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Response to RFP for Fiduciary Performance Audit of the Ohio Highway
Patrol Retirement System

Ohio Retirement Study Council

October 24, 2022

Presented by:

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October 24, 2022

Ms. Bethany Rhodes
Director and General Counsel
Ohio Retirement Study Council
30 E. Broad Street, 2nd Floor
Columbus, OH 43215



RE: RFP for Fiduciary Performance Audit of the Ohio Highway Patrol Retirement System

Dear Ms. Rhodes,

RVK, Inc. (RVK) is pleased to submit our response to the Ohio Retirement Study Council (ORSC) Request for Proposal for a Fiduciary Performance Audit of the Ohio Highway Patrol Retirement System (HPRS). We are proud of the relationship we have developed with you and the ORSC since 2014 and look forward to the opportunity of expanding our consulting services to this project. This transmittal letter is not a mere formality, but rather provides our unique approach to the successful execution of your project.

A Unique “Best of Both Expert Worlds” Approach

The ORSC scope of work falls into two distinct categories: (1) institutional investment practices and (2) supporting mission critical operations. RVK brings a deep understanding of the Ohio pension systems and of the best investment practices utilized across the US. We have chosen to create a coordinated approach to your scope of work by partnering with an equally knowledgeable firm focused specifically on the operations-related aspects of this review.

Both firms outlined in this proposal—RVK and CFGI—have worked collaboratively in preparing this proposal. We both understand that while our combined expertise may well exceed that of any single firm you may consider, it can only be brought to bear fully on your behalf if we coordinate our efforts closely and continuously. Knowing this, we have prepared multiple mechanisms for achieving the necessary coordination with the ultimate goal of delivering a thorough and expert review of the HPRS.

Extensive Review/Evaluation/Audit Experience

Both RVK and CFGI confirm understanding of the services required in this RFP. Pertaining to RVK, we have been providing strategic planning, investment program reviews, and similar advisory services to asset owners since virtually our firm’s founding in 1985. For this project, we believe there is no substitute for extensive actual experience with widely varying institutional investment governance structures and operating models. As demonstrated by the case studies outlined in our proposal, RVK has recommended multiple enhancements to clients pertaining to the oversight and governance of their respective portfolios.

Should the RVK-CFGI approach be selected, RVK will bring the experience gained from serving nearly 200 clients (including 51 governmental clients) and our knowledge of their governance structures and operating practices. Similarly, CFGI will bring the experience gained from hundreds of similar engagements across multiple industries and client types. The ORSC can expect our combined analysis and conclusions to be infused with the deep experience resident in our respective firms.



Proposed RVK Team

We are proposing the following highly skilled team—including members of the current ORSC team—to provide the services outlined in this RFP. Consulting members of the RVK team have an average 22 years’ industry experience and an impressive 86 years of combined RVK tenure, providing the ORSC and HPRS Board of Trustees with a deeply experienced and stable team. Proposed team members are strategically assigned to this opportunity based on their experience with various elements in the scope outlined in the RFP.

RVK Professional / Title	Role
Jim Voytko, MPA, MPP President, Senior Consultant, Principal	Co-Lead Consultant / Engagement Manager
Samia Khan, CFA Consultant	Co-Lead Consultant / Project Manager
Kyle Plitt, CFA Senior Consultant, Principal	Portfolio Construction & Risk Management
Jason Samansky, CFA Consultant	Asset Class & Manager Reviews
Ryan Sullivan Senior Consultant, Head of Asset/Liability Team, Principal	Asset/Liability Specialist Advisor
Joe Ledgerwood, CFA Director of Investment Manager Research, Principal	Manager Research Specialist Advisor
Jonathan Kowolik Senior Consultant, Head of Investment Operations, Principal	Investment Operations Specialist Advisor
Megan Healey, JD Chief Compliance Officer	Compliance Specialist
Jake Derrah Associate Consultant	Primary Project Support
Jessica Goodall Senior Executive Assistant	Administrative Support

Proposed CFGI Team

To facilitate full access to deep expertise in *Section 2.5 Risk Management and Controls* and *Section 2.6 IT Operations*, we have arranged to partner with the highly qualified expertise resident at the non-audit accounting advisory firm, CFGI, who is well known in their field.

CFGI Professional / Title	Role
Elaina Coletta, CPA Managing Director, Finance Risk Advisory Services	Co-Lead Consultant / Engagement Manager
Xavier Sanchez, CPA Managing Director, IT Risk Advisory Services	Co-Lead Consultant / Project Manager
CFGI Senior Managers Finance and IT Risk Advisory Services	Project Lead Consultants
CFGI Consultants Finance and IT Risk Advisory Services	Delivery Consultants



Our Proposed Timetable and Fee

RVK and CFGI anticipate approximately five months to complete the services outlined in the RFP, subject to timely provision of HPRS information and documentation, as needed to complete the full scope of work and to deliver a final joint report. We are pleased to propose an all-inclusive one-time fee of \$554,215 for services to conduct this project.

Please contact Samia Khan, CFA at 646.805.7090 or via email at Samia.Khan@RVKInc.com, should you have any questions regarding our proposal. We thank you for your consideration of RVK and our partnering firm, CFGI. We both look forward to the opportunity of serving the ORSC in this critical project.

Sincerely,

James M. Voytko, MPA, MPP
President, Senior Consultant, Principal
RVK
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Elaina Coletta, CPA
Managing Director, Risk Advisory
CFGI
ecoletta@cfgi.com
617.875.2554



IV. Organization, Format, and Content of Proposal

Please provide responses to the following questions. Responses will be evaluated, in part, on an organization's ability to communicate clearly and succinctly.

4.1 PROPOSAL SUMMARY

Each proposal shall provide a narrative summary of the proposal being submitted. This summary should identify all of the services and work products that are being offered in the proposal and should demonstrate the firm's understanding of the project.

RVK has thoroughly reviewed this Request for Proposal and the associated *Section II Scope of Audit*, as outlined on pages 4-8. We have done so both independently and in coordination with our proposed partnering firm, CFGI, as summarized further below.

Purpose: RVK will review and critically evaluate the overall organizational design, structure, and practices of the Ohio Highway Patrol Retirement System (HPRS) and of its investment program. RVK will identify areas of strengths and weaknesses of the HPRS, compare its operations with best practices of other public pension plans, and make recommendations for improvement.

Deliverables: RVK will provide monthly updates (at a minimum) and submit a drafted report to the HPRS. We will provide these monthly updates and drafted report to the ORSC—and to any other designated party—if required. Our final report will include a description of the work performed; an executive summary; findings and recommendations; and specific, concrete proposals to achieve any improvements recommended in the report.

We acknowledge the numerous elements listed in the *Scope of Audit* and confirm RVK's ability and experience to perform each of them—some independently and some in close coordination with our partner, CFGI, who brings deep expertise in specific portions of this scope of work. In the interest of brevity, we outline below the six key items reflective of the core services of this RFP and the key professionals responsible for leading them:

1. **Board Governance and Administration** – Lead RVK professionals, Jim Voytko and Samia Khan, CFA
2. **Organizational Structure and Staffing** – Lead RVK professionals, Jim Voytko and Samia Khan, CFA
3. **Investment Policy and Oversight** – Lead RVK professionals, Kyle Plitt, CFA, Jason Samansky, CFA, and Joe Ledgerwood, CFA
4. **Legal Compliance** – Lead RVK professional, Megan Healey, JD¹
5. **Risk Management and Controls** – The highly qualified firm, CFGI, and their designated project leads. CFGI is a non-audit accounting advisory firm that provides internal audit services and other accounting/finance consulting services.
6. **Information Technology Operations** – CFGI and their designated project leads.

¹RVK is not licensed to practice law. While our compliance review will be thorough and reflect best practices, it will not constitute formal legal advice.



RVK has a formal dedicated Investment Program Review (IPR) practice, led by one of our proposed Co-Lead Consultants for this project, Jim Voytko. As his resume indicates (provided in Tab 3), he has substantial experience as a trustee for multiple public and corporate pension and savings plans, as a Chief Investment Officer, and the Executive Director of a large statewide public pension plan—as well as nearly 20 years as a practicing Senior Investment Consultant.

RVK is often retained by boards of trustees and investment committees (and at times, oversight bodies) to conduct a review of the investment programs responsible for investing public pension plan, endowment/foundation, and sovereign wealth fund assets. These reviews may be comprehensive in nature and cover governance, process, resources, compliance, implementation, staff organization, resource deployment, and more. Conversely, the scope of work may focus on several of these elements of specific concern to the fiduciaries.

We believe RVK offers an effective option for executing these IPRs based on the following key reasons:

- **We have extensive experience in this area.** Serving nearly 200 full-retainer and project clients, we are keenly aware of the multi-dimensional challenges many boards and committees face in managing a pension plan, endowment, foundation, sovereign wealth fund, or multiple investment programs. *Unlike other “audit firms”, which are not actually engaged in the institutional investment industry, we bring substantial and ongoing real-world experience and broad exposure to best practices to these reviews.*
- **We bring broad resources of a large, national, full-service investment consulting firm to the task**, covering governance and investment decision-making, staff and resource organization, portfolio analytics, asset allocation, asset/liability, manager selection and monitoring, risk management, and investment operations. The size and breadth of our proposed team (and the array of disciplines represented) indicate our belief that a successful project will require an equally broad array of skills and experience.
- We will bring to this project **our decades-long experience in delivering investment consulting services and analysis via well-coordinated teams**. The scope of work in this RFP is multi-disciplinary, thus we are proposing a multi-disciplinary team, firmly embedded in our team consulting approach.
- **We are an independent, employee-owned firm with no conflicting lines of business.** The ORSC can rest assured that our analysis and findings will be credible and objective.
- For each IPR assignment, **we draw upon RVK's consulting, research, and specialized professionals to create a customized team** specifically matched to the scope of work for that particular assignment. We believe our proposed team, which includes specialized resources and experience across the firm—coupled with the accounting/risk management firm, CFGI—places RVK in a uniquely qualified position to complete this project.



In addition to the summary, please provide all of the following general information:

- **The firm’s primary contact for ORSC staff use and, if different, for HPRS staff use during the audit, including the contact’s address, telephone and e-mail address;**

We are proposing the following two professionals to serve as co-leads for this important opportunity. Samia Khan, CFA will serve as the primary day-to-day contact for ORSC and HPRS Staff.

Jim Voytko, MPA, MPP – President, Senior Consultant, Principal

Role: ORSC Engagement Manager

1211 SW 5th Avenue, Suite 900

Portland, OR 97204

503.802.6144

James.Voytko@RVKInc.com

Samia Khan, CFA – Consultant

Role: ORSC Project Manager (Primary Contact)

1 Penn Plaza, Suite 2131

New York, NY 10119

646.805.7090

Samia.Khan@RVKInc.com

As the Engagement Manager for this assignment, Jim will be engaged across all elements of the scope of work and ultimately responsible for all work done by the RVK team. He will be responsible for periodic updates to the ORSC regarding the progress of the team’s work.

As the Project Manager for this assignment, Samia will be engaged in all aspects of the project and be responsible for coordinating work throughout the RVK team, as well as establishing collaborative information flows between HPRS and RVK.

- **General ownership structure of the organization, including subsidiary and affiliated companies, and joint venture relationships;**

RVK is 100% employee owned and privately held with no affiliates or parent company. We are in complete control of our consulting practice and business policy. Ownership is currently spread across 34 shareholders, consistent with the firm’s longstanding goal is to continue expanding the number of shareholders over time. By design, we have no passive shareholders; all shareholders must be actively engaged in both our firm and our profession.

Many of our peers have recently been addressing the disruptive effects of mergers and acquisitions or dealing with the demands of a multi-business line corporate parent; therefore, we believe RVK’s ability to provide dependable organizational stability for clients is a compelling attribute. Our sole line of business—and the focus of this project—is strategic investment consulting. We face no distractions from unrelated lines of business, nor are we ever tempted to cross-sell.

- **Information regarding any material change in the firm's structure or ownership within the last eighteen months, or any material change in ownership, staff, or structure currently under review or being contemplated by the firm;**

RVK has not had any material changes in its structure nor ownership within the last eighteen months. We remain, as required by our bylaws, an employee-owned firm with all owners having an active role in the business. We do not anticipate any major changes to our business structure, our consulting focus, our Board, nor our senior leadership. The only anticipated change is to continue expanding our ownership base, which we do on a periodic basis, to include employees who significantly contribute to the firm's success.

- **If available, a third-party assessment or report concerning client satisfaction and measures of the firm's strengths and weaknesses;**

As evidence of our high level of client service, in April 2022, RVK was 1 of 3 firms named as a *Coalition Greenwich Quality Leader* among large US investment consultants, based on Greenwich's 2021 study. Notably, RVK is the **only firm among large US consultants to receive this recognition for a 5th consecutive year.**



Greenwich is an industry-recognized third-party firm that conducts an annual survey of a broad universe of institutional investors—including public pension plans—and asks them to rank their consultants on a series of key metrics, as shown below:

- Understanding of Client Goals and Objectives
- Advice on Long-term Asset Allocation and Liability Issues
- Advice on DC Plan Structure and Design
- Communication of Philosophy and Investment Beliefs
- Proactive Advice and Innovative Ideas
- Client Satisfaction with Manager Recommendations
- Usefulness of Written Investment Reviews
- Sufficient Professional Resources
- Credibility with Investment Committee or Trustees
- Capability of Consultants Assigned to Clients
- Responsiveness and Prompt Follow-up on Client Requests
- Timeliness in Providing Written Reports
- Usefulness of Personal Meetings
- Reasonable Fees Relative to Value Delivered



Please see page 30 for additional information on this award and the survey methodology. We are very proud of this recognition and look forward to the opportunity of expanding our award-winning service to the ORSC by way of this mandate. Aside from this recognition, and several others, we recommend the ORSC also consider the case studies outlined throughout this proposal, as these serve as powerful evidence of our firm's ability to perform the services outlined in this RFP.

- **Any material litigation which has been threatened against the firm or to which the firm is currently a party;**

In December 2017, our firm—along with 31 other organizations and individuals—was named in a complaint filed, not by a client, but by eight individuals described as pension plan participants and taxpayers in Kentucky (Case 1348). The claims made against RVK are completely without merit, and in our firm’s 36-year history, we have never been named in a complaint or involved in litigation initiated by a client. Details of the proceedings are provided below.

After the Kentucky Supreme Court sent Case 1348 back to the trial court in July 2020 (with orders that the complaint be dismissed because the individual plaintiffs lacked standing to sue), the original plaintiffs attempted to revive their lawsuit in the trial court, and the newly-elected Attorney General (AG) sought to intervene in Case 1348 to represent the state. The AG also filed a duplicate standalone lawsuit (Case 590) but did not require responses from any defendants. The AG alleged no new claims against RVK in the Intervening Complaint or the duplicate suit.

On December 28, 2020, the trial court ruled that the private plaintiffs' complaint should be dismissed, but the AG should be permitted to intervene in Case 1348.

A group of the original private plaintiffs, along with a group of “Tier 3” plaintiffs who participate in Kentucky Retirement Systems’ (KRS) hybrid cash balance plan, have made multiple efforts since December 2020 to re-enter the case, but each has been opposed and rejected by the court. These private plaintiffs appealed the various orders on October 19, 2021. Those appeals were withdrawn. The Tier 3 plaintiffs also filed a standalone suit that was materially identical to one of their proposed intervening complaints (Case 20) and, insofar as RVK is concerned, materially identical to Case 1348. After their intervention motion was denied, they amended this complaint to assert putative class action allegations.

There were no new claims against RVK. The defendants removed Case 20 to federal court on July 19, 2021 (Federal Case 29). The plaintiffs moved to remand the suit to state court, but the court denied the motion on March 1, 2022, and stayed all proceedings pending resolution of the state cases (including Case 1348).

The AG filed an amended intervening complaint in Case 1348 on May 24, 2021, which was almost identical to the original intervening complaint. RVK and all defendants filed motions to dismiss this complaint on July 30, 2021. The court has not ruled as of this date. KRS (now known as KPPA) retained an outside law firm to conduct an investigation and issue a report. After receipt of the report (which was provided to the AG but not released to the public), KPPA’s Board voted on May 26, 2021, not to “intervene as a plaintiff in the Attorney General's amended complaint in the Mayberry (1348) action” or “file any litigation against any party in the Mayberry claims at this time.”



The Tier 3 individuals, including one new plan member, filed yet another lawsuit in Franklin Circuit Court on August 19, 2021 (Case 645). Case 645 purports to assert direct (not derivative) breach of trust claims for recovery on behalf of each of the KRS pension plan trusts, with no recovery to the Tier 3 individuals. The allegations are essentially the same as Case 20 (with the exception that the suit is not a putative class action) and quite similar to Case 1348. Neither RVK's individual principals Rebecca Gratsinger nor James Voytko are named defendants in Case 645. RVK and all of the defendants filed motions to dismiss Case 645 on December 1, 2021.

The Franklin Circuit Judge who has presided over each of the state lawsuits recused himself from further service as judge in both Case 1348 and Case 645 on May 27, 2022. The suits were reassigned to another Circuit Judge in Franklin Circuit Court. The motions to dismiss remain pending for decision before that Circuit Judge.

In addition to the information provided above, two events merit mention:

1. In the years since the filing of the original Mayberry complaint, RVK's client—the Kentucky Retirement Systems (KRS), now known as KPPA—has opted not to make any claims against our firm. In November 2020, the KPPA Board commissioned an independent investigation of the claims made by various plaintiffs.
2. The Board retained the New York-based law firm of Calcaterra Pollack LLP, and the Commonwealth approved up to \$1.2 million to finance the work. That report—entitled the “KRS Investigation Report”—was completed and submitted to KRS/KPPA in May 2021 but was withheld from the public. On August 26, 2022, a Kentucky court ordered its release. In short, the investigation which examined over 192,000 documents, including Board minutes and numerous interviews, concluded that RVK's work throughout its service to KRS/KPPA was thoroughly consistent with its contractual obligations and fiduciary standards. Indeed, the report went further by noting that RVK had been fully transparent in all respects and was a valuable resource to KRS/KPPA.

The full report can be accessed at <https://kyret.ky.gov/About/Documents/Calcaterra%20Pollack%20Investigation%20Report.pdf>, allowing readers to make their own judgments. Several key excerpts from the KRS Investigation Report summarize the findings with respect to RVK:

“R.V. Kuhns met their contractual and fiduciary duties to KRS by honestly disclosing the investment challenges KRS faced, and consistently and thoroughly identifying the aggressive to conservative investment options for KRS to consider.... Further, R.V. Kuhns also served as a valuable consultant to the Investment Staff leading up to the FoHF selection. No evidence available to us reveals any indicia of collusions, cover up, or fiduciary duty failure, etc. The mere fact that the daunting presentation R.V. Kuhns gave to the Investment Committee and Investment Staff in May 2010 was later provided at a packed legislative hearing that was publicly televised in July 2010 shows full disclosure of what KRS was facing and the genesis of the challenges....” (Report at 40.)



“Based upon the Firm’s expertise..., the Documents Reviewed, Interviews held and the Limitations of the Investigation (all described below), the Firm did not find any violations of fiduciary duty or illegal activity by [three fund manager defendants], or the investment staff and trustees related to the fund of funds due diligence processes and retention; and the investing of KRS pension funds...in absolute return strategies. The Firm reached the same conclusion related to the Consultants [which includes RVK] during the 2008-2011 period and thereafter.” (Report at 2.)

“Beyond what is identified above [not involving RVK], the Firm did not find any violations of fiduciary duty or illegal activity by [two fund manager defendants], the Consultants [including RVK], or investment staff and trustees related to the continued investing of KRS pension funds in absolute return strategies and the transition to direct hedge fund investments.” (Report at 2.)

The KRS Investigation Report also concluded it could not find evidence of fiduciary failures on the part of nearly all of the many other defendants. From the outset of this complaint in December 2017, RVK has maintained that our firm’s years of service to KRS were thoroughly professional, highly transparent, and always consistent with our contractual and fiduciary obligations.

- **A list and brief description of litigation brought against the firm by existing or former clients over the last five years; and**

Please see our response to the preceding question above. To reiterate, our firm has never been named in a complaint or involved in litigation initiated by a client.

- **A list of any professional relationships involving the ORSC, the five Ohio public retirement systems, the State of Ohio, or its political subdivisions for the past five years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed review. In the event that the firm has had any professional relationships involving the ORSC, the five Ohio public retirement systems, the State of Ohio, or its political subdivisions for the past five years, the firm shall provide a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed review, or, if necessary, an explanation of the actions that will be taken to ensure an independent review. Note that any media or social media comments opining on HPRS as an organization, whether positive or negative, may be viewed as pre-judgement of the system and result in disqualification. The firm must also disclose any staff relationships with other entities that evaluate pension systems and include a statement explaining why such relationships do not prevent an independent analysis or, if necessary, an explanation of the actions that will be taken to ensure an independent review.**

RVK currently serves as the general investment consultant for the following clients located in the State of Ohio:

- **Ohio Retirement Study Council**
- Ohio Public Employees Deferred Compensation Program
- Ohio Bureau of Workers' Compensation
- Archdiocese of Cincinnati
- Marathon Petroleum Corporation

None of these relationships constitute a conflict of interest relative to performing the proposed review, as we do not provide investment advice or services to the HPRS nor do we have any relationships with the HPRS. Our ability to conduct an objective review and evaluation of the organizational design, structure, and practices of the HPRS (and its investment program) will not be compromised in any way, given our client relationships listed above.

4.2 CAPABILITIES AND EXPERIENCE

Each proposal shall describe the firm’s capabilities and recent experience (at least during the last five years) in performing fiduciary audits or studies of public employee retirement systems. The firm should include information on the types and sizes of public employee retirement systems for which past work has been performed, including whether the systems were defined benefit or defined contribution plans, the types and number of participating employers, number of participants, and other relevant indicators of plan type, size, and comparability to HPRS. You may provide a sampling or summary description of the scope of these projects and non-proprietary key findings and recommendations. Sampling of work should be incorporated in the report as an appendix or attachment rather than a web citation. You should include other information you believe may be relevant in demonstrating your capabilities in performing the fiduciary audit, including other professional experience and data processing capabilities. Please include the firm’s experience and capability regarding all of the following:

- **Reviewing internal trading and trade processing operations;**

A specialized subgroup of the proposed RVK team, in coordination with our project partner, CFGI, will obtain data on internal trading and trade processing operations from HPRS Staff and current outsourced/supporting vendors (if any) in the form of data and information requests, validated through confirmation calls and/or meetings as necessary. The data and information requests will include general inquiries to identify the asset classes and security types traded; technology/systems used and integrations thereof; trading volumes; brokerage/counterparty selection processes; trade processing information flow / approvals / compliance oversight; execution quality reviews (if not separately covered within trade cost analytics); existing policy frameworks and controls; and areas of potentially positive and/or negative product and service usage, findings and experience and/or differentiation.

