Compensation Administration
From: Staff
Subject: Investment Menu Implementation Update

*Board of Deferred
Compensation Administration
Eugene, Canzano, Chairperson
John Mumma, Vice- Chairperson
Cliff Cannon, First Provisional Chair
Tom Moutes, Second Provisional Chair
Sangeeta Bhatia, Third Provisional Chair
Michael Amerian
Michael Perez
Robert Schoonover
Maggie Whelan*

Recommendation:

That the Board of Deferred Compensation Administration receive and file information regarding implementation of pending changes to the Plan investment menu.

Discussion:

At the August 16, 2011 Board meeting, staff discussed the process of implementation for the balance of remaining changes to the investment menu. The second phase of implementation involves establishing the DCP Mid-Cap, DCP Small-Cap, and DCP International Funds. To implement this phase the following procurements must take place in 2012:

- Active Growth Mid-Cap Manager
- Active Value Mid-Cap Manager
- Active Growth Small-Cap Manager
- Active Value Small-Cap Manager
- Active Developed Markets International Manager
- Active Emerging Markets International Manager
- Active Small-Cap Markets International Manager

The Board's Consultant, Mercer Investment Consulting (Mercer) and staff have been working together to develop the first draft RFP for all investment mandates. The completed first draft RFP has been sent to the Personnel Department Administrative Services Division (ASD) and Board Counsel for review. Staff will bring the RFP to the Board for approval at the October 18, 2011 meeting.

Below is a schedule developed by staff that details anticipated steps for the upcoming procurements. The transfer of all funds is tentatively scheduled for November 1, 2012, however, due to the size of the project and the inherent variables that go along with the review and development process, the implementation date will need to remain fluid.

Procurement Schedule Implementation of Investment Menu Changes November 1, 2012			
Days Remaining	Date	Activity	Status
469	7/21/2011	Meeting with Mercer Investment Consulting (Mercer)	Completed
461	7/29/2011	Meeting with Personnel Department Administrative Services Division (ASD)	Completed
458	8/1/2011	Meeting with Board Counsel	Completed
428	8/31/2011	1 st Draft RFP Due from Mercer & Staff	Completed
392	10/6/2011	Review of RFP Completed by Personnel Department ASD & Board Counsel	
380	10/18/2011	Board reviews RFP for Approval	
352	11/15/2011	Final Board approval of RFP (if necessary)	
	11/15/2011	Issue RFP	
286	1/20/2012	RFP Due Date	
185	4/30/2012	Mercer & Staff Complete Review of RFP Responses	
170	5/15/2012	Board Meeting - Selection of Vendors	
162	5/23/2012	Special Board Meeting (if necessary)– Selection of Vendors	
155	5/30/2012	Special Board Meeting (if necessary) – Selection of Vendors	
134	6/20/2012	Staff & Mercer Complete First Draft of Contracts	
58	9/4/2012	Review of Draft Contracts by Personnel Department ASD & Board Counsel Completed	
44	9/18/2012	Board Reviews Contracts for Approval	
16	10/16/2012	Final Board Approval, if not adopted at previous meeting	
8	10/24/2012	Receive Contracts Signed by Vendors	
3	10/29/2012	Contracts Signed by Board Chair and Board Counsel, submitted to City Clerk	
0	11/1/2012	Funds Transferred	

Staff will continue to update the Board on the progress of the investment menu implementation.

Additionally, at the August 16, 2011 Board meeting, Ms. Bhatia had asked Board Counsel for information regarding the Board's role in the selection and monitoring of investment services. Please see Board Counsel's response attached.

Submitted by: _____
Natasha Gameroz

Approved by: _____
Steven Montagna