



Memorandum

Date: February 4, 2013
To: Timothy Price, Chief Investment Officer, CCCERA
From: Jeff Youngman and Bob Helliesen
Subject: WHV Personnel Development Update Memo

MEETING DATE
FEB 13 2013
AGENDA ITEM
12

Summary and Conclusion

Milliman has been notified that, after slightly less than 10 years, Jeff Romrell has decided to resign from WHV. His final day at the firm was Friday, February 1, 2013.

Jeff functioned as the firm's head of Distribution (marketing), he was a member of the firm's Strategic Planning Committee, and was a WHV Board member. At this time, the person or people who will assume Jeff's responsibilities have not been announced.

This follows the change in CEO that occurred in December, 2012 when Andy Turner succeeded Judy Stevens, and precedes the scheduled retirement of Kurt Hauser, Executive Chairman and Chief Economist, in April, 2013, of which we were also notified.

Jeff Romrell's role as head of distribution, Judy Stevens' role as CEO and Kurt Hauser's role as senior economist do not directly affect the portfolio management of CCCERA's large cap US core equity account managed by WHV. Key members of the portfolio management team include Jeff Coburn, portfolio manager, and Reiner Triltsch, CIO. Therefore, we do not view this as an immediate major concern.

Still, the changes are significant. With this personnel change, the majority of the former leadership of the firm WHV will have retired, and the firm's Board of Directors will have seen three of its five members leave. The firm will be under significantly different senior leadership going forward.

We will monitor the firm closely and recommend a meeting with the firm in its offices to assess the recent and anticipated changes.

CEO Change

Jeff Romrell's departure comes shortly after a change in the CEO role at WHV.

In mid-December, 2012 Milliman received notice regarding a change in the WHV's Chief Executive Officer, Judy Stevens, to Andy Turner. Ms. Stevens had been employed by WHV and its predecessor organization for 37 years. She became the firm's President on May 15, 2003 and assumed the title of CEO on May 1, 2009. In her role as President and CEO, she was responsible for leadership and management of the overall organization, mentoring staff, developing the annual financial budget and the strategic plan.



Ms. Stevens was replaced by Andy Turner, who was previously Chairman and Founding Partner of Northern Lights Capital Group, which is an investor in investment management firms. Mr. Turner had been with Northern Lights since 2006. Prior to this position, Mr. Turner worked at Frank Russell Company and Russell Investment Group from 1984. Mr. Turner has a PhD from the Wharton School at the University of Pennsylvania in Management Science and Applied Economics.

While there may be additional changes in terms of further product development and possible expansion of the firm's office locations, Mr. Turner assured Milliman in December that he would not get directly involved in the firm's investment decision making process, and that the personnel and research support functions would not be diminished in any manner. Mr. Turner expects to start to introduce new members to the Board of Directors that are external to the firm, which is a change that is expected to bring additional insight and perspective to the firm.

Jeff Romrell's Departure

On January 30, 2012, Milliman was notified by Jeff Romrell that he would be resigning from WHV. After suffering a serious biking accident in late April 2012, and recovering at home for nearly a month, Jeff moved to a part-time working arrangement. The experience of regularly being at home gave Jeff a somewhat different perspective on his family life and three children. As a result, Jeff expects to spend more time with his two daughters who will be going off to college in the next few years and to allocate much of his time to his family. When asked directly if he was looking for another job, Jeff said no.

According to Romrell, the health of WHV is strong and the firm is not facing watch list placements or other negative assessments from existing clients.

Milliman has known Jeff for at least 15 years and we believe that he has relayed the situation as it exists and his departure is not related to new senior management.

Milliman expects that WHV will quickly respond to this personnel development and that a satisfactory replacement will be found. In terms of the relationship with the Contra Costa County, Jeff Coburn will move from co-relationship manager to relationship manager. Milliman would not be surprised if Jeff Romrell's replacement as Board member is an external person, given Andy Turner's statement.

Kurt Hauser's Scheduled April Departure

Kurt Hauser is expected to retire in April of this year. Mr. Hauser, a respected economist, is the "H" in WHV. He has been associated with WHV and its predecessor Wentworth, Hauser and Violic since 1966, and began his investment career in 1962. He is currently Executive Chairman and Chief Economist of WHV, and has been taking a less active role in the firm in recent years.