- **Reviewing internal operational and investment risk controls;**

A specialized subgroup of the proposed RVK team will obtain data on internal investment operations, overall operations, and investment and operational risk controls currently in place from HPRS Staff. RVK will use a combination of data and information requests, validated through confirmation calls and/or meetings as necessary. The data and information requests will include both general inquiries about operational policies and procedures; relevant historical audit records with documented mitigation activities; a review of organizational principles related to segregation of duties and independence; and how operational and investment risks are identified, measured, monitored, and managed. We will work with our project partner, CFGI, as needed in this area.



- **Reviewing ancillary investment functions such as cash management, securities lending, proxy voting, shareholder litigation, and regulatory reporting;**

A specialized subgroup of the proposed RVK team will obtain data on ancillary investment functions, such as cash management, securities lending, proxy voting, shareholder litigation, and regulatory reporting support—all of which are currently in place from HPRS Staff and appropriate third-party stakeholders. RVK will use a combination of data and information requests, validated through confirmation calls and/or meetings as necessary.

The data and information requests will document usage patterns and levels; HPRS policies related to such usage / monitoring thereof; reporting produced by stakeholders; and reporting / monitoring activities within HPRS governance functions.

- **Reviewing external manager and advisor selection processes, fee structures, reporting, and oversight;**
- **Reviewing investment accounting processes, performance computation processes, and custodial support;**
- **Reviewing the staffing, structure, and employee satisfaction of investment organizations;**
- **Reviewing incentive compensation programs for public investment organizations; and**
- **Reviewing asset/liability studies and reviewing investment policies for a defined-benefit public pension plan.**

For all of the tasks in this section, it is important to note that in July of 2019, RVK issued a press release announcing the formal launch of our specialty investment consulting practice, the Investment Program Review (IPR). While our firm has conducted numerous assignments over the years in this area, we opted to officially launch the IPR practice in 2019 as an addition to the growing areas of expertise within RVK, joining our specialty practice capabilities in areas such as Asset/Liability; Investment Operations; Defined Contribution; Insurance; Multi-Asset Class Investment Manager Research; and OCIO Search, Evaluation, and Monitoring.

While the core of our business remains focused on General Investment Consulting services to institutional investors, these specialized capabilities provide us with a powerful edge in advising clients across all aspects of investing.



The emerging trends shown below prompted our decision to formalize our IPR practice.

- Boards of trustees and investment committees became increasingly concerned about the optimal structure and operation of their investment programs. This became evident, not only in direct interactions with general consulting clients and prospects, but also in the major role these concerns were having within RVK's industry-leading OCIO search, evaluation, and monitoring specialty practice.
- The standard "governance review" or "fiduciary audit", as practiced for decades, was increasingly being viewed as tired, ineffective, and lacking focus—essentially less relevant. Often, these reviews were centered on simple checklists and abstract discussions of fiduciary duty but were largely disconnected from the challenges and choices within the structure and operation of the entire investment program conducted by professionals with ongoing real-world experience. The RVK IPR practice was created to focus on highly relevant problem solving for asset owners and plan sponsors.
- The wide-ranging slate of services of RVK's IPR practice includes board planning; investment decision-making and operations; staff and portfolio alignment; investment program resources, organization, and utilization; and investment operations issues. Our practice emphasizes collaborative, pragmatic problem solving.
- Conducting an effective investment program review requires a project team that combines senior leadership with first-class support in portfolio construction, risk management, manager research, investment operations, plan design, and fund analytics only available from a full-service investment consulting firm actively engaged in the institutional investment industry. Given the importance that asset owners and plan sponsors must operate within a sound governance structure, it is imperative that IPRs are comprehensive and provide meaningful insights, both of which require the breadth of resources and expertise found within RVK.
- With RVK's decision to remain solely focused on advising institutional clients—with no competing lines of business—we are widely regarded as unique in the investment consulting industry and well positioned to provide trusted and objective counsel to boards, investment committees, and oversight bodies. For each client relationship, RVK seeks to facilitate agreement by all decision makers on the mission of the institution and the governance related to the investment program. We evaluate a board's structure, its overall governance structure and operation, and decision-making process (maximizing contribution of staff and external resources and the overarching investment strategy).

Please see below for an illustrative list of examples of consulting advisory work targeting the types of issues addressed in our IPRs:

- Internal vs. external asset management, internal investment staff capabilities, optimal organization, appropriate resourcing;
- Top to bottom review of governance organization, investment program structure and operations;
- Detailed review of processes, policies and execution of investment decision-making;
- Succession planning;
- Use of strategic partnerships with asset management firms;
- Full or partial outsourcing of the investment program;
- Review and evaluate internal documentation supporting investment decisions;
- Compliance strategies and implementation;
- Board goals, policies, structure, operations, and delegation;
- Use of discretionary mandates; and
- Staff functions, positions, descriptions, and compensation.

4.3 STAFF QUALIFICATIONS

Each proposal shall, at a minimum, describe the qualifications of all management and lead professional personnel who will participate in the fiduciary audit. Each personnel description shall include: (1) a resume; (2) a summary of experience each has had in performing fiduciary audits or studies of public employee retirement systems; and (3) a management plan identifying the responsibilities each will have on the audit. The firm must also disclose any staff relationships with other entities that evaluate pension systems and include a statement explaining why such relationships do not prevent an independent analysis or, if necessary, an explanation of the actions that will be taken to ensure an independent review. Each proposal shall also include a description of the firm's procedures in the event that a key person assigned to this engagement leaves the firm during the engagement.

Services for the fiduciary audit of HPRS will be led by Jim Voytko and Samia Khan, CFA—two investment consulting professionals with nearly 60 years of combined consulting and institutional investing experience with a wide variety of asset owners and client types. Jim currently serves on the ORSC team and will be joined by another member of the team (Jake Derrah), as well as various practice experts in the execution of this audit. Each core team member, and their respective role, is described below.

- As co-lead of our firm's IPR practice, **Jim Voytko** has extensive experience conducting the services outlined in this RFP. Indeed, he has served (or is currently serving) as a key member for similar assignments. Jim has exceptionally deep experience with public pension plans as he has served as a public plan trustee on a major statewide pension plan investment board as well as the plan's Executive Director. He serves as a co-lead consultant for several of RVK's public pension plan clients and as a Senior Advisor for several others. For this project, Jim will serve as the Engagement Manager and Co-Lead Consultant. He will provide strategic direction for the overall team and present in person the team's analysis and findings to the ORSC and HPRS Board of Trustees.



- As the proposed Project Manager and Co-Lead Consultant, **Samia Khan, CFA** recently served as the “Primary Consultant Support” for an IPR mandate with the \$5 billion Vermont Pension Investment Commission. In the past year, she also served as a key team member for two IPR projects: 1) an independent governance and management evaluation of an offshore trust fund and 2) an evaluation project including a subset of the scope similar to that of HPRS’ audit.

Samia is currently serving as a key member for a project exploring possible governance and investment program structures for a major US municipal Trust Fund that is nearing completion. As Project Manager, she will take the lead in coordinating all services in this RFP, including collaboration of our various subject matter experts and project partner, CFGI, as we jointly work on the respective elements in the scope of work.

- Collectively, **Kyle Plitt, CFA**, and **Jason Samansky, CFA** will provide portfolio construction/risk management and asset class/manager reviews. They will bring a combined 40 years of industry experience to these tasks. Among his critical roles, Kyle serves as the lead consultant for the Ohio Bureau of Workers’ Compensation. Both Kyle and Jason have substantial experience in working with a wide variety of funds—public pension, corporate, and insurance—and will bring a wealth of best practice knowledge to this project.
- Serving as Senior Consultant, Principal, and Head of RVK’s Asset/Liability (A/L) Team, **Ryan Sullivan** will take the lead in evaluating whether HPRS’ investment policy is compatible with the most recent A/L study and five-year experience review. He advises some of the firm’s largest public funds and is responsible for producing highly customized A/L studies that include deterministic, stochastic, and sensitivity analyses. Ryan is also deeply involved with setting the firm’s annual capital markets assumptions. Ryan, along with our entire A/L Team, has deep experience in executing A/L studies, having performed nearly 60 over the past ten years.
- As Director of our Investment Manager Research Team, and with over 20 years of industry experience, **Joe Ledgerwood, CFA** has extensive experience evaluating investment organizations. He has served on several RVK project teams responsible for IPR assignments. He is particularly well equipped to provide investment oversight and review services with regard to manager selection and monitoring, due diligence, and manager fee analyses. He oversees a team of 21 investment manager research professionals who are solely dedicated to conducting investment manager research for every major asset class.
- **Jonathan Kowolik** will lead our project team’s efforts to address all aspects of the scope pertaining to HPRS’ current custodial relationship and issues related to investment operations. As a Senior Consultant, Principal, and 21-year veteran of the firm, Jonathan leads a highly specialized operations practice known as the Investment Operations Solutions Group (IOSG). This group maintains an active research relationship with the investment operations vendor marketplace and regularly performs search, selection, and evaluation services for trust/custody providers, transition management providers, and a broad array of other operational vendors on behalf of clients.



- As RVK’s Chief Compliance Officer, **Megan Healey, JD** will review HPRS’ compliance with applicable state and federal laws/regulations. As CCO for RVK, and previously in the private sector for regulated corporations, Megan advises RVK’s Senior Management, Audit Committee, and Board of Directors on matters related to compliance. She also directs, administers, and monitors RVK’s extensive compliance program—including quarterly and annual employee reporting and consulting practice affirmations—and is responsible for updating the firm’s ADV as well as employee policies relating to compliance. While RVK is not licensed to practice law, Megan’s background and experience as a practicing attorney and a Chief Compliance Officer equips RVK to conduct a comprehensive and detailed review of HPRS’ compliance efforts.
- As a certified non-audit accounting advisory firm, our project partner, **CFGI**, will be responsible for evaluating the adequacy of HPRS’ financial controls, current accounting process, and recordkeeping system; the integrity of their financial statements and reports provided to the Board; and the sufficiency of internal/external audit processes.
- **CFGI** will also lead the task of evaluating the control, accuracy, and integrity of HPRS’ IT system. CFGI’s IT Risk Advisors will provide HPRS with an accurate assessment of the current IT general controls, the cybersecurity risk profile, and the overall quality of processes and controls.

Each resume should include information on the current and past positions held with the firm, educational background, relevant credentials, and other relevant information to demonstrate the person’s qualifications.

Please see Tab 3 for RVK’s proposed team member resumes. CFGI proposed team resumes are provided under separate cover.

The experience summaries should include information on the types and sizes of public employee retirement systems for which the designated staff have completed work, including whether the systems were defined benefit or defined contribution plans, the types and number of participating employers, number of participants, and other relevant indicators of plan type, size, and comparability to HPRS. You may reference, rather than repeat, duplicative information provided in paragraph 4.2, Capabilities and Experience. The experience summaries also should describe the work performed and detail the roles and responsibilities that the individual staff had on the projects.

The following examples detail the type of projects we have conducted within the past three years relevant to this mandate. We believe these are indicative and representative of our vast experience in this arena.



- RVK conducted a governance and IPR for the *Vermont Pension Investment Commission*. The project was mandated and enacted following the passage of a Vermont statute granting the Commission substantial independence in its management and oversight of the state's retirement assets. The report entailed RVK's perspectives and recommendations on effective implementation of governance policies, with a focus on the importance and effective implementation of autonomy in the budgetary process and decisions related to investment programs, staff and operations, and peer analysis to highlight best practices.
- RVK conducted an IPR for the *Wyoming Investment Funds Committee*. The purpose of the review, as mandated by state legislation, was to conduct research and make recommendations on alternative governance and organizational structures) for the management of Wyoming's state sovereign wealth funds and other permanent and nonpermanent funds. RVK conducted an extensive survey of structures in the US, selected international funds, and provided a broad landscape of perspectives for improving the investment operations, decision-making structure/hierarchy, and delegation of responsibilities and oversight process for the Investment Committee's consideration.
- RVK conducted IPRs for several multi-billion dollar public pension plans. These reviews, as mandated and enacted by state legislature, were conducted in an independent, objective fashion. The reviews were comprehensive and included board/staff organization; investment decision-making policies; operational and investment procedures and actions; investment policy and compliance; portfolio structure and performance; and investment monitoring.
- RVK was retained by the *Texas Education Agency (TEA)* to do an analysis of the management of the *Texas Permanent School Fund (TPSF)*. The analysis included a review of the organizational, governance, and financial implications of splitting the management of the TPSF's assets between the TEA and the *Texas State Land Board (SLB)*, which included peer analysis. This project was mandated specifically via a statute passed by the Texas State Legislature.
- RVK conducted a comprehensive review for the Legislative Audit Committee of the *Alaska State Legislature*. The review focused on the investment decision-making policies, investment program, staffing/structure, and comparative outcomes study of the state agency's real estate investment program.
- We performed a comprehensive IPR for the *School & Institutional Trust Funds Office of the State of Utah*. While the project mandate was broad, it included such tasks as analyzing the internal organizational structure, staff classification, compensation, and providing recommendations for recruiting and operational support. The scope of work was conducted in the context of the organization's mandate and current investment strategy.



- RVK was engaged by an offshore trust fund (created by a sovereign state compact) to provide a neutral external evaluation of the governance and management of their Plan. The assessment touched on the aspects of Plan governance, management, and administrative structure (with an emphasis on the investment policy statement); suitability of asset allocation in relation to the funds spending, growth, and risk tolerance goals; fund performance compared to peers; review of external service providers; and assessment of the competitiveness of the Plan's fee structure.
- RVK was hired by a large corporation, located overseas, to perform an IPR and strategic planning project related to the management of their defined benefit/defined contribution Plans and captive insurance investment portfolios. The project involved assessing their global operating footprint, staff composition, and other strategic planning matters.
- RVK was retained by a major national multi-employer organization to execute a comprehensive review of their investment program, encompassing a defined benefit Plan, a defined contribution Plan, and a captive insurance Fund. The scope of work included a review of the governance/investment program structure and the investment strategy and its execution. The RVK team made a broad slate of recommendations, all of which were adopted by the client.

The management plan should specify the roles and responsibilities that each of the management and professional staff will have on the fiduciary audit and include an estimated portion of the audit's time that will be spent by each on the audit and the individual's hourly billable rate.

RVK Professional/ Title	Role	Responsibility	Hours Devoted to ORSC	Hourly Billable Rate
Jim Voytko, MPA, MPP President, Senior Consultant, Principal	Co-Lead Consultant	Serve as the Engagement Manager in leading the strategic direction internally and presenting the final report in person to both ORSC and HPRS Board of Trustees.	75	\$595
Samia Khan, CFA Consultant	Co-Lead Consultant	Serve as a co-lead with Jim and as Project Manager, leading project management and internal workflow, and co-presenting the final report to both ORSC and HPRS Board of Trustees.	115	\$495
Kyle Plitt, CFA Senior Consultant, Principal	Portfolio Construction & Risk Management	Work collaboratively with each other and the team in providing portfolio construction/risk management and asset class/manager reviews.	36	\$595
Jason Samansky, CFA Consultant	Asset Class & Manager Review		36	\$495



RVK Professional/ Title	Role	Responsibility	Hours Devoted to ORSC	Hourly Billable Rate
Ryan Sullivan Senior Consultant, Head of Asset/Liability Team, Principal	Asset/Liability Specialist Advisor	Evaluate whether HPRS' investment policy is compatible with the most recent asset/liability study and five-year experience review.	16	\$595
Joe Ledgerwood, CFA Director of Investment Manager Research, Principal	Manager Research Specialist Advisor	Conduct investment oversight and review. Evaluate manager selection/due diligence processes, manager fees, internal vs. external management, etc.	64	\$595
Jonathan Kowolik Senior Consultant, Head of Investment Operations, Principal	Investment Operations Specialist Advisor	Evaluate HPRS' custodial bank relationship. Review the custody model used by the Ohio Treasurer of State and compare to other public systems and best practices.	40	\$595
Megan Healey, JD Chief Compliance Officer	Compliance Specialist	Evaluate HPRS' compliance with applicable state and federal laws/regulations.	25	\$595
Jake Derrah Associate Consultant	Primary Project Support	Support the team in creating memos, presentations, and other key documents. Analyze and summarize the data gathered.	132	\$320
Jessica Goodall Senior Executive Assistant	Administrative Support	Coordinate the shipment of materials and calendars for the in-person presentation of final report.	54	\$115

Lead professionals included on the project team should, at a minimum, have performed a fiduciary audit or study of a public employee retirement system within the last two years.

Our proposed Engagement Manager and Co-Lead Consultant, Jim Voytko, has completed more than five projects with similar mandates within the last two years. Our proposed Project Manager and Co-Lead Consultant, Samia Khan, CFA, served on three IPR project teams in the past year, including the Vermont Pension Investment Commission. She is currently co-leading an IPR project for a major US municipal Trust Fund that is nearing completion.



Each proposal shall include the firm’s affiliations with organizations that sponsor and support investment or fiduciary related research.

RVK is currently a member (either as a firm or as individual employees) with the following professional organizations as it relates to investment/fiduciary research.

- Plan Sponsor Council of America (PSCA)
- State Association of County Retirement Systems (SACRS)
- Texas Association of Public Employee Retirement Systems (TEXPERS)
- Defined Contribution Institutional Investment Association (DCIIA)
- National Assn. of Government Defined Contribution Administrators (NAGDCA)
- CFA Institute
- CFA Society (in various states)
- Chartered Alternative Investment Analyst (CAIA)
- Investment Management Consultants Association (IMCA)

4.4 REFERENCES

Each proposal must include a list of at least three organizations, but no more than five, that may be used as references for your work on fiduciary audits or studies. References may be contacted to determine the quality of the work performed, personnel assigned to the project, and contract adherence. Firms should ensure the accuracy of contact information and prior work from references cited. The following should be included for the references listed:

- **Date of the fiduciary audit work;**
- **Name and address of client;**
- **Name and telephone number of individual in the client organization who is familiar with the work; and**
- **Description of the work performed.**

RVK is pleased to provide the following three references for ORSC. Two additional references are provided under separate cover by our joint project partner, CFGI. As a professional courtesy, we ask that you please notify Samia prior to contacting the following references so we can provide sufficient notice to our clients, as well as provide them with contact information of the individual from ORSC conducting the reference call.



Reference #1:

Date of the fiduciary audit work;

July 2021 – November 2021

Name and address of client;

Wyoming State Investment Funds Committee

Name and telephone number of individual in the client organization who is familiar with the work; and

Donald C. Opatrny, Committee Member

Don@opatrny.com

307.732.0111

Description of the work performed.

RVK conducted a review of the governance structure and operations of the Wyoming State Funds. The project was the result of legislation passed in Wyoming, requiring a study of various investment program management structures to provide for a degree of operational independence—state-owned corporations, state investment councils, various forms of quasi-governmental entities—while maintaining the benefits and advantages of sovereign status. The project resulted in recommendations to the state legislature on optimal management structures for Wyoming. It was a highly sensitive and complex project that eventually concluded with Jim Voytko testifying before a Committee of the Wyoming State Legislature.

Reference #2

Date of the fiduciary audit work;

March 2022 – Present

Name and address of client;

North Dakota State Investment Board

Name and telephone number of individual in the client organization who is familiar with the work; and

Scott Anderson, Chief Investment Officer

scmanderson@nd.gov

701.328.9895

Description of the work performed.

RVK was retained by the North Dakota State Investment Board for services to their \$8.5 billion Legacy Fund (LF). While this project is currently in process, it is substantially completed. Our assignment is twofold:

1. Create an investment policy and implementation plan for a new statutory program mandating an unusually large in-state investment program, using the North Dakota LF assets. The in-state legislative mandate presented a broad and difficult set of challenges for our client.
2. Design an asset allocation and overall investment strategy for the LF to reflect the traditional state endowment mandate while also simultaneously reflecting legislative obligations to both fund a biennial spending policy as well as the new in-state investment program.



Reference #3

Date of the fiduciary audit work;

June 2021 – January 2022

Name and address of client;

Vermont Pension Investment Commission

Name and telephone number of individual in the client organization who is familiar with the work; and

Eric Henry, Chief Investment Officer

Eric.Henry@vermont.gov

717.439.8657

Description of the work performed.

RVK was retained by the State of Vermont’s Investment Committee to advise them on the then-pending legislation to replace the Committee with a new Pension Investment Commission—entailing an entirely new governance structure and associated increase in their policy and operational independence. The scope of work also included RVK’s assistance with the subsequent implementation of the final statute (Act 75) following legislative passage.

During this lengthy assignment, the RVK IPR Team—led by Jim Voytko and Samia Khan (both proposed leaders for this mandate)—testified before the Government Operations Committee of the Vermont Legislation, delivered requested alternative statutory language as Act 75 was being developed, and delivered a final report to the new Commission with a series of implementation recommendations for both investment program structure and operations under their new mandate.

4.5 METHODOLOGY, WORK PRODUCT, AND TIMELINE

Each proposal shall describe the proposed methodology for each element of the components listed in Section II, Scope of Audit. The description should include specific techniques that will be used, including anticipated sampling techniques and sizes, and proposed sources of data and information. You may propose alternative ways of addressing the elements of the audit’s scope.

In describing the proposed methodology, also identify the type and level of assistance that you anticipate will be needed from the staff of HPRS, including assistance to understand the operations and records of HPRS and assistance to access, obtain, and analyze information needed for the audit. The description of the proposed methodology shall also identify meetings, interviews, programming support, space needs, etc., that you anticipate needing from HPRS.

Each proposal shall also include one or more examples of work product(s) for fiduciary audits that may help to illustrate the proposed methodology and final work product.

Each proposal shall provide an estimated date that the final report will be submitted and the projected timeline or the anticipated work requirements and milestone dates to reach that date. This may be expressed as time after start of contract (i.e., “1 week after contract start date,” “4 weeks after contract start date”), rather than specific calendar dates.

We acknowledge the numerous elements listed in the *Scope of Audit* and confirm RVK’s ability and experience to perform each of them. Given the broad scope of this analysis and the number of RVK and CFGI team members proposed for this project, analysis of these elements will be completed concurrently. There are service verticals specific to each of the elements, which are detailed in full on the following pages. We anticipate the overall engagement to be completed in approximately five months. The general timeline of work can be summarized as follows.

