

Investment Plans Committee

Special Meeting
May 23, 2011

A special meeting of the Investment Plans Committee (IPC) was held on Monday, May 23, 2011 and convened at 8:30 a.m. and adjourned at 3:30 p.m. at 300 Lakeside Drive, 20th Floor; Oakland, California, 94612.

Committee Members or Alternate Members Present:

Brenda Love,	BART (Acting alt.)
Howard D. Jones,	SEIU
Robert Fernandez,	SEIU alt.
Carolyn Pope-Chappell,	ATU
Rube Warren,	AFSCME
Jean Hamilton,	AFSCME alt.
Kory Frost,	BPOA
Michael Pon,	BPOA alt.

Committee Members or Alternate Members Absent:

Elaine M. Kurtz, (Acting Chair)	BART
Hubert LaViolette,	ATU alt.

Other Attendees:

Marcia Beard,	R.V. Kuhns
Ben Taylor,	R.V. Kuhns
Amy Hsiang,	R.V. Kuhns
Russ Richeda,	Saltzman & Johnson (legal counsel)
Brandie Barrows,	Saltzman & Johnson (legal counsel)
Peter Horikoshi,	BART
Arne Stokstad,	BART
Carolina Lopez,	BART

AGENDA ITEM 1 – Convene and Sign-in

AGENDA ITEM 2 – R.V. Kuhns & Associates, Inc. (RVK)

Over the last several months, the IPC and RVK have been discussing concerns with the management of the Stable Value Option, including turnover in staff, underperformance relative to the Investment Policy benchmark and a change in investment strategy communicated to the IPC by Dwight Asset Management beginning in 2010. In February 2011 the IPC directed the investment consultant to

conduct a fund manager search for the stable value option. RVK solicited proposals from several stable value managers for consideration by the IPC for the Plans' Stable Value Option.

The IPC held a special meeting to consider four managers that the investment consultant recommended be interviewed. RVK briefed the Committee on who would be presenting and offered tips on what to look for when listening to each candidate's presentation. The four managers who presented were:

- NISA Investment Advisors - Mr. Robert Krebs & Mr. Daniel Scholz
- Invesco - Mr. George Baumann, Stephen LeLaurin & Mr. Greg Murphy
- Galliard - Mr. Karl Tourville & Ms. Carrie Callahan
- PIMCO - Mr. Matt Clark & Mr. Henry Kao

The fund managers were asked to present information on the stable value market, their company and management, their strategy for investing and managing the funds, investment fees, use of sub-advisors, relationships with wrap contract providers, client base and education and transitional services.

AGENDA ITEM 4 – Discussion

The IPC asked their legal counsel and investment consultant to review contracts and fees and report back before further discussion.

AGENDA ITEM 5 – Adjournment

The Committee adjourned the meeting at 3:30 p.m.