

MEMORANDUM

Date: December 11, 2013
To: Board of Retirement
From: Timothy Price, Retirement CIO
Subject: Alternative Structures for Manager Presentations

Overview and Recommendation

One of the important duties of the Board of Retirement is to periodically receive updates from their investment managers regarding performance, portfolio composition, organizational shifts and personnel changes. This review can be completed by the Board, or delegated to staff or Consultant. CCCERA practice has been for the Board to meet the investment managers on a rotating schedule at three Special Board Meetings scheduled throughout the year. Practically speaking, the Board can hear from no more than five managers per meeting given the current formal presentation setup. This has led to the current rotation of having direct presentations from 15 managers per year.

CCCERA's current roster includes 39 firms and 56 investment strategies. This means that the Board presentation cycle is to hear from each firm approximately every two years. In an effort to have the Board hear from more of their investment managers on a more timely basis, we recommend that the Board grant consideration to the presentation options outlined in this memo.

Additional Special Meetings

If the Board is comfortable with the current presentation format, the simplest approach would be to simply hold more Special Board Meetings each year. While this approach would not necessarily elicit new or different information from the investment managers, it would allow the Board to receive the manager updates on a more frequent basis.

Panel Discussions

The current presentation approach lends itself towards the Board developing a deeper understanding of each individual firm, but not necessarily towards building a broader understanding of how the firms interact together to create the aggregate CCCERA total fund.

The Board could consider moving to a panel discussion format to explore cross asset class topics. Examples could include:

- Market outlook presentations from managers representing various asset classes
- Macroeconomic risks
- Risk modeling for pension funds
- Inflation forecasting
- Demographic trends around the world
- Liquidity analysis

These panel discussions could replace some or all of the Special Board Meeting presentation meetings.

Off Site Meetings

An additional option would be to move towards having an annual off site meeting. This would entail a 1-2 day meeting at a central location in the County. During this meeting, which would be open to the public, the Board could explore any of the topics noted above as well as any big picture issues that arise during the course of the year but for whatever reason do not fit well into the existing meeting schedule and/or format.

A central goal of the off site would be to get the Board to hear from as many of the investment managers as possible, most likely in the panel discussion format noted above. There could be presentations from individual managers, if warranted. We would also likely seek to bring in an outside speaker to address a timely economic or investment topic. This speaker may or may not come from a current investment manager. Additionally, we could bring in investment staff from other pension systems to provide the Board with a different perspective on investment-related operational or implementation procedures.

Some of the other 1937 Act systems have implemented this format, and the feedback has been quite positive.

Conclusion

The Board has historically provided direct oversight of the investment managers through a formal presentation process, but the growth of the number of strategies has now limited the Board's ability to hear from all managers on a timely basis. Further, the current format does not lend itself towards cross asset class discussion of broad themes that impact the total fund. Staff recommends that the Board consider replacing all or a portion of the Special Board Meeting presentations with panel discussions or an off site meeting in order to hear from more of the investment managers annually on a wider variety of topics that impact CCCERA's investment program.