- **Initial Data and Information Requests Sent: No later than 2 weeks after contract start date.** We anticipate the potential need for additional data and information requests throughout the first half of the project timeline.
- **Data and Information Request Responses Received and Validated: 5 weeks after our initial data and information request.** Our project timeline is based on the assumption that a full set of responses will be provided no later than 3 weeks following our request. This will be critical to facilitate the proposed project schedule.
- **Discussions and Clarifications on Data/Information Request; Analysis, Interviews, and Creation of a Draft Report: 14 weeks after contract start date.** During this period, the RVK and CFGI teams will analyze the information received, examine comparative approaches by other pension systems, and create the substantive content that will serve as the foundation for our draft report and recommendations. During (but not later than the close of this period), RVK and CFGI will present draft outlines of the issues to be addressed in our draft report.
- **Draft Findings and Recommendations: 18 weeks after contract start date.** RVK and CFGI will provide a drafted final report for review by all parties directed by the ORSC.
- **Feedback Received: 20 weeks after contract start date.** Our proposed timeline assumes that we will receive feedback from all reviewing parties by this point. We will evaluate all feedback and determine where and in what ways it may require adjustments in our draft report.
- **Finalized Module Findings and Recommendations: 22 weeks after contract start date.** RVK and CFGI will deliver a full final report and be prepared to present our respective observations, conclusions, and recommendations as well as stand ready for questions.



7. Board Governance and Administration

Scope item: Board trustee education, training, and their associated costs.

RVK will request and review HPRS' Board of Trustees education policies and procedures. Upon receipt of the documents we will review them and develop interview guides for subsequent staff and trustee interviews. We will then interview relevant staff and trustees. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices.

Scope item: Whether HPRS sufficiently delineates, communicates, and documents the lines of reporting and responsibility over staff responsibilities in general and in the investment program specifically and whether the role of the board and staff are clearly defined for both.

RVK will request and review HPRS' governance documents pertaining to lines of reporting and responsibility over staff responsibilities in general. Upon receipt and review of the documents, we will develop interview guidelines for subsequent Staff and Trustee interviews. We will then conduct interviews of relevant Staff and Trustees. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices.

Scope item: The statutes and administrative rules under which HPRS operates to determine if the board and staff comply with applicable statutes and rules as well as whether the statutes and administrative rules are sufficient to allow the board and staff to meet their responsibilities.

RVK will request and review HPRS' applicable statutes and rules. Upon receipt of the documents, we will review them and develop interview guidelines for subsequent staff and trustee interviews. We will then conduct interviews with relevant staff and trustees. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices.

Scope item: Comparison of the governance provisions and practices to industry standards and best practices in comparable systems.

RVK will request and review HPRS' applicable governance provisions and practices. Upon receipt of the documents, we will review them and develop interview guidelines for subsequent staff and trustee interviews. We will then conduct interviews with relevant staff and trustees. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices.



Scope item: HPRS' budget process and its adherence to board approved budget; written policies and procedures currently in place to monitor and guard against professional conflicts of interest.

RVK will request and review HPRS' budget, the associated process and written policies/procedures applicable to governance provisions and practices. Upon receipt of the documents, we will review them and develop interview guidelines for subsequent staff and trustee interviews. We will then conduct interviews with relevant staff and trustees. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices.

Scope item: Succession planning for key positions.

RVK will request and review HPRS' succession plan and associated. Upon receipt of the documents, we will review them and develop interview guidelines for subsequent staff and trustee interviews. We will then conduct interviews with relevant staff and trustees. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices.

Scope item: Administrative costs, including determining their appropriateness compared to comparable public systems.

RVK will request and review HPRS' administrative costs over the last three plan years. Upon receipt of the documents, we will review them and develop interview guidelines for subsequent staff. We will then interview relevant staff. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices. RVK will tap various specialty groups within the firm, such as our Investment Operations Solutions Group to make relevant comparisons to similar customer public systems administrative costs.

Scope item: Communication policies and procedures of HPRS between the board, its members, and its retirees.

RVK will request and review HPRS' communication policies and procedures specific to members and retirees. Upon receipt of the documents we will review them and develop interview guides for subsequent staff and trustee interviews. We will then interview relevant staff and trustees. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices.

8. Organizational Structure and Staffing

Scope item: Staffing size, hiring procedures, staff qualifications, roles, compensation, performance evaluation requirements, and an analysis of these factors compared to other similar size public pensions.

RVK will request and review HPRS' human resources policies, organizational charts, annual review policies and procedures, staff resumes, job descriptions, employee hand book, code of conduct, and any other documents that guide or govern human resource practices. Upon receipt of the documents, we will review them and develop interview guidelines for subsequent staff interviews. We will interview relevant staff members and ask them to describe the practices by which they monitor and manage staff.

Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices. RVK will tap various specialty groups within the firm, such as our Investment Operations Solutions Group and Investment Manager Research Team to make relevant comparisons. We will also use data from our public funds survey, publicly available compensation data from similar funds, in addition to proprietary data that RVK has acquired during its 36-year history.

Scope item: Adequacy of process to evaluate and improve customer/member satisfaction.

RVK will request and review HPRS' customer service policies and procedures, any preexisting customer satisfaction surveys and associated data. Upon receipt of the documents, we will review them and develop interview guidelines for subsequent staff interviews. We will then interview relevant staff members, asking them to describe the practices by which they monitor and manage member satisfaction.

Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices. RVK will tap various specialty groups within the firm, such as our Investment Operations Solutions to make relevant comparisons to similar customer service practices. We will also use data from our public funds survey, best practices used by RVKs public fund client base, in addition to proprietary data that RVK has acquired.

Scope item: Whether compensation levels are sufficient to facilitate HPRS' ability to attract and retain qualified pension fund professionals;

RVK will request and review HPRS' job descriptions, associated compensation information, and any exit interviews of prior employees that include reference to compensation. Upon receipt of the documents, we will review them and develop interview guidelines for subsequent staff interviews. We will then interview relevant staff members, asking them to describe how compensation policies are implemented.

Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices. RVK will tap various specialty groups within the firm, such as our Investment Operations Solutions Group. We will also use data from our public funds survey, publicly available compensation data from similar funds, in addition to proprietary data that RVK has acquired.

Scope item: Monitoring and maintaining staff qualifications and continuing education requirements.

RVK will request and review HPRS' human resources policies specific to ongoing training and education, and any other documents that guide or govern education/training. Upon receipt of the documents, we will review them and develop interview guidelines for subsequent staff interviews. We will then interview relevant staff members; having them describe the practices by which they monitor and implement ongoing training and education.

Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices. We will also use data from our public funds survey, publicly available compensation data from similar funds, in addition to proprietary data that RVK has acquired.

9. Investment Policy and Oversight

Scope item: Evaluate the appropriateness of board and staff controls, procedures, and capabilities to regularly review and monitor the performance of the investments and the practices of investment managers, as well as ensuring compliance with policies.

RVK will request the investment policy statement, investment manager agreements, performance reports, and any other documents that govern the HPRS. RVK will also request any other internal documents the HPRS produces with regularity to aid in the review process. These other documents could include periodic updates on specific asset classes or managers, such as regular annual reviews or termination recommendations.

We will then interview relevant staff members and ask them to describe the process by which they conduct oversight and communicate our findings to the Board. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices.

Scope item: Evaluate HPRS' process for measuring, evaluating, and controlling transaction costs, directed brokerage and commission recapture (if any), and compare the process to other funds as well as public or private third party industry surveys.

RVK will request and review any documents that guide or govern HPRS' process of evaluating and monitoring the above-listed metrics. We will also request and review historical reports detailing the level and trend of transaction costs, directed brokerage, and commission recapture.

We will then interview relevant staff members; have them describe the process by which they monitor and gather data with regard to the HPRS' transaction costs, directed brokerage and commission recapture. Document review will be done from RVK's offices while interviews can take place telephonically or onsite at HPRS offices. RVK will tap various specialty groups within the firm, such as the Investment Operations Solutions Group and Investment Manager Research Team to make relevant comparisons.



Scope item: Evaluate the process used to determine and measure investment performance, including how performance data is collected and verified and selection of appropriate benchmarks.

RVK will request and review written procedures that detail the performance reporting process and interview staff, or relevant third parties, to further understand the process. During our interview process with staff, we will seek to determine how manager benchmarks are selected and how they are periodically reviewed for appropriateness.

Scope item: Evaluate the basis and methodology for the compensation of external investment managers and advisors and payments to others, if any.

RVK will request and review fee agreements and compare them to both public and proprietary peer groups to evaluate appropriateness.

Scope item: Evaluate the written policies and procedures currently in place to monitor and guard against professional conflicts of interest.

RVK will request and review the employee hand book, code of conduct and ethics, or any other document that guides employee behavior. Emphasis will be placed on evaluating HPRS' personal trading, gift, political contribution, and any other policy that is designed to mitigate real or perceived conflicts of interest. We will interview legal or compliance staff that are responsible for implementing, updating, and monitoring relevant policies.

We will analyze how investment managers are selected, including the transparency in the decision-making process, due diligence provisions, whether specific criteria and procedures govern the selection process, whether they are actually observed in the selection process, and whether there is adequate documentation of selection process. We will request and review documents related to procurement, in general, and request/review documentation of prior investment manager hiring decisions across all major asset classes.

RVK will interview relevant staff members and ask them to describe the process by which they identify and select investment managers for the HPRS portfolio, including the selection process as well as the process to initiate a search. We will also interview current investment managers and ask them to describe the process from their perspective.



Scope item: Custodian policy. The Contractor will evaluate HPRS' relationship with its custodial bank, including the custodial bank's breadth of services, technological planning and capability to address HPRS' needs, the bank's structure and level of fees, cash management and analytical services, and the ability of HPRS to have oversight over custodial functions. The Contractor will also review the custody model used by the Ohio Treasurer of State as custodian of financial assets for HPRS and evaluate the oversight provided as compared against other public systems and best practices.

The operations subgroup of our proposed team will obtain data from HPRS and its current vendors in the form of data and information requests, validated through confirmation calls and/or meetings as necessary. The information requests will include general inquiries to identify existing policy frameworks for review; documentation of best practices; and identification of customizations and areas of differentiation from standard service models. Our review will seek to identify areas of positive and negative product and service consumption, experience, and/or differentiation.

RVK will tailor our inquiries and discussions to the specific focus areas noted in the *Scope of Audit*. At a minimum, these lines of inquiry will include the custodian's comprehensive product and service offerings; technology; servicing team structure; fees (including complexity and revenue drivers); and the current overall governance structure and custody model used by the Ohio Treasurer of State. RVK will augment this information with a review of our existing research coverage of the custodian banking marketplace to identify key products and services that may be available to HPRS, as well as potential consistency and/or gaps with observed best practices.

This will culminate in a component of our written report summarizing the approach taken, key observations, findings, and recommendations related to HPRS' Custodian Policy. The timeline for this component is as follows:

- **Data and Information Requests Sent:** 2 weeks after contract start date
- **Data and Information Request Responses Received and Validated:** 5 weeks after contract start date
- **Discussions and Clarifications on Data / Information Requests:** 6 weeks after contract start date
- **Draft Findings and Recommendations related to this Module Section:** 9 weeks after contract start date
- **Feedback Received:** 10 weeks after contract start date
- **Finalized Module Findings and Recommendations:** 12 weeks after contract start date



Scope item: Evaluate HPRS' process for measuring, evaluating, and controlling transaction costs, directed brokerage and commission recapture (if any), and compare the process to other funds as well as public or private third party industry surveys.

The operations subgroup of our proposed team will obtain data related to existing measurement and evaluation processes and controls pertaining to transaction costs, directed brokerage, and commission recapture (as applicable) from HPRS Staff and current vendors (if any) in the form of data and information requests, validated through confirmation calls and/or meetings as necessary. The data and information requests will include general inquiries to identify usage of trade cost analysis (both generally and in the context of directed brokerage), existing policy frameworks and controls; documentation of usage patterns relative to best practices; and areas of potentially positive and/or negative product and service usage, findings and experience and/or differentiation.

RVK will tailor our inquiries and discussions to the specific focus areas noted in the *Scope of Audit*. At a minimum, these lines of inquiry will include the documentation of current transaction cost analysis and brokerage products and services utilized; recent reporting; and internal controls and policies in place. RVK will augment this information with a review of our existing research coverage of the transaction cost analytics and directed brokerage marketplace to identify key products and services that may also be available to HPRS as well as potential consistency and/or gaps with observed common and best practices.

This will culminate in a component of our written report summarizing approach taken, key observations, findings, and recommendations related to HPRS policies and internal controls. The timeline for this component is as follows:

- **Data and Information Requests Sent:** 2 weeks after contract start date
- **Data and Information Request Responses Received and Validated:** 5 weeks after contract start date
- **Discussions and Clarifications on Data / Information Requests:** 6 weeks after contract start date
- **Draft Findings and Recommendations related to this Module Section:** 9 weeks after contract start date
- **Feedback Received:** 10 weeks after contract start date
- **Finalized Module Findings and Recommendations:** 12 weeks after contract start date



10. Legal Compliance

Scope item: *The Contractor will evaluate the adequacy of HPRS' legal compliance with applicable state and federal laws and regulations. The evaluation will include an analysis of the items shown further below.*

RVK will perform a business review of HPRS' legal compliance with specific state and federal laws and regulations.

Scope item: *Legal compliance and adherence to IRS regulations.*

RVK will request and review all of HPRS' documentation relating to IRS regulations. We will interview internal and external counsel and relevant staff members based on our document review.

Scope item: *Adequacy of internal and external counsel.*

RVK will request and review a sample set of internal and external legal deliverables, with emphasis to target review of legal areas that staff and counsel we believe expose HPRS to the highest levels of risk. We will interview internal and external counsel and relevant staff members after requesting and reviewing legal deliverables

Scope item: *Adequacy of ethics training, disclosure, and monitoring of compliance*

RVK will review ethics training presentation materials and training schedules. We will review disclosures and compliance schedules and tracking materials as well as interview internal and external counsel and relevant staff members.

Scope item: *Board and staff compliance with legal requirements.*

RVK will obtain a list of up to three areas from Board and staff regarding which specific legal requirements are part of the requested review. We will review relevant documents and interview internal and external counsel and relevant staff members relating to the document review. We will review any public regulatory filings that may relate to specified legal areas.

11. Risk Management and Controls

Scope item: *Conduct a risk review and evaluate control procedures of HPRS.*

RVK's project partner, CFGI, will address this scope item.

12. Information Technology Operations

Scope item: *Evaluate the control, accuracy, and integrity of the HPRS IT system. Review HPRS data integrity; security and confidentiality of its records system; contingency and continuency planning; and incident management system. Evaluate the overall risk level for HPRS' IT operations.*

RVK's project partner, CFGI, will address this scope item. This process includes the potential for presentation, response, and modification.



4.6 ADDITIONAL INFORMATION

Each proposal shall include any additional information that might be helpful to gain an understanding of the proposal. This may include diagrams, excerpts from reports, or other explanatory documentation that would clarify and/or substantiate the proposal. Any material included here should be specifically referenced elsewhere in the proposal.

In addition to the many case studies with similar scopes of work, as mentioned in our response, we are including a research paper, entitled *Investment Committee Best Practices*, published by RVK in 2015 (and subsequently updated in 2017). This is a year-long RVK study that combines exhaustive secondary research, proprietary surveys, and interviews with more than 30 clients to identify the most challenging issues faced by investment committees (and boards alike). It includes compelling tactics to address these challenges.

As Board governance and administration is a core part of this scope, we believe this research paper will be of great value to ORSC and HPRS. The paper is provided in Tab 2.

4.7 GLOSSARY

Each proposal shall provide a glossary of all abbreviations, acronyms, and technical terms used to describe the services or products proposed. This glossary should be provided even if the terms are described or defined when first used in the proposal response.

Please see Tab 4.

4.8 COST INFORMATION

The pricing summary should include a breakdown of costs per element, including personnel costs (including hourly rates and estimated hours for professional and clerical staff assigned to the audit); travel and lodging; data processing costs; materials; and any other potential costs. The cost estimates in the pricing summary must include all necessary charges to conduct the audit and must be a “not to exceed” figure.

RVK is pleased to provide our pricing summary for the ORSC for services to conduct a fiduciary performance audit of the HPRS. We understand and acknowledge that our pricing summary should include a breakdown of costs *per element*, however, the matrix provided in Tab 5 is the best way we have found to provide all the requested information.

Given your request for detailed information supporting our proposed fee, and in the interest of full transparency, our pricing summary provides extensive detail on our project plan execution—by RVK professional, estimated hours, and anticipated trips to HPRS and ORSC offices. We provide this in support of our formal “not to exceed” total proposed project fee of \$554,215.

We further pledge that should our actual costs for data acquisition, production costs, onsite visits be deemed unnecessary and therefore not incurred, we will reduce our fee by the amount representing our final fee by the difference between estimated and actual costs in these areas. Should the ORSC, after reviewing our plan, choose to narrow or redefine the scope of work in the RFP, we pledge to review those changes and make any adjustments in our proposed “not to exceed” fee that we believe to be appropriate. We are not proposing any fees beyond those associated with the efforts outlined in the pricing summary.

Finally, as part of our pricing summary, we request a milestone payment of 25% of the “not to exceed” fee upon submission of the detailed report outline with another 25% milestone payment when we submit the drafted final report, and the final 50% when the report is made final, accepted by, and delivered to the ORSC.

Coalition Greenwich Award:

Between July and October 2021, Coalition Greenwich conducted phone interviews with 811 individuals from 661 of the largest tax-exempt funds in the US—including corporate and union funds, public funds, and endowments/foundations with either pension or investment pool assets greater than \$150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset managers and investment consultants, including qualitative assessments of those firms soliciting their business and detailed information on important market trends. RVK is one of three firms recognized in the large investment consultant category. The ratings may not be representative of any one client's experience with RVK; rather they are representative of those clients that chose to participate in the survey. The results are not indicative of RVK's future performance.

To read the Greenwich press release, please refer to the following URL:

<https://www.greenwich.com/institutional-investing/investment-consultants-strengthen-role-top-advisors-us-asset-owners>



INVESTMENT COMMITTEE BEST PRACTICES

Tactics to Improve Decision-Making and Performance

UPDATED MAY 2017



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INTRODUCTION

BACKGROUND

Institutional investors control a large percentage of invested assets in the United States. According to a 2010 report by the Conference Board, U.S. institutional investors controlled approximately \$25.3 trillion (or nearly 17.4%) of all U.S. financial assets as of December 31, 2009.¹ A large portion of these institutions entrust investment committees with the oversight of these assets.ⁱ Given the potential magnitude of committee-based decisions, academicians, investment professionals, and investment firms have produced numerous papers on governance best practices. Although methodologies and conclusions vary, most researchers agree that exceptional governance adds value. One well-cited study sought to quantify this impact and concluded that effective governance may add up to 100 to 300 basis points to investment returns.²

Fortunately, most investment committee members with whom RVK works recognize the importance of their contributions. As a result, committee members frequently ask us which attributes and member behaviors constitute “best practice.” In the past, RVK has provided valuable rules of thumb by drawing on decades of collective experience; however, we also conceded that our advice was limited by a shortage of studies on the matter.

The objective of this study is to fill this research gap and to complete the second phase of research referenced in RVK’s April 2014 paper, entitled *Best Practices for Investment Governance*. We seek to accomplish this objective by sharing the results of two primary research efforts. The first entailed a series of interviews with more than 30 investment committee chairpersons and key institutional investment professionals. The goal of these interviews was to (a) isolate common challenges faced by investment committees, and (b) identify innovative solutions to those challenges. The second research effort involved the administration of two surveys to RVK investment professionals and a select group of industry thought leaders. The goals were to isolate key attributes of high-value committee members and to help committees prioritize commonly encountered investment issues.

We believe the resulting research findings will prove valuable to our clients. While none of the insights and tactics is universally applicable, each client may find some merit in this study if only by forcing committees to acknowledge that they face a distinct set of common challenges. By prompting conversations and debate on potential solutions, the quality of our clients’ decision-making and ultimately the performance of the portfolios under their supervision may improve.

ⁱ We use the term “investment committee” throughout this report despite the fact that governing bodies may consist of overarching Boards of Directors, independent investment boards, finance committees, and other variants. While the dynamics may vary based on the type of governing structure employed, we believe the general observations and insights in this report have broad applicability.

SUMMARY OF FINDINGS

When we initiated our research, we held a strong conviction that investment committees almost certainly share many common challenges, but that they are also likely to remain largely unaware of these challenges due to their tendency to operate in silos. We believed the simple act of revealing these challenges (as well as innovative solutions), could accelerate our clients' improvement efforts. After completing the research, those beliefs were largely confirmed. Although institutional investors vary substantially with regard to core investment objectives, they share several fundamental governance challenges. These challenges can be grouped into four broad categories, summarized below.

Challenge #1: Defining the Scope of Authority

Many investment committees operate in a suboptimal manner because the boundaries of authority among key stakeholders are unclear. In some cases, committees produce suboptimal decisions because they fail to delegate responsibilities that the committee is less equipped to handle. In other cases, committees struggle to implement timely decisions because they lack the authority to proceed without approval of an overarching board. Defining an appropriate scope of authority is a key starting point for investment committees. During the course of our research, we identified a foundation that employed an effective method to define scope of authority through an investment committee charter creation process. This case study was supplemented with a decision delegation framework, which is based both on contributions from the profiled foundation and RVK consultants' experience. We believe the framework provides a helpful starting point for investment committees who are initiating or reconsidering their delegation strategy.

Challenge #2: Selecting Investment Committee Members

Committee member selection was the challenge that committees experienced most intensely and most universally. Issues include managing committees with an excessive number of members, inadequate preparation and participation from committee members, and managing members who repeatedly sidetrack discussions during meetings. A considerable amount of time was spent contemplating this issue given its widespread impact. Solutions include two case studies and insights that draw from the results of a research survey. RVK's entire consulting staff, as well as a handful of industry thought leaders, were polled to identify the key roles and attributes of effective investment committee members. Additionally, by extrapolating insights from the survey results, we created job description templates for key investment committee members. Second, we share insights garnered from two case studies. The first case study, the Volunteer Advisor Program, presents an example of an innovative approach to member selection and integration at a medium-sized university endowment. The second case study, Trustee Reviews, presents an innovative approach to member engagement, improvement, and occasional removal from the group. Clients can leverage the insights presented in the survey and the case studies to select, integrate, and manage the performance of committee

members more skillfully. We believe that this section of the study is especially important, as the quality and commitment of individuals on the committee are arguably the most important drivers of performance.

Challenge #3: Maintaining Strategic Continuity

An institutional investor's investment objectives and associated investment strategies are usually static over long periods of time. However, as committees replace members and institutional memory erodes, there is often pressure to change the long term investment strategy in ways that are inconsistent with the underlying objectives. Many investment committees must repeatedly re-center in order to ensure that it remains true to its objectives. In order to help committees maintain strategic continuity, we present one case study that profiles an effective investment committee member orientation program. We also present a compendium of several relatively simple tactics that RVK consultants find to be effective. Tactics include annual investment strategy reviews, rolling work plans, and the simple restatement of strategic objectives on meeting agendas.

