



Legislation Text

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General Employees' Pension Plan Large Cap Growth Equity Investment Management Services (B)

The Pension Review Committee (PRC) for the City's General Employees' Retirement Plan has been reviewing the performance of the Plan's large cap growth equity investment manager, Brown Advisory, since 2016. Brown's investment return performance has been declining relative to their Russell 1000 Growth benchmark index for several years. The Plan's investment consultant, Summit Strategies, has been working with staff and the PRC to determine the most suitable replacement manager for the Plan's large cap growth equity investment allocation. After an extensive investment manager search and with staff's concurrence, the PRC determined that replacing Brown Advisory with several large cap equity investment management strategies focused on passive, factor-based, and quantitative enhanced investment management would provide flexibility and be most appropriate. The PRC voted on March 22, 2017 to replace Brown Advisory with the following investment managers and funds:

State Street Global Advisors Russell 1000 Index Fund

State Street Global Advisors FTSE RAFI US 1000 Index Fund

TWIN Capital Management Prime Fund

The minutes from the March 22, 2017 meeting are attached as supporting documentation for this agenda item.

Investment Management Fees for General Employees' Retirement Plan are included in its Fiscal Year 2017 and 2018 budgets.

Recommended Motion: The Board of Trustees for the General Employees' Retirement Plan: 1) accept the recommendation by the Pension Review Committee to terminate Brown Advisory; 2) authorize the City staff to initiate contract negotiations with State Street Global Advisors and TWIN Capital Management for the specified investment management services for the General Employees' Retirement Plan; and 3) authorize the City Manager as Trust Administrator to execute all related documents, including contract amendments and extensions, subject to approval of the City Attorney as to form and legality.