Challenge #4: Optimizing Decision Making and Execution

The final set of challenges centers on optimizing the decision making and execution process in a meeting setting. Common challenges include committee member engagement and preparation, issue prioritization, creation of impactful meeting materials, and effective meeting facilitation. Our research uncovered one compelling case study, which profiles a guest speakers program used by a large university endowment. The program produced meaningful improvement in meeting attendance and participation by providing value-added educational and networking opportunities for committee members. We also present a compendium of relatively simple tactics that RVK consultants find to be effective in enhancing the meeting facilitation and decision making process. Tactics include pre-meeting conference calls, use of concise executive summaries, and the employment of decision prioritization frameworks.

In order to help the reader to navigate this study more easily, each of these challenges, relevant constraints, and associated solutions is restated in **Figure 1** on page 10. We have also provided a short self-evaluation form in **Appendix A** on page 52. The form includes a series of questions that may help investment committees identify areas of potential deficiency. For each area, the self evaluation lists the case studies and sections of this study that may be most helpful. Finally, two sample job descriptions for investment committee member roles are provided in **Appendix B** on page 55. We believe that these job descriptions can enhance investment committee recruitment efforts. The documents can also be easily adjusted to include attributes or skills that are needed to meet an investment committee's unique requirements.

As a final note, RVK views this research as a continuous, evolving effort. By publishing these findings, our initial hope is that clients will replicate some of the solutions and improve their decision making. A second hope is that these solutions help committee members develop a deeper awareness of their shared challenges, thereby accelerating efforts to create new,

innovative solutions, which we hope to share with future updates to this research. In this regard, we look forward to collaborating with our clients, introducing additional improvements for many years to come.

METHODOLOGY

We began our research by completing a comprehensive review of existing literature on investment committee best practices. While several papers were informative, most were primarily based on the opinion of the respective author. In addition, there were few papers that provided actionable guidelines and tools to help the reader implement the most effective practices. For example, many authors stated that member selection is a critical performance driver, but failed to provide substantive guidance as to how committees should identify, recruit, and successfully integrate highly qualified candidates. Effectively, the author informed the reader that investment committee member selection was an important challenge, but neglected to share practical solutions.

In order to provide more substantive guidance, we felt that primary research was essential. In the second phase of research, we interviewed more than 30 investment committee chairpersons and leadership staff who collectively oversee more than \$100 billion in assets. We also interviewed and surveyed RVK consulting staff, which includes nearly 30 investment professionals, who collectively share well over 100 years of experience. These discussions enabled us to pinpoint the most significant challenges from the perspective of committee members, while simultaneously identifying compelling solutions. Finally, we supplemented our qualitative research with quantitative insights. This was accomplished by conducting surveys on meeting agenda prioritization and investment committee member qualifications—two issues that were almost universally cited as significant committee challenges.

We believe that the resulting study is both insightful and unique; however, it is important to recognize its limitations. First, the applicability of this research will vary based on an organization's unique skills, capabilities, and culture. The study's objective is to share information that may spark organizational improvement (or at least debate); however, these are not blind prescriptions. There are many situations in which these practices may not be an appropriate fit. Second, the survey results that we share are ultimately based on the experiences and opinions of investment professionals—primarily those employed at RVK. While we believe that these opinions are well-informed, our opinions may conflict with those held by members of other committees that function well nonetheless. In short, while acknowledging these limitations, we maintain a high level of conviction in the value of this study. At minimum, it provides a valuable framework for discussing common investment committee challenges and debating the merits of potential solutions.

Figure 1: Common Challenges of Institutional Investment Committees

<p style="text-align: center;">I</p> <p style="text-align: center;">Defining the Scope of Authority</p> <ul style="list-style-type: none"> <input type="checkbox"/> Determining the optimal scope of delegated committee authority <input type="checkbox"/> Identifying responsibilities to delegate to staff or third parties 	<p style="text-align: center;">II</p> <p style="text-align: center;">Selecting Investment Committee Members</p> <ul style="list-style-type: none"> <input type="checkbox"/> Establishing an optimal committee size <input type="checkbox"/> Identifying key member roles <input type="checkbox"/> Identifying value-added member attributes <input type="checkbox"/> Recruiting qualified committee members <input type="checkbox"/> Evaluating committee member performance <input type="checkbox"/> Enforcing accountability 	<p style="text-align: center;">III</p> <p style="text-align: center;">Maintaining Strategic Continuity</p> <ul style="list-style-type: none"> <input type="checkbox"/> Educating new and existing committee members <input type="checkbox"/> Creating comprehensive and practical documentation <input type="checkbox"/> Establishing a continuous, disciplined strategic review process 	<p style="text-align: center;">IV</p> <p style="text-align: center;">Optimizing Decision Making and Execution</p> <ul style="list-style-type: none"> <input type="checkbox"/> Prioritizing issues appropriately <input type="checkbox"/> Creating impactful meeting materials <input type="checkbox"/> Ensuring consistent meeting attendance <input type="checkbox"/> Ensuring adequate meeting preparation <input type="checkbox"/> Executing meeting facilitation that balances efficiency and thoroughness
Common Obstacles			
<ul style="list-style-type: none"> <input type="checkbox"/> Stakeholder time availability 	<ul style="list-style-type: none"> <input type="checkbox"/> Organizational influence of committee members (e.g., major donors) <input type="checkbox"/> Candidate pool constraints, such as: <ul style="list-style-type: none"> • Current board membership, • Legally required representation 	<ul style="list-style-type: none"> <input type="checkbox"/> Committee member turnover <input type="checkbox"/> Infrequency of committee meetings <input type="checkbox"/> Pre-existing investment biases of committee members 	<ul style="list-style-type: none"> <input type="checkbox"/> Meeting time constraints <input type="checkbox"/> Committee member availability and engagement
Research Results and Case Studies			
<ul style="list-style-type: none"> <input type="checkbox"/> Case Study #1: Authority-Based Committee Charter 	<ul style="list-style-type: none"> <input type="checkbox"/> Investment Committee Member Selection Survey <input type="checkbox"/> Case Study #2—Volunteer Advisor Program <input type="checkbox"/> Case Study #3—Trustee Reviews 	<ul style="list-style-type: none"> <input type="checkbox"/> Case Study #4—Committee Member Orientation <input type="checkbox"/> Compendium of Effective Tactics to Promote Strategic Continuity <ol style="list-style-type: none"> 1. Investment Strategy Reviews 2. Statement of Investment Philosophy 3. Rolling Work Plans 4. Strategic Objective Statements 	<ul style="list-style-type: none"> <input type="checkbox"/> Case Study #5—Guest Speakers Program <input type="checkbox"/> Compendium of Effective Decision-Making Tactics <ol style="list-style-type: none"> 1. Pre-Meeting Conference Calls 2. Executive Summaries 3. Decision Prioritization Frameworks

SECTION I: DEFINING THE SCOPE OF AUTHORITY

CONTENTS

- Case Study #1: Authority-Based Committee Charter**

Overview

Boards of directors establish investment committees primarily to leverage the benefits of specialization. One hallmark of a best practice board is its ability to delegate authority in a manner that promotes specialization without compromising its ability to provide prudent and consistent fiduciary oversight. In this sense, best practice is not confined to a static list of decisions that should or should not be delegated. Rather, best practice is a process by which boards develop a clear understanding of their organizational needs and capabilities, and then subsequently assign authority in a manner that is uniquely suitable to their organization. While most investment committee members with whom we spoke agreed with this paradigm, several had not employed a systematic process for determining to whom authority should or should not be granted.

The following composite case study, referred to as Foundation Alpha, presents an effective process for assigning authority through the creation of an investment committee charter. This case study is referred to as a 'composite' because it is based partially on a process employed by a large foundation (greater than \$500 million), but it is also supplemented with insights provided by our consultants.

CASE STUDY #1: AUTHORITY-BASED INVESTMENT COMMITTEE CHARTER

Background

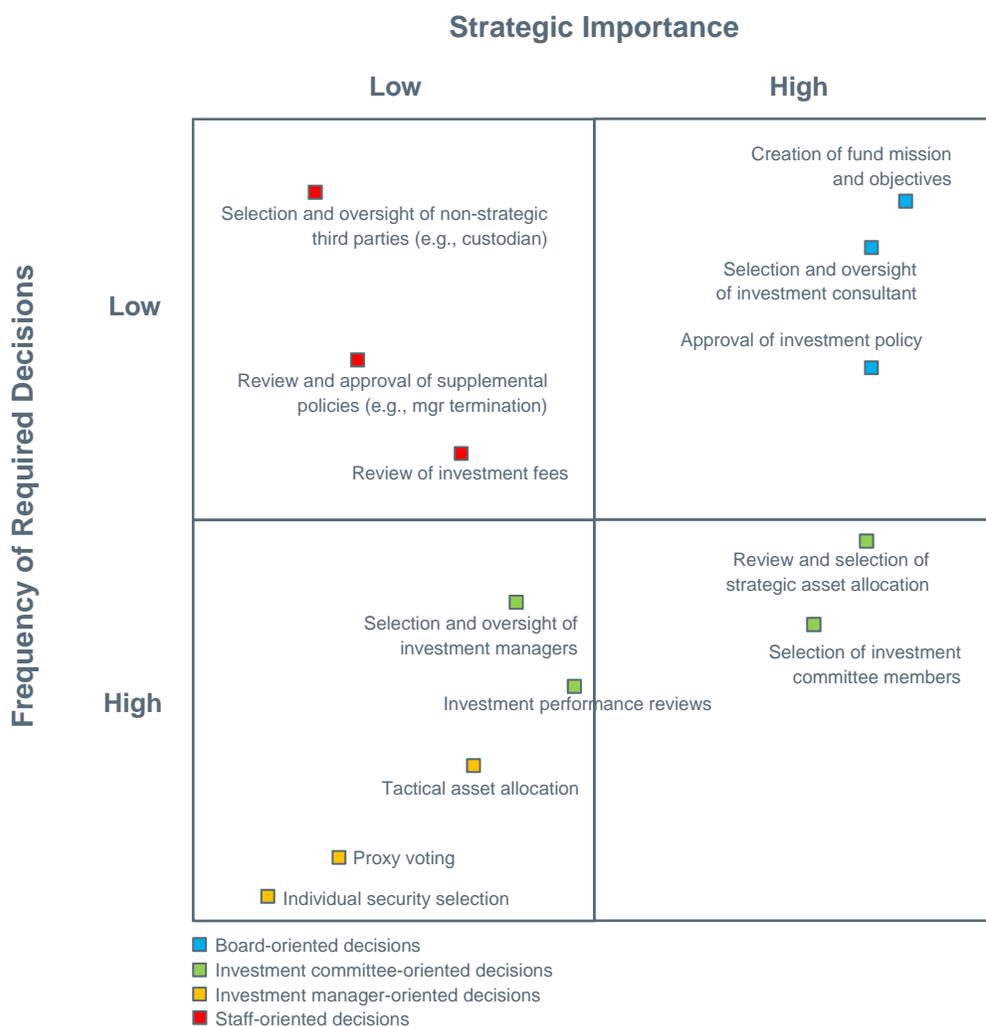
For many years, Foundation Alpha's Board and Investment Committee debated as to which entity held final decision-making authority for various types of decisions. Generally, committee members believed that the board should only be responsible for issues that impact high-level investment objectives, while the committee should have authority to oversee the implementation of the plan's investment strategy. In addition, recognizing the limited time allocation on board agendas for investment-related issues, the committee believed that the board should focus on issues that are relatively static in nature. Unfortunately, lacking clear, documented lines of authority, the committee and the board wasted scarce meeting time debating who held authority to approve proposed portfolio changes. In addition, implementation of several decisions was delayed due to the perceived need for final board approval. The investment committee chairperson concluded that a clear, documented policy for decision-making was necessary in order to operate more effectively and efficiently.

Step #1: Establishment of a Delegation Framework

The first step in determining the scope of the investment committee's responsibility was to agree on the criteria used to define boundaries. The investment committee convened a special meeting to outline specific issues that should and should not be delegated to the committee. The primary factors used to determine delegation were the level of strategic importance for each issue and the time required to make decisions. After deliberating, the committee listed specific responsibilities that warrant delegation to the committee, as well as those that should be

retained by the board. **Figure 2** shows a visual representation of this delegation framework. The figure also plots the relative position of different investment activities according to these criteria. However, the relative placement of each decision is less important than the establishment of the framework; various organizations will justifiably assign authority differently based on their unique needs, skills, and resources.

Figure 2: Investment Delegation Framework



Note: This chart was constructed for illustrative purposes, as it provides a useful framework for organizations that wish to replicate this tactic. While the Foundation used similar criteria, it did not construct this specific chart.

Step #2: Creation of the Investment Committee Charter

After discussing key responsibilities along these dimensions, investment committee members agreed on an optimal segregation of duties and then documented these in a formal investment committee charter. The chairperson then presented it to the board for formal approval. Key sections of the investment committee charter included:

1. **Membership Requirement**—The charter outlined specific requirements for committee membership, which in this case divided membership among three different constituencies (board members, foundation staff, and independent).
2. **Decision Authority and Thresholds**—The charter outlined the scope of delegated authority, which in this case included broad approval to direct and monitor the investment of all available foundation assets in accordance with the objectives stated in the investment policy. The document also outlined a specific formula for determining a quorum, which entailed the presence of certain, named individuals in addition to a percentage of the committee being present.
3. **Reporting Requirements**—Cognizant of the extensive authority granted to the investment committee, the board added a strict reporting requirement to the charter. Specifically, the committee was required to update the board at regular meetings with regard to investment performance, asset allocation, and changes to investment managers, and target allocation. While these requirements were not onerous, they ensured the board would receive timely updates relating to issues that were previously under their purview.
4. **Annual Review Requirement**—Finally, the document formally required an annual review process to ensure changes are made as appropriate, and the board and investment committee members are consistently reminded of the division of responsibilities.

Results

The results, while significant in the eyes of the investment committee members, are difficult to quantify. The clearest benefit is that committee members no longer waste scarce time debating which entity has responsibility for different decisions and tasks. Clear and documented lines of authority leave little room for debate. The reporting and annual review requirements are also sufficiently robust so as to assure the board that they are fulfilling their fiduciary duty.

As a final point, while Foundation Alpha only applied the charter concept to segregate investment committee and board responsibilities, this tactic could easily be applied to staff and third party providers. For example, a common area of tension among investment committees, staff, and third parties is the selection and termination of investment managers. By completing an honest assessment of capabilities and capacity for all involved parties, committees can use a charter to clearly assign this responsibility (along with others), while also requiring the appropriate updates and review process.

SECTION II: SELECTING INVESTMENT COMMITTEE MEMBERS

CONTENTS

- RVK Investment Committee Qualifications Survey**
- Case Study #2: Volunteer Advisor Program**
- Case Study #3: Trustee Reviews**

Overview

By far the most common challenge expressed by interviewees was the recruitment and appointment of highly qualified investment committee members. Common frustrations include, but are not limited to, inadequate meeting preparation, insufficient investment acumen, and meandering meeting discussions. In light of these frustrations, common questions that interviewees asked were:

1. *What is the optimal size of an investment committee?*
2. *What are the attributes of an ideal investment committee chairperson?*
3. *What types of committee member experiences are most valuable or potentially harmful?*
4. *What should be the minimum qualifications in terms of investment knowledge?*
5. *What types of committee member skills and personality attributes are most valuable?*
6. *How long should committee members be allowed to serve?*

In this section, we address many of these questions by sharing the results of a survey that was administered to the entire RVK investment consulting staff, as well as several industry thought leaders. In addition to summarizing the survey results, we created investment committee member job descriptions based on the results. These job descriptions can be found in **Appendix B**. Finally, this section concludes by sharing two, short case studies that address two additional challenges related to committee membership: screening and integrating new members and reviewing the performance of existing members.

RVK INVESTMENT COMMITTEE QUALIFICATIONS SURVEY

Overview

In August 2014, RVK distributed a survey to its entire investment consulting staff and several industry thought leaders. The objective was to assess critical drivers of successful investment committee member selection. We selected participants who were experienced investment professionals (rather than investment committee members themselves) because of their unique perspective. Each RVK investment consultant serves between 5 and 15 clients in a lead capacity, which in aggregate translates into 200 unique client relationships. In contrast, individual committee members usually serve on only a single committee. We also added a few industry thought leaders who are not RVK investment professionals, as they offered a similar breadth of experience. Summarized in the remainder of this section are a number of insights garnered from the survey results. While each insight may not fit all situations, each is worthy of consideration.

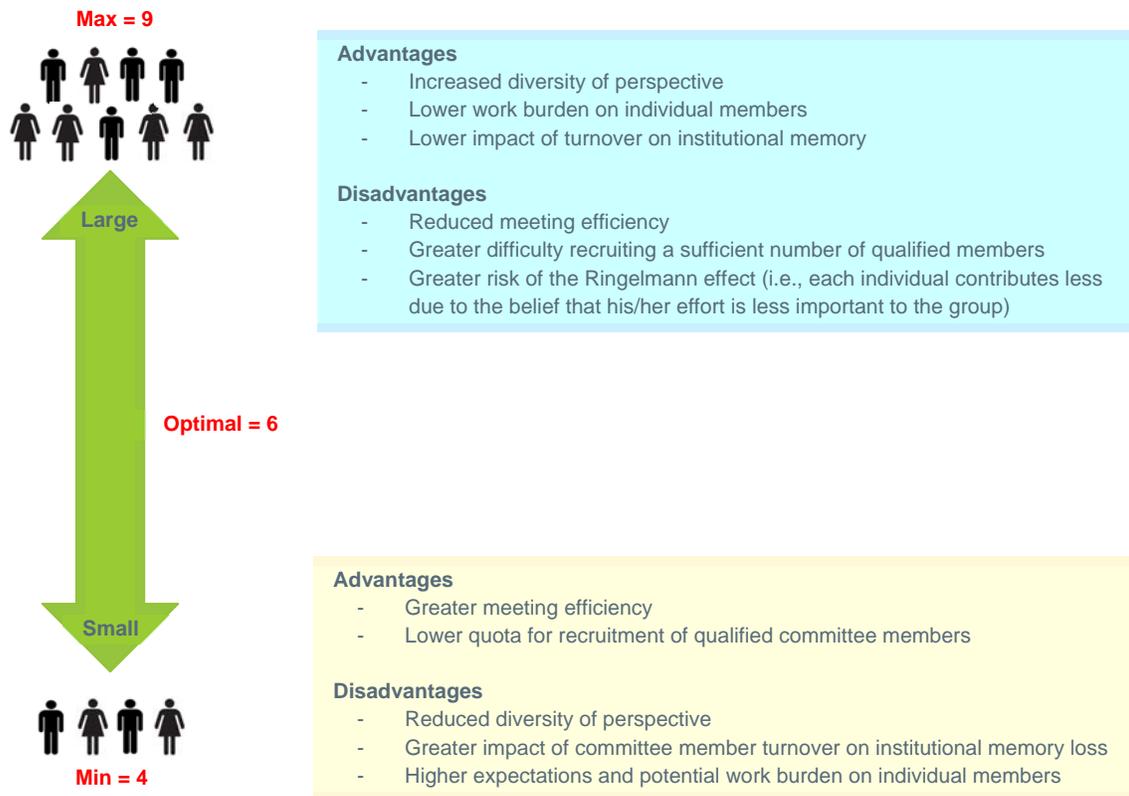
Key Insights

➤ *Insight #1: Establishing an Optimal Committee Size is Critical*

Clients often ask what constitutes the optimal investment committee size. By assigning too few people, committees risk suffering from an insufficient diversity of perspective. By assigning too many people, committee meetings may become unwieldy and inefficient. The current literature offers many opinions regarding the ideal committee size. In the article, entitled “Best Practice Investment Committees,” the founder of Greenwich Associates, Charles Ellis encourages endowments to establish a committee with five to nine members.³ Professor Michael Mauboussin also prescribed the use of smaller committees with “10 being on the high end.”⁴ Surprisingly, many other studies did not address committee size despite offering valuable insights on other issues. Examples include the article by Clark and Urwin, entitled “Best Practice Pension Fund Governance,” as well as a widely distributed paper published by the Vanguard Group, entitled “Investment Committees: Vanguard’s View of Best Practice.”^{5,6}

As a firm, RVK strongly believes that committee size is a key performance driver, and our conclusions regarding optimal committee sizes are nearly identical to those of Mauboussin and Ellis. In the survey, respondents estimated the optimal committee size at six members, with a recommended minimum number of four and maximum number of nine individuals. Because there is a relatively broad range of allowable sizes, investment committees must carefully weigh the relevant tradeoffs before determining the optimal size to suit their specific needs. **Figure 3** on the following page shows some of the major trade-offs that committee members should consider.

Figure 3: Investment Committee Size Trade Offs



In summary, while committees operating in the four to nine member range tend to operate more efficiently and effectively, the optimal number will vary for different organizations. Investment committees should carefully consider the trade-offs and establish a committee size that balances these trade-offs in a way that is optimal for them.

➤ ***Insight #2: Committee Member Turnover Should be Minimized and Designed Only to Enhance the Capabilities of the Committee***

When discussing committee member size, many interviewees raised the issue of turnover. Many committees require periodic turnover after completing a multi-year term (ideally staggered in order to minimize disruption). We considered asking the surveyed investment professionals to offer their opinions on the optimal frequency of turnover but quickly concluded that there is too much variance among organizations. More importantly, we also concluded that turnover is often used to solve problems that are better addressed through other means. Therefore, before discussing the optimal frequency of turnover, it is important to first consider what the objective of turnover is in the first place. In our interviews, we heard three common objectives: (1) refresh the investment committee’s perspective, (2) provide a non-confrontational method of removing non-value added members, and (3) engaging potential new donors (in the case of endowments in particular).

Unfortunately, we believe that turnover is a suboptimal mechanism for achieving all three of these objectives. For example, while turnover may be *necessary* to remove non-valued-added members, a more targeted selection process would certainly be preferable. And rather than refreshing the committee’s perspective by rotating members (and losing critical institutional knowledge in the process), we believe tactics such as the Voluntary Advisor Program are a more effective approach.ⁱⁱ

After considering these issues, we concluded that committees should have a strong bias toward minimizing turnover. Forced turnover is usually designed to achieve objectives that are better addressed with other, more targeted, strategies. While some committee member turnover is inevitable—and tenure of investment committee members should not be unlimited—less turnover is generally preferable, particularly if committees are simply using it as a non-confrontational way to force the removal of non-value-added members.

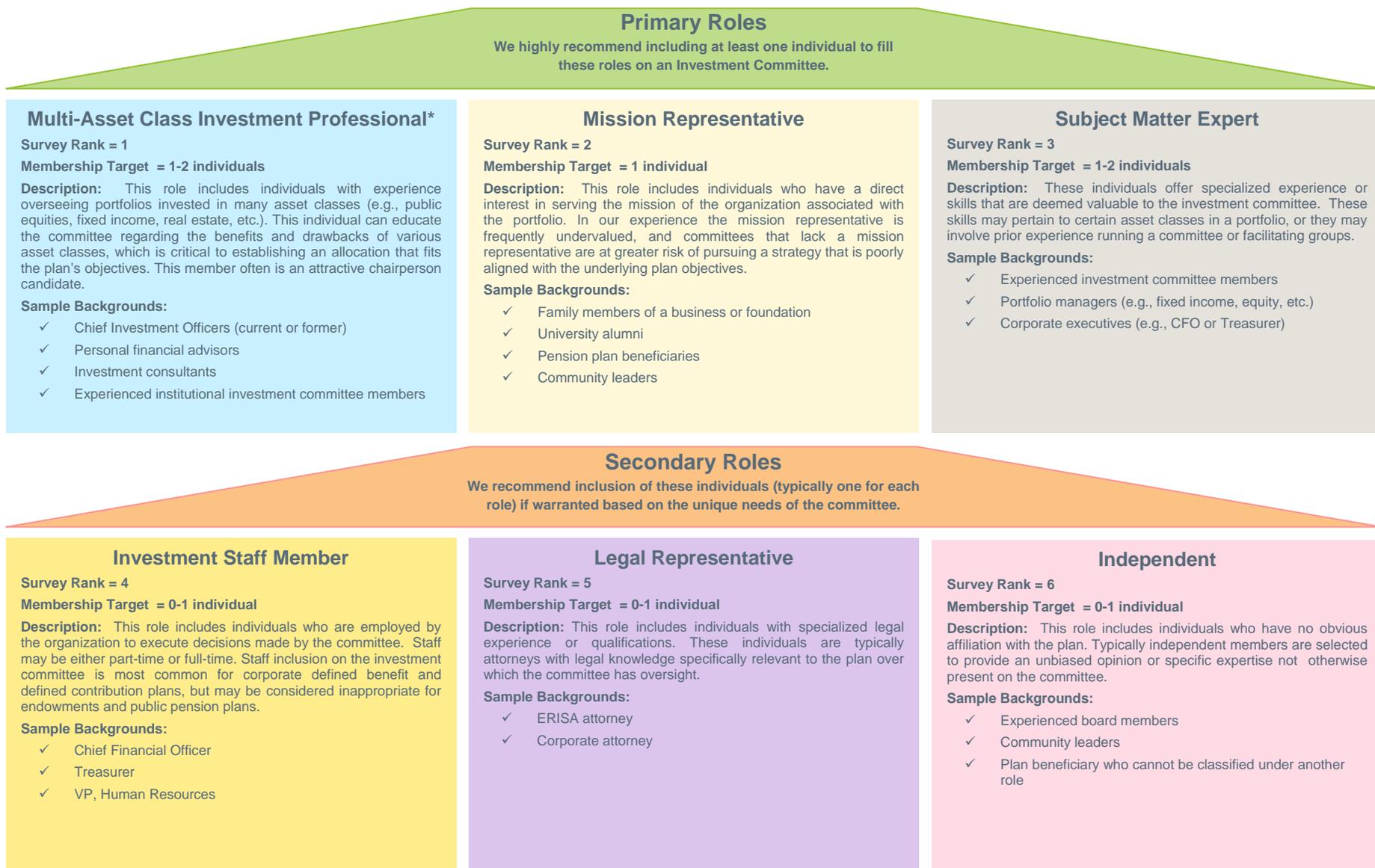
➤ ***Insight #3: Investment Committees Should Fill Roles Rather than Seats***

During the course of research, we observed that well-functioning investment committees tended to recruit individuals to fill specific roles rather than arbitrarily fill vacant seats. In order to identify the importance of different roles, we isolated six of the most commonly observed roles and then asked survey participants to rank each in terms of perceived value to the committee, as well as indicate the ideal number of committee members that should serve in each role. **Figure 4** shows the results of the survey, along with a description and example of each role. Based on the survey results, we categorized each role as either primary or secondary. Primary roles include those that we believe are essential for most investment committees—in other words, investment committees would ideally have at least one individual filling each of these roles. Secondary roles included those that prove valuable in certain circumstances, but are highly dependent on a plan’s specific objectives and constraints. For example, an ERISA attorney may prove highly valuable for a corporate DC or DB plan, but considerably less valuable for an endowment.

Clients should consider these roles before assembling a committee (or replacing a departing member). Primary roles should be prioritized—with the most critical being **Multi-Asset Class Investment Professional** and **Mission Representative**—while secondary roles should be considered based on need.

ⁱⁱ See **Page 28** for a description of the Volunteer Advisor Program at Delta Endowment.

Figure 4: Investment Committee Member Roles



* The multi-asset class professional often makes a strong investment committee chairperson candidate due to their strong experience with multiple asset classes and ability to educate other committee members on key investment concepts.

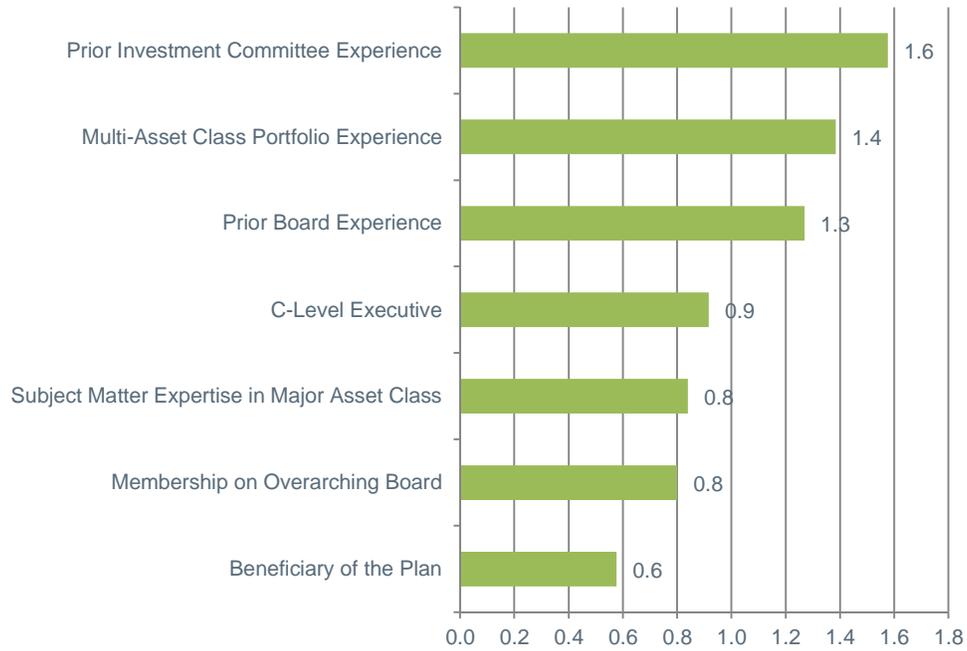
➤ ***Insight #4: Member Selection Criteria Must Include Both Technical Skills and Behavioral Attributes***

Successful investment committees leverage both the technical skills of group members and productive group dynamics. Choosing people with the right demeanor is at least as important as choosing people with the right technical skills. A member with only moderate investment knowledge but who is consistently prepared for meetings and shows strong group participation skills is likely to be more effective than a candidate with stronger technical qualifications but weak commitment and group participation skills. Therefore, in addition to assessing skills and experiences, we asked survey participants to rank the importance of different behavioral attributes. Participants were also asked about attributes that are most suitable for different roles. The results are presented on pages 21 to 26. Based on these results, we also drafted committee member job descriptions for key committee roles. These job descriptions are provided in **Appendix B**.

Investment Committee Chairperson

Before highlighting key roles and attributes of investment committee members, it is important to first consider the importance of the chairperson. The investment committee chairperson is responsible for facilitating meetings, setting and monitoring strategy implementation, and ultimately ensuring that the committee fulfills its fiduciary duties. Ideally, the chairperson combines deep investment experience (preferably multi-asset class experience) with a demeanor that is conducive to effective meeting management and decision facilitation. Another frequently overlooked, but important, selection criterion is time availability. Many investment committees that have the skills to succeed can be derailed by a chairperson who fails to allocate the required time to lead and prepare for meetings. Finally, investment committee chairpersons must have desirable behavioral attributes, with the most important being the ability to think big picture/strategically, exhibit strong active listening skills, and maintain openness to conflicting opinions. **Figure 5** and **Figure 6** show the full results of RVK's survey of investment professionals with regard to the relative value of experiences and skills of successful investment committee chairpersons.

Figure 5: Average Impact Rating for Investment Committee Chairperson Experiences

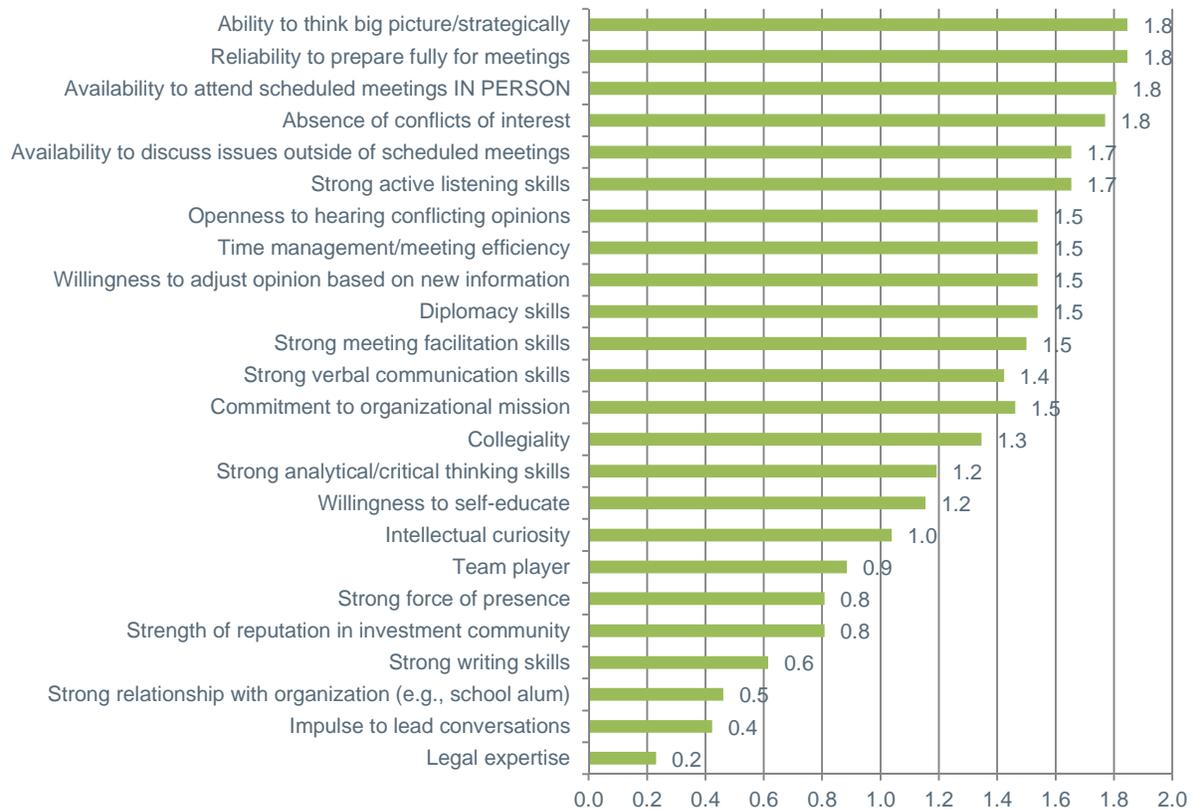


Note: Respondents were asked to categorize each experience using the four choices in terms of their perceived impact on investment committee chairperson effectiveness. Each choice was assigned a numerical value, which were then averaged for the sample set. The four choices and associated numerical values are included below.

- Extremely Helpful = 2
- Moderately Helpful = 1
- Neither Helpful Nor Harmful = 0
- Harmful = -1

Source: RVK, Inc. (2015)

Figure 6: Importance of Various Skills for an Investment Committee Chairperson



Note: Respondents were asked to categorize each experience using the four choices in terms of their perceived impact on investment committee chairperson effectiveness. Each choice was assigned a numerical value, which were then averaged for the sample set. The four choices and associated numerical values are included below.

- Extremely Helpful = 2
- Moderately Helpful = 1
- Neither Helpful Nor Harmful = 0
- Harmful = -1

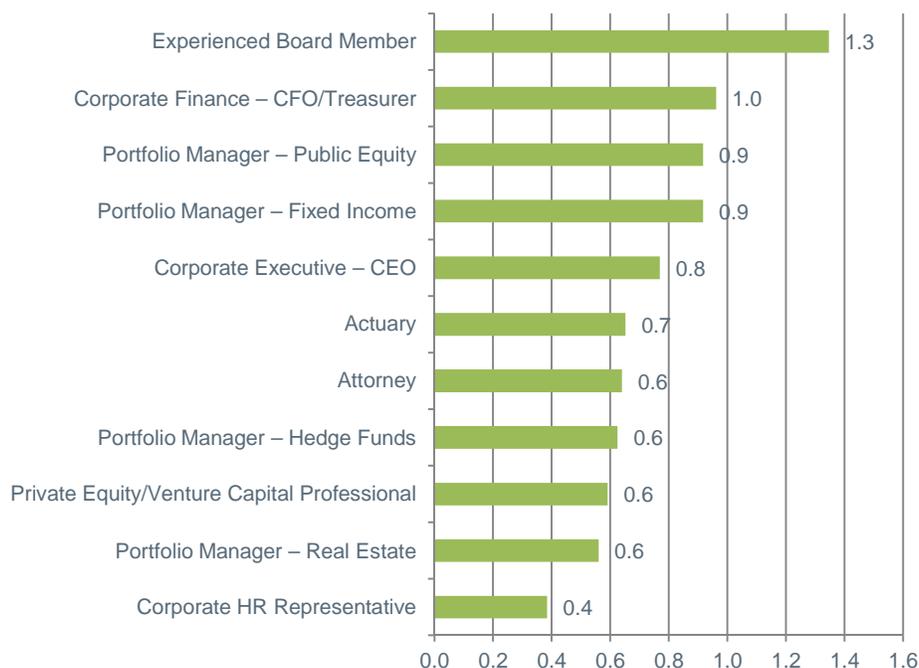
Source: RVK, Inc. (2015)

Subject Matter Expert

Subject matter experts function as the technical specialists on a committee. When leveraged optimally, subject matter experts offer unique knowledge in areas that are particularly valuable to the committee. The type of required expertise varies by plan type and investment objectives. For example, a university endowment with a large allocation to private equity, may benefit from the expertise of a private equity professional. Conversely, a corporate defined benefit plan with a sizable allocation to fixed income (long bonds in particular) may benefit from having an individual with fixed income expertise, such as a treasurer. In addition to investment-related specialization, committees also benefit from expertise in committee-based decision making itself. In fact, survey respondents ranked “Experienced Board Member” as the most valuable

prior experience. **Figure 7** shows the full results of RVK’s survey of investment professionals with regard to experiences and skills of subject matter experts.

Figure 7: Importance of Various Skills for Subject Matter Experts



Note: Respondents were asked to categorize each experience using the four choices in terms of their perceived impact on investment committee subject matter expert effectiveness. Each choice was assigned a numerical value, which were then averaged for the sample set. The four choices and associated numerical values are included below.

- Extremely Helpful = 2
- Moderately Helpful = 1
- Neither Helpful Nor Harmful = 0
- Harmful = -1

Source: RVK, Inc. (2015)

Mission Representative

The mission representative is a role that is important but often undervalued. A well-qualified mission representative helps ensure that the initial establishment and continuity of investment objectives and strategy match the interests of plan beneficiaries. Without the continuous presence of a mission representative, plans face the risk that the investment strategy may become poorly aligned with the interests of beneficiaries. Unlike other members of the investment committee, the mission representative’s experience should be closely linked to the mission of the organization rather than any specific investment discipline. Further, while a basic level of investment experience is valued, the more important skills for this role are a willingness to learn, prepare for meetings, and voice opinions when faced with investment decisions that

may conflict with beneficiary interests. **Figure 8** show the full results of RVK’s survey with regard to the skills required of mission representatives.

Figure 8: Importance of Various Skills for a Mission Representative



Note: Respondents were asked to categorize each experience using the four choices in terms of their perceived impact on investment committee mission representative effectiveness. Each choice was assigned a numerical value, which were then averaged for the sample set. The four choices and associated numerical values are included below.

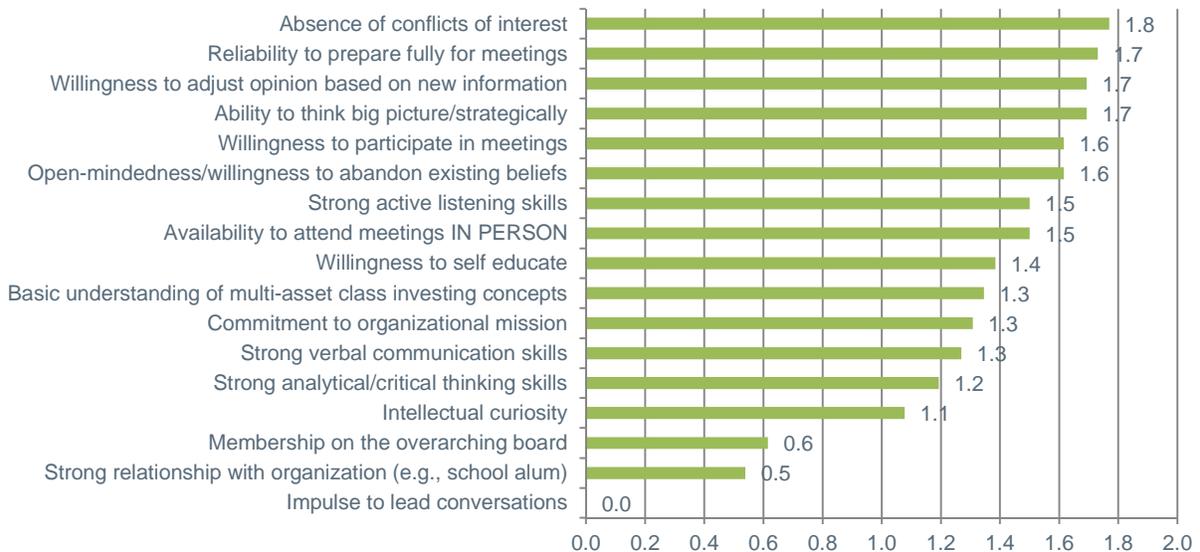
- Extremely Helpful = 2
- Moderately Helpful = 1
- Neither Helpful Nor Harmful = 0
- Harmful = -1

Source: RVK, Inc. (2015)

Universal Selection Criteria

While different committee member roles benefit from different skills, certain skills and attributes are universally valuable (or potentially harmful). In our final survey question we listed these skills and attributes. What may be surprising for many committee members is the fact that “reliability to prepare fully for meetings” was listed as the second most important requirement—nearly as important as “absence of conflicts of interest.” This was not surprising to us. Spotty meeting attendance and insufficient meeting preparation occur all too often, and can devalue the experiential benefits that committee members could otherwise offer. Therefore, each investment committee member’s commitment should be evaluated seriously before making appointments. The reality is that all committee members have competing demands on their time, and the committee must get assurance that participation will be prioritized. **Figure 9** shows the full results of RVK’s survey with regard to the importance of several committee member skills and behavioral attributes.

Figure 9: Importance of Various Skills for All Committee Members



Note: Respondents were asked to categorize each experience using the four choices in terms of their perceived impact on investment committee effectiveness. Each choice was assigned a numerical value, which were then averaged for the sample set. The four choices and associated numerical values are included below.

- Extremely Helpful = 2
- Moderately Helpful = 1
- Neither Helpful Nor Harmful = 0
- Harmful = -1

Source: RVK, Inc. (2015)

➤ Other Investment Committee Selection Mistakes

In addition to the survey results, we thought it would benefit clients to share some of the common mistakes RVK consultants have observed over the years. Several of the more common (and potentially damaging) mistakes include:

1. **Restricting Committee Membership Solely to Current Board Members**—Limiting membership to current members of the overarching board significantly constrains the pool of qualified candidates. Ironically, this criterion is not even deemed valuable. In terms of impact on committee effectiveness, survey participants ranked “Membership on the Overarching Board” as third to last (See **Figure 9**). We encourage investment committees to consider expanding membership eligibility beyond the existing board of directors in order to maximize the pool of qualified candidates. The benefits of broadening the candidate pool exceed the benefits of restricting membership to the overarching board.
2. **Using Investment Committee Membership as an Incentive**—Some boards of directors use membership on an investment committee as an incentive to promote other contributions to the organization. This is a practice more commonly seen at university

endowments, where large donors may be rewarded with investment committee membership. If possible, committees should recruit members solely based on qualifications rather than to incentivize non-investment related contributions.

3. **Allowing Disproportionate Representation of a Single Role**—Some investment committees recognize the need for specialized expertise, but overemphasize a specific role. One common occurrence is to populate the committee solely with subject matter experts. While this may enable success in some areas, it often impedes progress in others. For example, investment committees with a disproportionate representation of equity subject matter experts may show a bias toward this asset class or demonstrate difficulty in related decision making due to limited diversity of opinion.
4. **Overemphasizing Technical Expertise**—Many investment committees underestimate the importance of personality attributes, and instead base recruitment solely on technical expertise. However, many obstacles to effective decision-making result from poor group dynamics rather than a shortage of expertise. The survey results clearly suggest that personality attributes are at least as important as technical qualifications.

CASE STUDY #2: THE VOLUNTEER ADVISOR PROGRAM

Background

As illustrated in the survey results, recruitment and integration of highly qualified committee members is a common challenge for committees. Delta Endowment, a University Endowment with greater than \$250 million in assets, had repeatedly confronted issues relating to the recruitment, integration, and engagement of new investment committee members. The first challenge resulted, in part, from the fact that new members were appointed by the board of trustees with limited input from existing investment committee members. The second challenge—which was partially a consequence of the first—was that newly appointed committee members sometimes lacked the required experience and skills to contribute value. Further complicating matters was the fact that newly appointed committee members occasionally held pre-existing beliefs that differed from the established investment philosophy of the committee, and some repeatedly voiced opinions that sidetracked the committee. The third challenge was that the relative level of participation varied substantially among committee members, with some new members unable to provide the required time and work that was expected. Finally, these challenges were sometimes magnified by the fact that the committee lacked a tactful way to replace committee members who were not contributing value.

The Volunteer Advisor Program

In 2005, Delta Endowment created the Volunteer Advisor Program in order to enhance the qualifications of new committee members and improve the dynamics of committee meetings. Key elements of the strategy include:

1. **Investment Committee-Directed Recruitment**—Recruitment of potential volunteer advisors is directed by the investment committee, rather than the board of trustees. Targeted candidates are usually alumni of the University, although recruitment occasionally extends beyond the alumni base. In order to ensure an optimal fit, recruiting focuses on candidates who bring specific skills to the committee. For example, during times when specific asset class expertise is deficient, the committee seeks out candidates who possess the corresponding experience and skills. Further, realizing the importance of effective group participation, the committee carefully evaluates behavioral attributes that could help or hinder group decision-making.
2. **Education and Integration Period**—Upon accepting the position, volunteer advisors are offered a one- to two-year term during which they serve as non-voting members of the committee. The term provides an opportunity for the new advisor to attend four to eight quarterly meetings, as well as interim conference calls. This provides ample time for the volunteer advisor to develop familiarity with the investment objectives, strategy, and decision-making dynamics of the group. It also provides a trial run for both the volunteer advisor and the committee at large to determine whether there is a longer term fit for the volunteer advisor.

- 3. Transition to Full Membership or Extension of Volunteer Term**—At the conclusion of the term, volunteer advisors exit the committee as scheduled, are asked to join as full, voting trustees, or are asked to continue serving as a volunteer advisor for an extended (potentially indefinite) period of time. The transition process is beneficial in several ways. First, volunteer advisors who offer value provide an exceptional pool of candidates who can be integrated efficiently into the committee as full trustees. Further, if full trusteeship is not of interest, the volunteer advisors can still serve as a valuable resource to the committee by continuing to serve indefinitely as volunteer advisors. Second, because members are told that the program is designed to have a finite term, the end of the term provides a graceful exit for volunteer advisors who fail to meet expectations. Ironically, while tactful exits from the committee were originally envisioned as a potential benefit of the program, most volunteer advisors have proven to be among the more valuable and committed members of the committee.

Results

The Volunteer Advisor Program is often cited as a key success driver at Delta Endowment. While the results are somewhat qualitative, the current chairperson of the investment committee pointed to the Volunteer Advisor Program as the source of some of the strongest and most committed members of the committee. In fact, each of the last three committee chairpersons entered the committee through the Volunteer Advisor Program. The Chairperson of Delta Endowment captures the value of the Volunteer Advisor Program below.

“When we first established the Volunteer Advisor Program, we envisioned the ‘trial period’ to be one of the core value propositions, as it would enable both parties to test the waters before agreeing to a longer term commitment as a trustee. In reality, the most valuable element is the flexibility that it has given us to broaden the investment committee candidate pool. Through this program, we have recruited several highly qualified and insightful individuals who would otherwise be unavailable because they were not interested in being full trustees. Several of the most impactful projects and decisions that we have made as a committee were spearheaded by volunteer advisors.”

- Chairperson, Delta Endowment Investment Committee

Finally, while performance is clearly attributed to many factors outside of this program, it is noteworthy that Delta Endowment has comfortably exceeded the return of its peers by more than 60 basis points over a 10-year period.ⁱⁱⁱ

ⁱⁱⁱ The peer group against which Delta Foundation benchmarks is the Commonfund/NACUBO median. As of June 30, 2014, Delta Foundation outperformed this median by more than 60 basis points, net of fees over the trailing 10-year period.

CASE STUDY #3: TRUSTEE REVIEWS

Overview

Many interviewees cited their toughest challenge as dealing with committee members who are either contributing negatively or not contributing at all. As discussed previously, we believe the optimal way of addressing this issue is to employ pre-emptive tactics, such as more thoughtful recruiting practices and structured integration programs, such as the Volunteer Advisor Program. However, even with such programs in place, non-value-added committee members may still emerge. Unfortunately, once these members are appointed, few committees have a formal means to either provide constructive feedback or remove the individual. Among committees that address the issue of underperforming committee members, the most common solutions observed are:

1. **Informal Conversations**—Many committees will address issues such as poor attendance at meetings, with an informal conversation to resolve the issue.
2. **Ad Hoc Removal**—If informal conversations do not work or if there are more serious issues present, the committee will encourage the member at fault to resign.
3. **Reliance on Scheduled Turnover**—Committees that prefer a non-confrontational approach may wait until the problematic member's term expires. While this approach is common, it is far from ideal, as the committee member can negatively impact decision-making for an extended period of time.

Somewhat surprisingly, we did not find a single investment committee that had a formal review process to assess individual committee member performance, identify potential areas for improvement, and communicate required changes to committee members. That said, there was one committee that was part of a board of trustees that employed a review process at the board level. The following case study describes the process in place at Gamma University Endowment. While the review process applies to the entire board, it can also be applied at the investment committee level.

Background

Gamma University Endowment is associated with a medium-sized university located in the western United States. The endowment currently maintains a portfolio with greater than \$250 million in assets. The board of trustees currently consists of 26 trustees; and the investment committee currently has eight members. The board of trustees implemented a review process as an effort to improve overall governance practices in 1998, and has operated the program successfully for the past 17 years.

Trustee Review Program

The Trustee Review Program consists of two steps listed below and on the following page. The process is completed annually by each trustee.

Step #1: Trustee Self Evaluation

At the conclusion of each year, each trustee is asked to fill out a three-page self evaluation. A snapshot of the key evaluation criteria is summarized in **Figure 10**.

Figure 10: Gamma Endowment Self-Evaluation Form

**Board of Trustees
Trustee Self-Evaluation Form**

In keeping with good board practice, Gamma University Endowment trustees complete an annual self-evaluation. In the third year of each three-year term of office, each trustee's experience is reviewed and discussed with the Chair of the Board and the Chair of the Committee on Trusteeship. Thank you for completing the evaluation.

Date: _____
 First Name: _____
 Last Name: _____

General

1. Are you familiar with Gamma University's mission and the board priorities to support the mission?
 2. Do you stay abreast of higher education trends, issues and public policy developments?
 3. Do you know your fellow trustees reasonably well?
 4. Have you taken advantage of opportunities made available to the trustees to interact with faculty and students during your term?

	Yes	No
1.	<input type="radio"/>	<input type="radio"/>
2.	<input type="radio"/>	<input type="radio"/>
3.	<input type="radio"/>	<input type="radio"/>
4.	<input type="radio"/>	<input type="radio"/>

Board Meetings

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
attended 100% of board meeting attendance record.	<input type="radio"/>				
participate in discussions at board meetings when I have something to offer.	<input type="radio"/>				
read the materials before the meetings and come prepared to participate.	<input type="radio"/>				
make every effort to arrive on time and stay for the entire meeting.	<input type="radio"/>				
fill out meeting evaluations and questionnaires, etc.	<input type="radio"/>				

Committee and Sub-Committee Meetings

	100% of time	75% of time	50% of time	25% of time	0% of time
attend committee and subcommittee meetings.	<input type="radio"/>				
read the materials before meetings and come prepared to participate.	<input type="radio"/>				
am willing to do work outside of committee meetings for the benefit of the committee.	<input type="radio"/>				
know the names of the faculty and student members of my committee.	<input type="radio"/>				
am willing to chair a board committee or sub-committee.	<input type="radio"/>				
am willing to serve on an ad hoc committee of the board.	<input type="radio"/>				

Page 1

Key Evaluation Criteria

Commitment

- Understanding of the University mission and priorities
- Comprehension of trustee responsibilities
- Familiarity and camaraderie with fellow members of the board
- Attendance record at meetings
- Relative prioritization of commitment to Endowment versus other volunteer activities
- Level of participation in other University-related activities

Board-level Performance

- Attendance record and punctuality
- Preparation for meetings
- Level and quality of meeting participation

Subcommittee-level Performance

- Attendance record and punctuality
- Preparation for meetings
- Level and quality of meeting participation
- Familiarity and camaraderie with fellow members of the committee

Financial Contributions

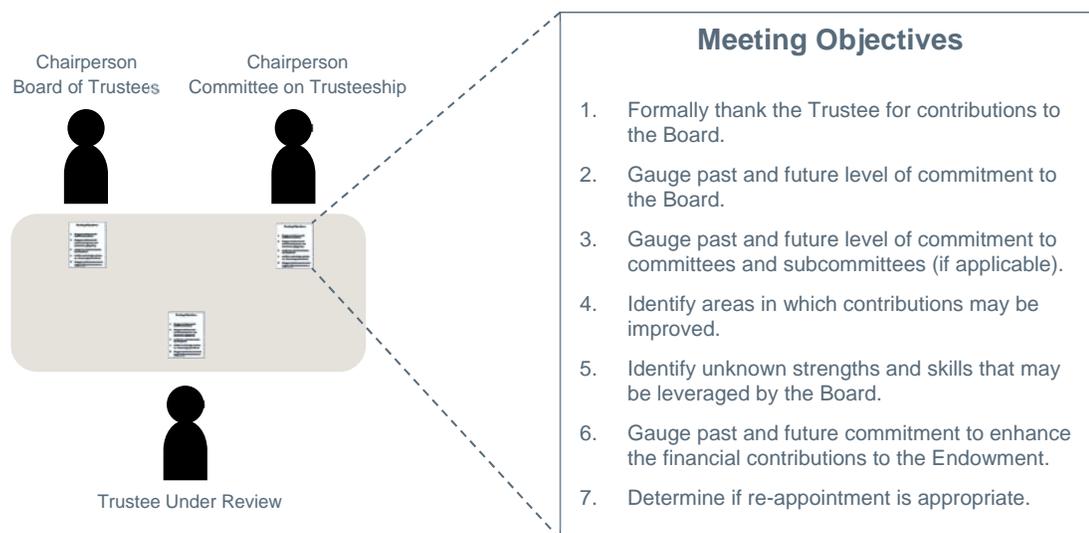
- Level of current and future commitment to the endowment
- Willingness to encourage others to give to the endowment

Step #2: Formal Review

After completing the self-evaluation, the board chairperson and the chairperson of the committee on trusteeship review the results and schedule a meeting with the trustee under review (preferably in person) to discuss the results. At the end of the first year, new committee members have a meeting with the chairperson of the committee on trusteeship to discuss any issues or concerns experienced during the first year. After the third year, each trustee receives a formal review with the board chairperson and the chairperson of the committee on trusteeship.

Key objectives of the meeting and issues for discussion are summarized in **Figure 11**.

Figure 11: Gamma Endowment Review Meeting



Results

The results produced by the Trustee Review Program are largely qualitative. Overall, the members of the board find it to be an effective mechanism to identify issues of potential concerns and create solutions proactively. One such example occurred when a member of the investment committee was repeatedly disruptive in meetings, citing his prior investment experience as a justification for opposing investment recommendations excessively. After several meetings, the investment committee decided that removal from the committee was the only viable solution. Unfortunately, this action was complicated by the fact that the individual was a major donor to the organization. The chairperson of the board used the review process as an opportunity to address the issue directly with the trustee. Rather than simply removing the trustee, the chairperson used some of the insights generated from the self assessment to persuade the individual to join the development committee, as their needs and his skills were a more appropriate match. Ultimately, the tactic worked and the trustee joined the development committee. To this day, the trustee remains a strong donor to the University and a dedicated ambassador, an outcome that is largely attributed to the review process.

SECTION III: MAINTAINING STRATEGIC CONTINUITY

CONTENTS

- Case Study #4: Committee Member Orientation**
- Compendium of Effective Tactics to Promote Strategic Continuity**
 - **Tactic #1: Annual Investment Strategy Reviews**
 - **Tactic #2: Rolling Work Plans**
 - **Tactic #3: Strategic Objective Statements**

Overview

The most fundamental responsibility of an investment committee is to establish a strategy that matches the fund's underlying objectives. Once established, it is critical to maintain strategic continuity despite the presence of many threats.^{iv} A few commonly observed obstacles include:

1. **Investment Committee Turnover**—As investment committee membership changes, new committee members may exert pressure to change the investment philosophy in undesirable ways.
2. **Hyper-Reactivity to Short-Term Market Events**—When formulated well, investment strategies rarely undergo significant adjustments based on short term market movements. However, many committees allow strategy to deviate from underlying fund objectives by over-reacting to short term market events. A common example is to engage excessively in tactical asset allocation, which causes the strategic asset allocation to deviate too far from targets.
3. **Failure to Observe Shifting Investment Objectives**—Most institutional investors maintain relatively static objectives; however, over long periods of time these objectives may change. Failure to observe and adapt to these changes can render an investment strategy inappropriate for the fund.

Many of the insights presented in earlier sections of this study may indirectly help committees ensure that investment strategies and underlying objectives remain in alignment. For example, having a designated “mission representative” role on the investment committee ensures constant awareness of the underlying needs of the organization; and the Volunteer Advisor Program gradually integrates new members into the committee, ensuring they are fully educated on the plan objectives and strategy before becoming a voting member.

In this section, we provide additional tactics that can further strengthen strategic continuity. First, we present a case study that outlines a committee member orientation program employed by a large public pension plan. Attendance at the orientation is required for all new committee members, and it provides them with a thorough overview of the investment philosophy, operations, and key board member responsibilities. Next, we share a short compendium of effective tactics that RVK investment consultants have observed at a number of client sites. While each of these tactics may seem simple and potentially inconsequential in isolation, each can have a meaningful impact on strategic continuity.

^{iv} The initial establishment of an investment strategy represents a challenge in itself; however, we focus on strategic continuity in this study as all of our clients already have existing objectives and corresponding strategies in place.

CASE STUDY #4: COMMITTEE MEMBER ORIENTATION

Background

Epsilon Plan is a multi-billion dollar plan that oversees a number of pension plans for several state employee groups. A critical challenge faced by the investment committee of the Epsilon Plan is the relatively frequent turnover that they experience due to the limited appointment time of committee members.^v The turnover is complicated by statutory requirements mandating the appointment of several committee members representing specific state departments. As a result, newly appointed committee members often lack an extensive investment background. Over the years, the committee observed several negative effects that resulted from this system, including but not limited to:

1. **Limited Contributions from New Committee Members**—New committee members often felt intimidated by their limited experience with the plan and therefore restricted their participation in meetings out of fear they lacked the required education and insight to add value. Such reluctance reduced the potential benefits of appointing members with diverse perspectives.
2. **Inefficient Meetings**—On several occasions, valuable meeting time was spent educating committee members on non-pertinent investment concepts rather than discussing the most important agenda items.
3. **Pressure to Change the Investment Strategy**—There were a few occasions in the past in which new investment committee members pressured the group to change the investment strategy in ways that were not optimal to achieve the stated objectives of the plan. When this issue emerged, the strategic continuity of the plans was at risk.

Committee Member Orientation Program

In order to address these complications, the investment staff and existing committee members decided that a thorough orientation program for new committee members was essential. The chairperson of the committee worked with the executive director and chief investment officer to design the program. The program consisted of three key elements, each of which is described on the following pages.

^v Most committee members serve four-year terms. Terms are staggered so that roughly half of appointments terminate every two years.

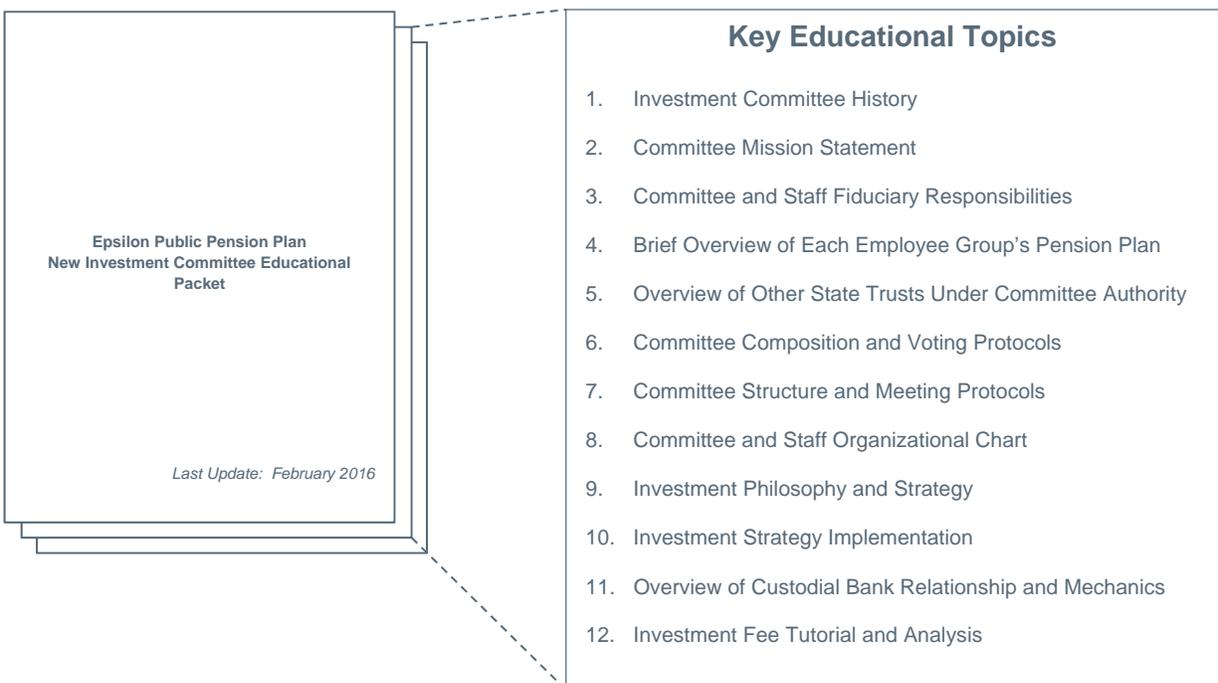
Element #1: Determination of Educational Needs

The primary goal of the orientation program was to provide an efficient mechanism to familiarize new committee members with their responsibilities, the investment strategy of the plan, and key investment concepts that are essential for effective decision-making. In order to determine educational needs, the executive director held informal conversations with multiple committee members and investment professionals on staff to identify common areas in which new members struggle. The executive director also reviewed the governance manual to isolate the key responsibilities with which all committee members should be familiar.

Element #2: Investment Committee Educational Packet

After gaining a full understanding of potential knowledge gaps and prioritizing investment topics most critical to effective decision-making, the investment staff worked together to create a packet of educational materials. The packet is approximately 30 pages in length and is intended to provide committee members with a reference that they can use to educate themselves regarding the mission, structure, strategy, and operational mechanics of the investment program. The educational packet is distributed to new investment committee members prior to the administration of a half-day orientation session. A snapshot of key educational topics provided in the orientation packet is provided in **Figure 12**.

Figure 12: Epsilon Investment Committee Educational Packet



Step #3: On-Site Orientation Day

The final element of the orientation program is a half-day session that all new investment committee members are required to attend. In advance of the session, all attendees are provided with a copy of the educational packet, as well as copies of power point presentations provided by key staff members who will present. The core objectives of the session are to provide new investment committee members with an opportunity to ask questions about the program, learn more about the investment strategy and underlying investments in the portfolio, and get to know some of the senior investment professionals who manage the portfolio. A sample agenda for the orientation session is presented below.

**Figure 13: Epsilon Investment Committee Orientation
Sample Agenda**

Investment Committee Member Orientation Agenda	
Introductory Remarks <i>Executive Director</i>	1:30 PM
Investment Strategy Overview <i>Chief Investment Officer</i>	2:00 PM
Overview of Public Equity Investments <i>Epsilon Portfolio Manager</i>	2:30 PM
Overview of Fixed Income Investments <i>Epsilon Portfolio Manager</i>	2:45 PM
Overview of Short Term Investments <i>Epsilon Portfolio Manager</i>	3:00 PM
Break	3:15 PM
Overview of Alternative Investments <i>Chief Investment Officer</i>	3:30 PM
Overview of Investment Research <i>Investment Research Director</i>	3:45 PM
Investment Accounting Process <i>Chief Accountant</i>	4:00 PM
Overview of Non-Pension-Related Programs <i>Various Investment Staff Members</i>	4:15 PM
Adjournment	4:45 PM

Results

The board orientation program is cited as an invaluable educational resource for new investment committee members. From the perspective of new committee members, the program has accelerated their ability to contribute to meetings. In addition, after new members fully comprehend the scope of their responsibilities, many increased their self-education in order to better prepare to participate in meetings. One committee member shared her thoughts on the value of the orientation program:

“The orientation program provided us with a solid foundation regarding the scope of responsibilities, ethical expectations, and basics of the investment program. I cannot imagine going into meetings without having gone through this program.”

- Member, Epsilon Plan Investment Committee

The investment staff also cites the orientation program as an invaluable tool to ensure strategic continuity, increase meeting efficiency, and create a more collaborative culture. In terms of continuity, the executive director captured the value of the orientation program with the following quote:

“The orientation gives new committee members (regardless of their background) a full explanation of the status quo. If they want to change it, they know the history and the rationale for why it is the way it is now.”

- Executive Director, Epsilon Plan

In terms of efficiency, the amount of meeting time spent educating committee members on their core responsibilities and key investment concepts declined dramatically. And finally, in terms of collaboration, the simple act of allowing committee members to interact with staff dramatically improves the level of trust and sense of collaboration even before committee members enter the first meeting.

COMPENDIUM OF EFFECTIVE TACTICS TO PROMOTE STRATEGIC CONTINUITY

An important observation made during the research process was that improving strategic continuity does not necessarily require the establishment of a program as extensive as an orientation program. In fact, there are many small tactics that are easy to implement, but can go a long way toward enhancing strategic continuity. Three tactics RVK commonly recommends to clients are listed below.

Tactic #1: Annual Investment Strategy Reviews

RVK encourages all of our clients to periodically review the investment strategy against the underlying objectives of the plan in order to maximize continuity. We generally recommend conducting such reviews at least every two years. Typically, the cornerstone of such a review is an asset allocation study, in which the appropriateness of the allocation is assessed in relation to the underlying objectives of the plan. Depending on the objectives and constraints of the plan, additional analytical tools will be leveraged in the review. For example, pension plans should consider the funded status of the plan and the tolerance for funded status volatility. Endowments may consider the financial health of the organization and any changes to long term spending expectations. The point of the annual review is to instill a disciplined process of evaluating the investment strategy against the investment objectives and ensuring that the two are aligned and evolving appropriately.

Tactic #2: Statement of Investment Philosophy

Investment committees face a constant threat of strategic diversions. Potential causes include the addition of new committee members, constant temptations to react to short-term market developments, and the erosion of institutional knowledge that lead committee members to lose track of underlying beliefs upon which the portfolio was created. The occurrence of such diversions appears directly correlated to the number and diversity of committee members. As the size and diversity of committee membership increases, pressure to pursue strategic diversions rises.

One effective defense against strategic diversions is the creation of a Statement of Investment Philosophy. This statement outlines the fundamental objectives and beliefs of the investment committee. The purpose is to provide existing and new committee members with a constant reminder of the fundamental, enduring beliefs that have shaped the long term investment strategy of the plan. An effective Statement of Investment Philosophy serves as an invaluable reference for both existing and new committee members when they are presented with investment proposals that deviate from the agreed upon investment philosophy. While Statements of Investment Philosophy will inevitably differ by client, potential topics are provided in **Figure 14**.

Figure 14: Statement of Investment Philosophy Contents

1. Purpose of the Statement of Investment Philosophy
2. Return and Risk Objectives
3. Spending Rate
4. Use of Strategic vs. Tactical Asset Allocation
5. Criteria for Determining the Use of Passive vs. Active Management
6. Objectives and Criteria for Determining the Use of Alternative Investments

Tactic #3: Rolling Work Plans

Even for plans with disciplined annual strategic reviews, there is always risk that strategy may deviate from objectives in the interim. One common cause is hyper-reactivity to current market events. An effective defense against this is to have pre-established 12- to 24-month work plans that are based on long term strategic objectives. Such plans ensure that committees stay focused on issues of long-term importance, if only by crowding out meeting time that can otherwise get diverted to non-strategic issues. Such work plans also have enough flexibility to address urgent developments, such as the sudden and unexpected need to terminate a manager, but such events would be exceptions to an already pre-established agenda. **Figure 15** shows a high level summary of a rolling work plan that was used to guide the 2013 investment committee meetings at a large public plan, referred to as Theta Plan. The plan lists only high-level strategic items that were planned for each meeting, as several routine tasks were also covered at each meeting.

**Figure 15: Sample Strategic Work Plan
Theta Plan**

Twelve-Month Work Plan Theta Plan	
Investment Policy and Strategy Review	Apr 2017
Fixed Income Structure Review	May 2017
Fixed Income Restructuring Implementation	Jun 2017
Income Oriented Fixed Income Manager Review	Aug 2017
New Fixed Income Manager Finalist Presentations	Sep 2017
Review of Alternative Income Strategies	Oct 2017
Alternative Income Strategy Implementation Options	Nov 2017
Alternative Income Strategy Manager Reviews	Dec 2017
Alternative Income Strategy Finalist Presentations	Jan 2017
International Equity Structure Review	Feb 2017
International Equity Implementation Options	Mar 2017
International Equity Manager Reviews	Apr 2017
International Equity Finalist Presentations	May 2017

Notes:

- (1) *The agenda items only represent key strategic issues to be discussed. The meeting agendas were not limited to these discussions. Also included in meetings were items such as performance reviews, operational updates, and other issues that are critical to the successful operation of an investment program.*
- (2) *While the work plan provided a strong guide, it did change over time. For example, the alternative income strategy review transformed into a manager search focused on a specific sub-asset class that was deemed attractive to the plan.*

Tactic #4: Restatement of Strategic Objectives

One simple way to reinforce the strategic objectives of a plan is to create a brief restatement of these objectives at each committee meeting. In our research, we encountered one such committee. On the bottom of each meeting agenda, the committee restates the fiduciary responsibilities of the committee. The statement serves as a constant reminder of the committee members' responsibilities and can be referenced if discussions and decisions appear to deviate. Although fiduciary responsibilities are the only information included in this example, committees can expand on this concept and include other philosophical and strategic concepts that should guide decisions in all cases.

SECTION IV: OPTIMIZING DECISION-MAKING AND EXECUTION

CONTENTS

- Case Study #5: Guest Speakers Program**
- Compendium of Effective Tactics to Promote Optimal Decision-Making**
 - Tactic #1: Pre-Meeting Conference Calls**
 - Tactic #2: Meeting Executive Summary**
 - Tactic #3: Investment Decision Prioritization Frameworks**

Overview

Decision-making and execution constitute the final challenge for investment committees. Even committees that are optimally scoped, well-staffed, and consistently in pursuit of an appropriate strategy can execute decisions poorly. Based on the experiences of RVK consultants and interviews with investment committee members, we have isolated several causes of poor decision making and execution. Many of these impediments are listed below.

1. **Inadequate Committee Member Engagement**—Inadequate committee member engagement was the most commonly cited impediment by both RVK consultants and interviewees in the research study. Many interviewees struggle to get committee members to attend meetings, much less prepare adequately and offer informed contributions.
2. **Suboptimal Agenda Item Prioritization**—With time being a committee's scarcest asset, effective prioritization of agenda items is essential. Many committees fail to dedicate sufficient time and deliberation to the most important agenda items due to inappropriate prioritization either before or during the meeting.
3. **Substandard Meeting Materials**—In order to make informed decisions, committee members must be provided in advance with materials that strike a delicate balance between brevity and depth. Substandard materials often derail meetings, and in a worst case scenario lead committees to make bad decisions.
4. **Undisciplined Meeting Facilitation**—Many committees fail to execute decisions because they are undisciplined in creating and/or adhering to the meeting agenda. This issue is magnified by committees that are populated with unqualified members or simply too many members.
5. **Undisciplined Follow Up**—Decisions are only good if the committee executes according to plan. Too often committees make informed decisions that prove prescient in the long term, but success is ultimately stymied by a failure to implement.

The final section of this report begins with a case study profiling a guest speakers program employed at a large university endowment. The program addresses the most commonly cited challenge—investment committee member engagement. The section ends with a compilation of effective tactics to create effective meeting materials, ensure smooth meeting facilitation, and ensure timely decision execution.

CASE STUDY #5: GUEST SPEAKERS PROGRAM

Background

Omega University Endowment has greater than \$1 billion in investable assets and is associated with a prominent university located in the eastern United States. Due in part to the prestige of the university, the investment committee consistently recruits members with exceptional experience and skills. While these individuals have the potential to offer invaluable insights, the committee chairperson has struggled to generate consistent attendance and ensure adequate meeting preparation. As a result, important decisions were occasionally delayed and ultimately resolved in a suboptimal manner.

Guest Speaker's Program

The chairperson of the Omega University Endowment investment committee believed the root cause of poor attendance was that investment committee members lacked sufficient incentives to attend and prepare for meetings. The only incentive was the relative strength of each committee member's desire to give back to the university. While this incentive was sufficiently powerful for some individuals, the chairperson felt that he needed stronger incentives for others given the substantial competing demands on their time. In order to persuade committee members to deprioritize other commitments, he believed that they needed to feel as though they "get as much as they give" from meetings. He hypothesized that meeting attendance, preparation, and participation would improve if he could show committee members that they are not just donating their time, but are actually receiving a rewarding experience in exchange for their time. Fortunately, Omega Endowment has the advantage of being located in a large metropolitan area and has access to an alumni base consisting of many prominent individuals in a wide variety of professional disciplines. The chairperson realized that including prominent guest speakers at investment committee meetings would make attendance at meetings more valuable to all committee members. He proceeded to design a guest speakers program consisting of two elements.

Element #1: Speaking Engagement

The chairperson, who is also a prominent member of the investment community, leveraged his personal network, as well as the alumni base of the university, to recruit a speaker to attend every other quarterly meeting. The topics vary, but must center on an investment or economic issue of relevance to the portfolio. In order to make investment committee members aware of the presenter and the intended presentation well in advance, the chairperson sends a notice several months prior to the meeting.

Figure 16: Guest Speaker Meeting Details



Speaker Guidelines

Time Allocation: 30- 60 Minutes

Typical Format: Discussion and Q&A

Sample Topics

- 1. Opportunities in Distressed Debt**
- 2. Emerging Trends in Private Equity**

Element #2: Networking Reception

At the conclusion of committee meetings that have a guest speaker in attendance, the University organizes a networking event. Invited guests include the guest speaker, investment committee members, and members of the overarching board of directors. Invitations are also sent to prominent alumni and major donors who may have an interest in the topic discussed at the meeting. In an addition to serving as a networking and educational opportunity for investment committee members, the event is also valued by alumni who are not officially associated with the board or investment committee.

Results

The guest speakers program has exceeded its initial goals. Committee meetings that are accompanied by a guest speaker have had nearly 100% in person attendance, while meetings without a guest speaker typically have an average attendance of 65% in person and an additional 15% by phone. In addition, by inviting major donors and notable alumni from Wall Street, the quality of discussion is elevated, which provides additional value and insight to committee members. The Chairperson summarized the results of the effort.

“This approach has promoted nearly 100% attendance at meetings, had a very positive impact on the cultivation of long time donors, and helped us to identify high quality future committee members.”

- Chairperson, Omega University Endowment

COMPENDIUM OF EFFECTIVE TACTICS TO PROMOTE OPTIMAL DECISION-MAKING

Effective meeting facilitation is always a challenge even for committees staffed by well-qualified individuals. Investment consultants are often charged with either leading or closely assisting the investment committee chairperson with meeting facilitation. As this is an essential skill area for all RVK consultants, the firm has developed many tactics to ensure better meeting facilitation. We have listed several of these below and on the following pages.

Tactic #1: Pre-Meeting Conference Calls

RVK encourages many of our clients to conduct a short conference call prior to each investment committee meeting. Typically, the chairperson, CIO, and occasionally a few committee members attend the call. The purpose of the call is to review major agenda items and the required decisions, as well as discuss potential changes or additions to the meeting materials. During the call, RVK consultants gauge the reaction of committee members to the recommendations that consultants intend to share. Uncertainties and concerns regarding the recommendations can then be addressed with additional research or commentary at the meeting. In some cases, recommendations may also be changed if unanticipated concerns are raised by committee members during the call.

RVK consultants find that a simple 30-minute call in advance of meetings can save hours of unnecessary discussion and debate. Pre-meeting calls are particularly valuable for committees with severe time constraints. The figure below captures the agenda for a typical pre-meeting call conducted by RVK.

Figure 17: Sample Pre-Meeting Conference Call Agenda

Discussion Topics	
Duration:	30 Minutes
Attendees:	<ul style="list-style-type: none">• Lead Investment Consultant• Key Consulting Team Members• Investment Committee Chairperson• Chief Investment Officer
Topics:	<ol style="list-style-type: none">1. Proposed Agenda2. Summary of Performance and Concerns3. Key RVK Recommendations<ol style="list-style-type: none">a. New Core Fixed Income Manager4. Updates to 12-Month Work plan

Tactic #2: Meeting Executive Summary

One common frustration expressed by investment committee members is the sheer volume of materials that they receive in advance of the meeting. A combination of performance reports and topical presentations can easily exceed 100 pages. Recognizing that committee members lack the required time to read all of the materials, RVK consultants help many of our clients prepare by drafting a short one to three page document summarizing all of the key issues and decisions that will be covered at the upcoming meeting. For many clients who require less formality, this document may simply consist of a short email summary. For committee members who have only five minutes to prepare, these summaries provide a strong, base level of preparation. For committee members who have several hours, the document is also useful as it enables them to prioritize their review of the meeting materials according to what is most important. In short, preparing an executive summary takes a relatively limited amount of time for the consultant or investment committee chairperson, but saves a substantial amount of time for committee members both in terms of meeting preparation and subsequent meeting discussions. **Figure 18** shows a sample executive summary that an RVK Consultant provided in advance of a meeting.

Figure 18: Sample Executive Summary

MEMORANDUM 

To: XXXX Investment
From: RVK, Inc.
Subject: Q3 2014 Executive Summary
Date: November 7, 2014

OVERALL PERFORMANCE ASSESSMENT

The total return on the XXXX Fund over the 12-month period of September 30, 2014. During the quarter, the Total Asset Return of 10% was in line with, which underperformed its target allocation return by 1% (see table). Performance was largely driven by equity. Over 10 years and since inception in January 2002, the Total Asset Return underperformed its target allocation return by 10 basis points and 1% (see table). Appendix A Table 1 shows the historical performance of the Investment in comparison to the target allocation return.

Table 1: XXXX Fund Performance Versus Targets																																						
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980			
Total Asset Return	10.0%	12.0%	15.0%	18.0%	20.0%	22.0%	25.0%	28.0%	30.0%	32.0%	35.0%	38.0%	40.0%	42.0%	45.0%	48.0%	50.0%	52.0%	55.0%	58.0%	60.0%	62.0%	65.0%	68.0%	70.0%	72.0%	75.0%	78.0%	80.0%	82.0%	85.0%	88.0%	90.0%	92.0%	95.0%	98.0%	100.0%	
Target Allocation Return	9.0%	11.0%	14.0%	17.0%	19.0%	21.0%	24.0%	27.0%	29.0%	31.0%	34.0%	37.0%	39.0%	41.0%	44.0%	47.0%	49.0%	51.0%	54.0%	57.0%	59.0%	61.0%	64.0%	67.0%	69.0%	71.0%	74.0%	77.0%	79.0%	81.0%	84.0%	87.0%	89.0%	91.0%	94.0%	97.0%	100.0%	
Excess Return	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

The negative absolute and relative returns for the quarter were primarily attributable to the international equity and developed markets hedge allocation. Returns for U.S. equity, fixed income, and developed hedge fund strategies were positive but, without the hedged offshore strategy and international equity hedge, are modestly lower.

RECOMMENDED ACTIONS FOR NOVEMBER 2014

In order to address the stated investment objectives of the Investment, we believe the current investment strategy can be improved. Above and on the following page, we outline our specific recommendations that we believe will improve the investment performance of the portfolio, while maintaining its risk profile and overall asset allocation. We recommend that the Board of Directors take the following actions at the November 10, 2014 meeting:

1) Decision #1: Adopt New Target Asset Allocation-For investments that the Investment about the new target asset allocation listed in Figure 2 below. Invest in the following asset allocation and highlight or omit:

Key Details

Page Length: 3

Contents:

1. Summary of Performance
2. Recommended Actions for Q3
3. Investment Manager Highlights

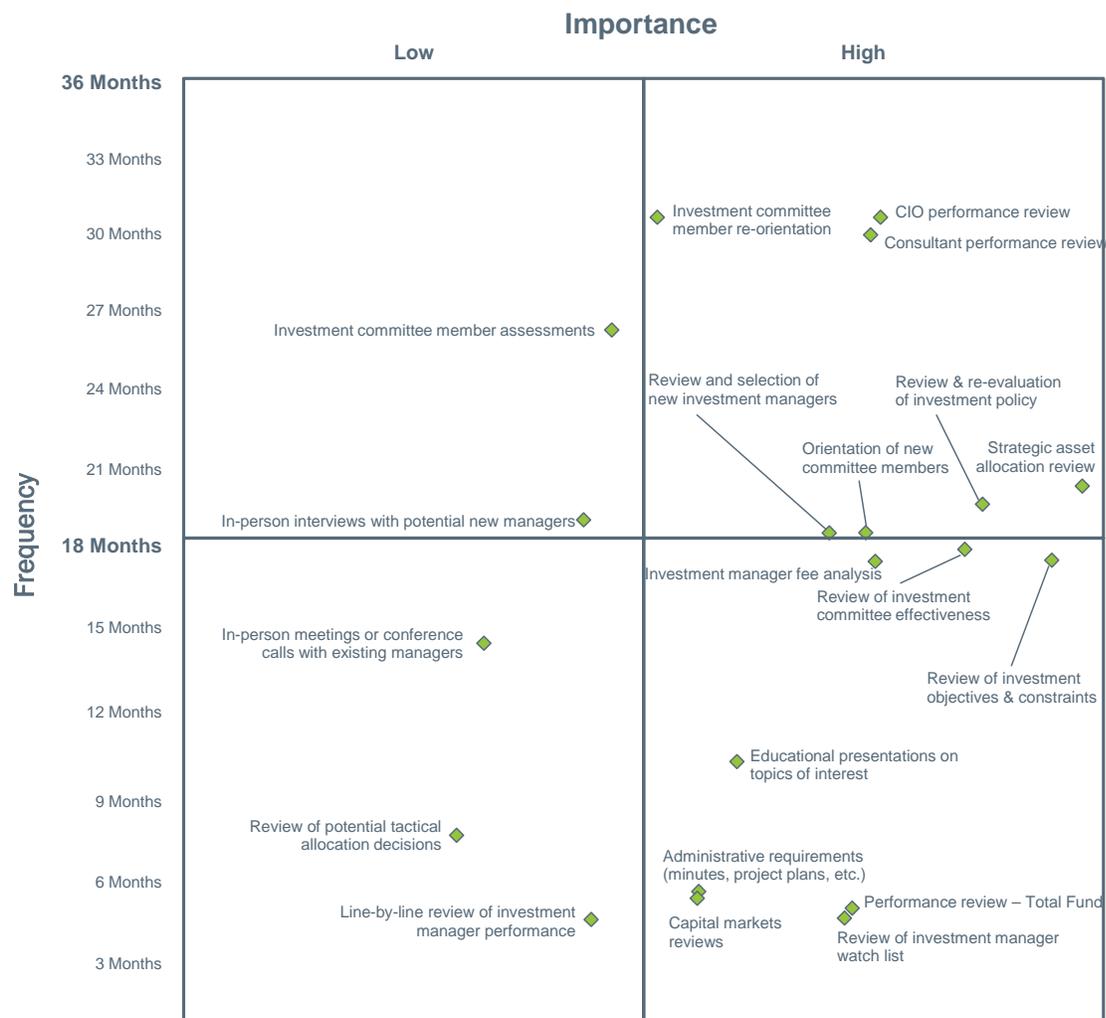
Tactic #3: Decision Prioritization Frameworks

In order to determine an appropriate time allocation for meeting agenda items, it is often helpful to employ prioritization frameworks. In this section, we present two prioritization frameworks. The first framework is one discussed in the April 2014 issue of *RVK Investment Perspectives*. It is primarily used to help develop a strategic work plan. The second is geared toward problem classification and is taken from the September 1, 2009 article by Professor Michael Mauboussin, entitled “Investment Committees: How to Build a Team to Make Good Decisions.”

Strategic Issue Prioritization

Time is almost always the greatest constraint for an investment committee. Pages 39 and 40 describe the rolling work plan as a mechanism to ensure strategic continuity. However, the key to an effective work plan is the appropriate prioritization of strategic issues. One way to prioritize items is to consider them along two dimensions: the optimal frequency of addressing each issue and the strategic importance of each issue. While these two dimensions will of course vary for different organizations, RVK's April 2014 paper provided some basic guidance on some common investment committee tasks. In addition to using this figure as a reference to guide agendas, the framework itself can be applied to prioritize tasks that are not included in this matrix.

Figure 19
RVK Consultant Prioritization Framework



Isolation of Committee-Oriented Issues^{vi}

While reviewing relevant literature, we found one other interesting framework for classifying issues for consideration by investment committees. The framework builds on the notion that investment committees should focus on issues that benefit most from group decision-making. Such decisions typically involve issues that are by definition unknowable. On the other hand, if information is easily knowable, the issues are best addressed through delegation to appropriate staff or third parties. The second criterion used to screen issues is the relative importance of the issue. The matrix below replicates the framework employed by Mauboussin to prioritize issues on committees in which he serves.

Figure 20: Mauboussin Investment Committee Issue Prioritization Framework

	Unimportant	Important
Unknowable	No Time	Most Time
Knowable	Little Time	Some Time

Source: Mauboussin, M. "Investment Committees: How to Build a Team to Make a Good Decision." *Legg Mason Capital Management*. (September 1, 2009).

^{vi} This decision framework is credited to Professor Michael Mauboussin and was published in the article, entitled "Investment Committees: How to Build a Team to Make Good Decision." *Legg Mason Capital Management*. (September 1, 2009).

SECTION V: CONCLUSION

CONCLUDING REMARKS

We believe that clients can use the insights, tactics, and case studies presented in this report to improve the effectiveness of their decision making. We would also like to express our sincerest appreciation to all of the clients and investment professionals who contributed to this effort. Without these contributions, this study simply would not have been possible. Finally, we acknowledge that this study in no way represents the final word on investment committee best practices. While a good start, we intend to update this study as additional, innovative practices emerge over time. To that end, RVK encourages readers to contact members of the research team and share tactics that they have employed or witnessed in their role as investment committee members. All comments and inquiries are welcome.

ENDNOTES

- ¹ Tonello, M. and Rabimov, S. "The 2010 Institutional Investment Report." *The Conference Board*. (2010): p. 7.
- ² Ambachtsheer, K. *Pension Revolution: A Solution to the Pensions Crisis*. John Wiley. (2007); *Changing Lanes*. Watson Wyatt (2006).
- ³ Ellis, C. "Best Practice Investment Committees." *The Journal of Portfolio Management*. (Winter 2011).
- ⁴ Mauboussin, M. "Investment Committees: How to Build a Team to Make Good Decisions." *Legg Mason Capital Management*. (September 1, 2009).
- ⁵ Gordon, C. & Urwin, R.. "Best Practice Pension Fund Governance." *Journal of Asset Management*. (2008): Volume 9. pp 2-21.
- ⁶ Gordon, C. "Investment Committees: Vanguard's View of Best Practice." The Vanguard Group. (2006).

The views expressed in this study reflect those of RVK, Inc. as of the date of this study. These views are subject to change at any time based on market, industry, regulatory, or other conditions, and RVK disclaims any responsibility to update such views. Nothing in this study is intended as legal advice. In preparing this study the authors used sources believed to be reliable but cannot guaranty their accuracy.

**APPENDIX A: INVESTMENT COMMITTEE EFFECTIVENESS
SELF EVALUATION**

Investment Committee Effectiveness Self Evaluation

Instructions: Check each of the following boxes to indicate the degree to which you agree or disagree with the statements. At the conclusion of each subsection, note the statements that you marked “disagree” or “strongly disagree.” These statements indicate potential weaknesses and/or challenges with which your committee struggles. Refer to the tactics and insights flagged at the end of each subsection to discover potential solutions to these challenges.

	Strongly Disagree	Disagree	Agree	Strongly Agree
Investment Committee Scope of Authority				
1. We maintain a written charter that specifies the scope and limits of the investment committee's decision-making authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. We outline in writing clear, delegated authority for key third parties, such as investment managers, consultants, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. We outline in writing clear, delegated authority for investment staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. All entities (e.g., board, committee, staff, and third parties) understand the scope and limits of their authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Relevant RVK Research: **Authority-Based Investment Committee Charter**

	Strongly Disagree	Disagree	Agree	Strongly Agree
Investment Committee Membership Selection				
5. We have limited our committee to include between 4 and 9 members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. We do NOT limit investment committee membership to only include current members of the board of directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. We have a firm understanding of the types of roles that provide the greatest value to our committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. We have at least one investment committee member who has multi-asset class experience.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. We have at least one investment committee member who serves as an advocate (or mission representative) for beneficiaries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. We have at least one investment committee member who is a subject matter expert in an area that is of critical importance to the fund.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. We recruit candidates to fill specific skill or experience gaps on the committee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. We do NOT use investment committee membership as an incentive to encourage other contributions to our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. We consider behavioral attributes conducive to effective group participation when selecting investment committee members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. We carefully gauge each candidate's commitment to the position during the selection process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. We require investment committee members to be physically present for all meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. We do not appoint committee members who have clear conflicts of interest.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Relevant RVK Research: **RVK Committee Member Qualifications Survey**

	Strongly Disagree	Disagree	Agree	Strongly Agree
Investment Committee Member Integration				
17. We do NOT rely exclusively on forced turnover as a mechanism to remove non-value added committee members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. We require a probationary period before committee members receive a full appointment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. We formally review the performance and commitment of each investment committee member.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Relevant RVK Research: **Volunteer Advisor Program**
 Trustee Reviews

	Strongly Disagree	Disagree	Agree	Strongly Agree
Strategic Continuity				
20. We review the investment objectives, constraints, and strategy at least every two years.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. We review the investment policy at least annually.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. We maintain a rolling work plan that specifies strategic projects for at least the next six months.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. We offer a formal orientation program for new investment committee members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. We offer a formal "re-orientation" program for existing investment committee members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Relevant RVK Research: **Committee Member Orientation**
 Compendium of Strategic Continuity Best Practices

	Strongly Disagree	Disagree	Agree	Strongly Agree
Decision-Making and Execution				
25. We distribute meeting materials at least 5 days in advance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26. We include a short summary (e.g., 2-3 pages) of decisions and discussion items for the meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27. We have a clear and sensible framework for prioritizing meeting agenda items.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28. We employ tactics (such as scheduling guest speakers) to engage committee members.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Relevant RVK Research: **Guest Speakers Program**
 Compendium of Effective Tactics to Promote Optimal Decision-Making

APPENDIX B: INVESTMENT COMMITTEE MEMBER JOB DESCRIPTIONS

Job Description Template #1 Investment Committee Chairperson

Overview

The chairperson of the <<Insert Organization Name>> Investment Committee oversees the investment decision-making process to assure that the committee adequately performs its assigned duties. Core responsibilities of the chairperson include:

1. Setting meeting agendas for current and future meetings
2. Working with staff and third parties to prepare meeting materials
3. Facilitating meeting deliberations and decisions on topics including, but not limited to:
 - a. Establishment and refinement of strategic investment objectives and constraints
 - b. Establishment, refinement, and execution of the investment policy statement
 - c. Establishment and refinement of a strategic asset allocation
 - d. Performance evaluation, hiring, and termination of third party providers and investment managers
 - e. Performance evaluation, hiring, and termination of senior investment staff (if applicable)
4. Provide an annual written and verbal presentation to the board of directors summarizing plan performance and major decisions from the prior year, as well as key priorities for the upcoming year.

The <<Insert Organization Name>> maintains a strict “no conflicts of interest” policy. Potential conflicts of interest must be disclosed for consideration of this position.

Required Commitment

- Strong, proven commitment to the organizational mission
- Commitment to serve as chairperson for a minimum of 3 years
- Availability to attend all quarterly investment committee meetings in person
- Availability to consult with staff, consultants, and other committee members as needed to prepare for meetings and ensure prompt implementation of decisions
- Commitment to prepare for all committee meetings (assume a minimum of 10 hours of preparation should be anticipated prior to each meeting)

Preferred Experiences

- Current or past membership on an investment committee (preferably with similar objectives)
- Prior experience overseeing multi-asset class portfolios (ideally 5 years or more)^{vii}
- Current or prior membership on a board of directors

Other Desirable Skills and Qualifications

- Exceptional meeting facilitation skills
- Exceptional ability to think big picture/strategically
- Exceptional analytical/critical thinking skills
- Strong active listening skills
- Openness to new opinions

^{vii} Multi-asset class portfolios are those that involve several asset classes, such as fixed income, public equity, real estate, private equity, etc.

Job Description Template #2 General Investment Committee Member

Overview

Members of the <<Insert Organization Name>> Investment Committee are responsible for overseeing the investment decision-making process to assure that the committee adequately performs its assigned duties. Core responsibilities of the investment committee members include:

1. In-person attendance at all quarterly meetings in person
2. Diligent preparation for all meetings (assume a minimum allocation of five hours of preparation time for each meeting)
3. Active participation in group discussion and decisions

The <<Insert Organization Name>> maintains a strict “no conflicts of interest” policy. Potential conflicts of interest must be disclosed for consideration of this position.

Required Commitment

- Strong, proven commitment to the organizational mission
- Commitment to serve as a committee member for a minimum of 3 years
- Availability to attend all quarterly investment committee meetings in person
- Commitment to prepare for all committee meetings (minimum of 5 hours of preparation should be anticipated prior to each meeting)

Preferred Experiences

- Current or past membership on an investment committee (preferably with similar objectives)
- Prior experiences that provide expertise in specific areas that may benefit the management of the portfolio. Examples include:
 - o Multi-asset class portfolio management experience^{viii}
 - o Relevant subject matter expertise (the committee is currently seeking _____)
- Current or prior membership on a board of directors

Other Desirable Skills and Qualifications

- Exceptional ability to think big picture/strategically
- Strong interest in institutional investment management concepts
- Exceptional analytical/critical thinking skills
- Strong active listening skills
- Openness to new opinions

^{viii} Multi-asset class portfolios are those that involve several asset classes, such as fixed income, public equity, real estate, private equity, etc.



Jim Voytko, MPA, MPP
President, Director of Research, Senior Consultant, Principal
Industry Experience: 43 Years
RVK Tenure: 18 Years

Current Responsibilities

Jim serves as President and an active Senior Consultant at RVK. He joined the firm in 2004 and consults to a wide array of large, complex clients with a special emphasis on the firm's major public fund and insurance clients. Each of these clients has multiple fund structures and complex asset allocations. In addition to his consulting responsibilities, Jim oversees RVK's multiple research efforts and the firm's Asset/Liability Team. He also serves as co-lead of RVK's *Investment Program Review* practice, formally launched in 2019.

Jim serves on *Institutional Investor's Conference Board of Advisors* and is frequently asked to speak on a wide variety of topics at conferences throughout the year. He is a shareholder of the firm and serves on the firm's Board of Directors.

Summary of Experience

Jim is a veteran of institutional investing and has an unblemished 43-year record as a fiduciary. His experience spans virtually all major roles associated with institutional investing, including service as:

- Public Board of Investment Trustee for a multiple fund public board of investment with authority of over \$45 billion in assets, including a statewide defined benefit pension plan and 457 defined contribution plan as well as the state workers compensation insurance fund and endowment fund.
- CEO of a major state public DB plan with assets exceeding \$40 billion
- Trustee for a major corporate pension and DC plan based in NYC
- Director of Research for a major Wall Street firm (PaineWebber)
- Deputy Director of Investment Banking and Chair of the Underwriting Committee for a major investment bank
- Chief Investment Officer for a private bank asset management company with more than \$50 billion in assets
- Served on multiple corporate boards in the financial services, technology and real estate industries.

Education

- **Harvard University**, Masters of Public Policy
- **University of Washington**, Masters of Public Administration
- **Carnegie Mellon University**, Bachelor of Arts, History & Social Science

Credentials in Past Roles

NYSE Supervisory Analyst and Series 7 Securities License



Samia Khan, CFA
Consultant

Industry Experience: 17 Years
RVK Tenure: 1.5 years

Current Responsibilities

Samia is responsible for serving a diverse client base including defined benefit and defined contribution plans, as well as endowments and foundations. Her responsibilities include portfolio evaluation and structuring, asset allocation, investment manager research, risk analyses, and client education presentations.

Previous Positions

PricewaterhouseCoopers (PwC) LLP

Senior Manager of Investment Management, Treasury, 2018 – 2021

- Oversaw ~\$15B of retirement assets of staff and partners of PwC across multiple ERISA qualified defined contribution and defined benefit plans
- Supported Retirement Board of Trustees in the design and implementation of investment policy statements, portfolio construction, strategic and tactical asset allocation, investment manager selection, performance monitoring and evaluation
- Developed and maintained relationships with all internal and external service providers and fund managers

Manager of Investment Management, Treasury, 2014 – 2018

- Core team member in restructuring of 401(k) and profit-sharing plans. Coordinated project with various parties including consultant, record keeper and custodian to ensure timely and accurate completion
- Led the research and recommendation of passive target date fund in the defined contribution plans
- Assisted in the inception of a new cash balance plan for partners. Involved partnering with National Benefits, ERISA counsel, custodian and record keeper to set up plan in compliance with qualified plan regulations
- Developed training and educational materials for Trustees

Senior Analyst of Debt & Capital Management and Investment Management, Treasury, 2006 – 2013

- Supported debt and private capital placements. Prepared short- and long-term liquidity forecasts

Gaucho LLC

Staff Accountant, 2004 – 2006

- Supported Chief Operating Officer in managing financials and preparing financial reports

Education

Bryn Mawr College, Bachelor of Arts, Mathematics and Economics, 2004



Kyle Plitt, CFA
Senior Consultant, Principal
Industry Experience: 16 Years
RVK Tenure: 16 Years

Current Responsibilities

Located in RVK's Boise, Idaho office, Kyle advises a number of client relationships including pensions, endowments, foundations, defined contribution plans, and insurance portfolios. Kyle works with clients in developing portfolio asset allocation, investment manager due diligence, and providing general market research and education. Kyle is a shareholder of the firm.

Previous Positions

RVK Consultant, 2014 – 2018, RVK Associate Consultant, 2011 – 2014

As a Consultant and Associate Consultant, Ryan worked with many of the firm's public fund, corporate, endowment, and Taft Hartley clients, including developing portfolio asset allocation and policy setting, investment manager research and due diligence, forward-looking capital market assumptions, asset class portfolio structuring, and many of the firm's internal research projects.

RVK Investment Associate, 2008 – 2011

Responsibilities included preparing comprehensive reports on investment portfolios and making recommendations as needed, creating executive summaries detailing performance information and current market trends, and preparing and presenting investment-related material to boards, committees, and other notable groups and individuals. Other responsibilities involved completing quarterly risk management and risk budgeting reviews, creating and updating asset allocation ranges and targets using a variety of qualitative and quantitative factors, and meeting with investment managers in order to better understand the drivers of performance in clients' portfolios.

RVK Senior Investment Analyst / Investment Analyst, 2006 – 2008

Responsibilities included support to the consulting team in the performance reporting process through collection and verification of performance-related and investment manager data across a variety of client portfolios, reconciliation, and quality control of public and private markets data, as well as preparation of standard and customized performance reports, investment policy reviews, and various ad-hoc projects. Additional responsibilities included assisting with client transition activities and proofreading materials as requested.

Education

University of Oregon, Bachelor of Science in Business Administration – Finance, 2005

Credentials

Kyle holds the Chartered Financial Analyst designation and is a member of the CFA Institute.



**Jason Samansky, CFA
Consultant**

Industry Experience: 22 Years
RVK Tenure: 1 Year

Current Responsibilities

Located in our New York office, Jason serves a diverse client base, including public and corporate pension and defined contribution plans, endowments & foundations, and high-net-worth clients. His responsibilities include asset allocation, investment manager research, portfolio structuring, risk analyses, and client education presentations.

Previous Experience

Wilshire Associates

Senior Vice President & Principal, Vice President, Senior Associate, and Associate, 2005 – 2021

Jason's roles involved working with corporate and government defined benefit and defined contribution plans, endowments and foundations, and high net worth clients. Additionally, he was involved in manager and market research, ESG efforts, thought leadership and research, and speaking at conferences.

Jason led client discussions, research, and investments on asset allocation, investment structure, benchmarking, manager searches, investments, risk budgeting, factor-based analysis, ESG, and investment policy statements. Additionally, he led Asset Class Committees that evaluated private equity, private real assets, and private credit firms. Jason led research and engagement with ESG/UNPRI principles, religious based screening, and plan sponsor beliefs, and he was a key presenter for industry conferences.

MFS Investment Company, Senior Analyst, 2000 – 2005

Jason assisted portfolio managers with fixed income and US equity fundamental research, led research projects, and assisted with new product launch for both new mandates and vehicle types. He led development of application programming interfaces between vendors to streamline data flow, and assisted with multiple inter-department projects that focused on shareholder and stakeholder value creation.

Education

Ithaca College, Bachelor of Science; Finance, Mathematics, and Economics

Credentials

Jason holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Society of New York.



Ryan Sullivan
Senior Consultant, Head of Asset/Liability Team, Principal

Industry Experience: 15 Years
RVK Tenure: 15 Years

Current Responsibilities

Ryan advises some of the firm's largest public funds as well as corporate, endowment/foundation, and Taft-Hartley clients. He works with clients in developing portfolio asset allocation, investment policy, asset class portfolio structuring, investment manager due diligence, and general market research/education. In addition to his consulting relationships, Ryan serves as a senior member of RVK's Capital Markets Team and is heavily involved with setting the firm's annual capital markets assumptions.

As Head of RVK's Asset/Liability Team, Ryan is responsible for producing highly customized studies that include deterministic, stochastic, and sensitivity analyses. In this role, he joins the primary consulting team of a given client to present results and make recommendations based on the outcomes of each study. Ryan has been involved in over 60 full system asset/liability studies over the last 10+ years, including conducting and presenting studies for some of the most severely stressed pension plans in the US.

Ryan is a shareholder of the firm and serves on RVK's Board of Directors.

Previous Positions

RVK Consultant, 2014 – 2019, RVK Associate Consultant, 2012 – 2014

Ryan worked with many of the firm's public fund, corporate, endowment, and Taft-Hartley clients, including developing portfolio asset allocation and policy setting, investment manager research and due diligence, forward-looking capital market assumptions, asset class portfolio structuring, and many of the firm's internal research projects.

RVK Investment Associate, 2009 – 2012

Responsibilities included preparing comprehensive reports on investment portfolios and making recommendations as needed, creating executive summaries detailing performance information and current market trends, and preparing/presenting investment-related material to boards and committees. Other responsibilities involved completing quarterly risk management and risk budgeting reviews, creating and updating asset allocation ranges and targets using a variety of qualitative and quantitative factors.

RVK Senior Investment Analyst / Investment Analyst, 2007 – 2009

Responsibilities included support to the consulting team in the performance reporting process through collection and verification of performance-related and investment manager data across a variety of client portfolios, reconciliation and quality control of public and private markets data, as well as preparation of standard and customized performance reports, investment policy reviews, and various ad-hoc projects. Additional responsibilities included assisting with client transition activities and proofreading materials as requested.

Education

- **University of Oregon**, Masters of Science; Economics, 2007
- **University of Oregon**, Bachelor of Science, Economics, 2005



Joe Ledgerwood, CFA
Director of Investment Manager Research, Principal
Industry Experience: 20 Years
RVK Tenure: 12 Years

Current Responsibilities

Joe leads RVK's team of Research Consultants who serve as practice experts for their assigned asset class. Each Consultant determines the most appropriate managers for each client assignment as well as the efficacy of firms managing assets for clients. Joe has a wealth of experience working directly with large public fund clients to source and monitor investment managers. He has successfully worked with clients within pre-existing constraints and helped create unique processes to build institutional, multi-manager portfolios. Joe is a shareholder of the firm.

Previous Positions

RVK Director of Equity Research, 2010 – 2019

Joe provided Equity research with coverage across regions, both active and passive. His primary responsibilities included providing education to clients, directing manager search activity, and contributing to thought leadership projects.

IMS Capital Management, 2002 – 2009

Portfolio Manager, Research Analyst, Trader

Joe, in conjunction with the lead portfolio manager, determined which equities to buy and sell in the IMS Capital Value Strategy. In addition to his portfolio management responsibilities, he performed research and trading for the firm's other strategies. Joe was also responsible for creating and implementing an asset allocation model utilizing outside investment managers for clients that required a holistic investment approach.

Education

University of Portland, Bachelor of Business Administration degree (*maxima cum laude*) with a concentration in Finance, 2002.

Professional Qualifications

Joe holds the Chartered Financial Analyst designation and is a member of the CFA Society of Portland.



Jonathan Kowolik
Senior Consultant, Head of Investment Operations Solutions Group, Principal
Industry Experience: 21 Years
RVK Tenure: 21 Years

Current Responsibilities

Jonathan serves as the practice leader for RVK's Investment Operations Solutions Group. In this role, he has primary responsibility for providing project consulting and research support, including evaluation and search projects for trust/custody providers, recordkeepers, securities lending programs, transition management, and other operational consulting projects. Jonathan serves as a dedicated resource to many of the firm's largest client relationships while also possessing a role within the general RVK consulting staff. He is a shareholder of the firm.

Previous Positions

RVK Consultant, 2002 – 2012

Jonathan was named a Principal of RVK in 2002 and has held various responsibilities as a Consultant for the firm. These responsibilities included additional research coverage (transitioned in 2007) for the private equity alternative asset class, capital markets research support, and the staged completion of operational support research processes.

As the lead consulting resource for investment operations, Jonathan provided dedicated client support to project clients, retainer clients, and support for internal RVK teams related to operational topics including trust/custody, DC recordkeeping, securities lending, and transition management.

RVK Associate Consultant – Product Development, 2001 – 2002

Responsibilities included the initial development of a slate of operational consulting services, internal project work related to reporting applications covering alternative investment reporting/benchmarking, and capital markets research.

RVK Investment Analyst, 2001 – 2002

Responsibilities included client team and relationship support for retainer clients and the provision of analytical support for project client relationships.

Education

University of Pennsylvania, Bachelor of Science; Economics, 2001



Megan Healey, JD
Chief Compliance Officer
Industry Experience: 8 Years
RVK Tenure: 4 Years

Current Responsibilities

As Chief Compliance Officer, Megan advises RVK Senior Management, the Audit Committee, and the Board of Directors on matters related to compliance. She also administers and monitors RVK's compliance program, which includes quarterly and annual employee reporting. Megan is responsible for updating the firm's ADV and employee policies relating to compliance.

Previous Positions

Oregon State University, 2013 – 2018

Equity Associate – Office of Equal Opportunity and Access

- Administered compliance functions to ensure university adheres to applicable regulatory requirements, federal and state laws, and OSU policies
- Advised management regarding university compliance with federal and state anti-discrimination laws, OSU policies, and the Americans with Disabilities Act and interpret and explain laws, regulations, rules, and policies to various clients or stakeholders
- Researched and maintained applicable updates to regulatory requirements and state and federal laws relating to the university's policies and procedures for employees with disabilities
- Prepared and performed trainings for supervisors related to their legal and regulatory obligations, including how to respond to employees requesting workplace accommodations
- Assisted employees with disabilities, and their supervisors, through the Americans with Disabilities Act accommodation process
- Investigated formal and informal complaints of discrimination, harassment, bias, bullying and retaliation

Business Law Instructor – College of Business

- Prepared and presented weekly lectures to sophomore-level business students covering a variety of legal topics including the state and federal court systems, constitutional law, ethics, contracts, administrative law, torts, alternative dispute resolution, agency law and employment law. Provided practical real-world examples of how legal and regulatory concepts impact the business environment
- Met individually with students of various cultural and socioeconomic backgrounds and ages to further clarify legal concepts, and mentored students interested in starting their own business and/or pursuing a legal career
- Created and graded testing materials to evaluate students' understanding of legal and regulatory concepts



Oregon Brewing Company, dba Rogue Ales, 2012 – 2013
Assistant General Counsel

- Advised chief executive officer, chief financial officer, and chief operations officer on issues involving regulatory compliance, employment, intellectual property, contract, and tax law
- Ensured compliance with product registration requirements in 50 states and 24 countries
- Advocated on company's behalf with regulatory agencies including Alcohol and Tobacco Tax and Trade Bureau, Bureau of Labor and Industries, Oregon and California unemployment departments, and state liquor control agencies
- Drafted and revised employee handbook and personnel policies
- Drafted and negotiated vendor and distributor contracts
- Managed outside legal counsel on both strategy and cost effectiveness of pending lawsuits and reviewed court submissions

Lane Powell, PC, 2008 – 2012
Senior Associate Attorney

- Managed a high caseload representing businesses from a variety of industries before Oregon state and federal courts, with an emphasis in defending financial institutions against purported violations of consumer protection laws, contracts, construction, product liability, collection matters, and landlord/tenant law
- Conducted various phases of litigation, including drafting and filing pleadings, motions and briefs, court appearances to argue motions and briefs, propounding and responding to discovery requests, conducting depositions, settlement negotiations, arbitration, and legal research and analysis
- Named 2012 "Rising Star" by SuperLawyers—awarded to no more than 2.5% of practicing attorneys in Oregon and is based on peer nomination/recognition and professional achievement

Education

Oregon State University, Bachelor of Business Administration, *magna cum laude*, with an emphasis in Management, 2002

Willamette University College of Law, J.D. and Certificate in Dispute Resolution, *cum laude*, 2008



Jake Derrah
Associate Consultant

Industry Experience: 9 Years

RVK Tenure: 9 Years

Current Responsibilities

Jake works closely with clients on a variety of projects, including asset allocation studies, asset class structure analysis, rebalancing strategies, transition management, capital markets assumptions, and various educational topics. Client types served include public and private pensions, sovereign wealth funds, endowments, defined contribution plans, and operating assets.

Previous Positions

RVK Investment Associate, 2017 – 2020

As the lead contact for various RVK client relationships, primary responsibilities included assisting clients in executing their investment strategy and working collaboratively with the consulting team to complete a variety of special projects and ongoing meeting materials.

Responsibilities and projects included:

- Assisting clients with asset transition management/portfolio rebalancing
- Creating custom executive summary reports detailing performance information and current market trends
- Conducting investment manager structure analyses and asset allocation studies
- Preparing investment education presentations
- Conducting investment policy revisions

RVK Senior Investment Analyst & Team Leader, 2013 – 2017

Primary responsibilities included preparing monthly and quarterly investment performance reports, as well as responding to ad hoc internal and external client requests.

Responsibilities and projects included:

- Prepared standard and customized investment performance reports, executive summaries, investment policy reviews, fee analyses, fund profile reports, memos, investment manager commentary, investment manager watch list reports, PowerPoint presentations, and rebalancing analyses
- Communicated with internal and external clients, investment managers, custodian banks, index vendors, and other third-party data providers
- Led a team of 5 Investment Analysts and acted as a mentor, teaching performance methodology, reporting procedures, and investment consulting principles

Education

Oregon State University, Bachelor of Science; Finance & Marketing, 2013

Glossary of Acronyms

- **Asset/Liability – A/L**
- **Capital Markets Assumptions – CMA**
- **Chief Compliance Officer – CCO**
- **Defined Benefit Solutions Group – DBSG**
- **Defined Contribution Solutions Group – DCSG**
- **Investment Manager Research Team – IMR**
- **Investment Operations Solutions Group – IOSG**
- **Investment Policy Statement – IPS**
- **Investment Program Review – IPR**
- **Liability-Driven Investment – LDI**
- **Ohio Highway Patrol Retirement System – HPRS**
- **Ohio Retirement Study Council – ORSC**
- **Performance Measurement & Analytics Team – PMA**
- **Request for Information – RFI**
- **Request for Proposal – RFP**
- **Request for Quotation – RFQ**
- **RVK, Inc. – RVK**
- **Sustainable Investment Solutions Group – SISG**
- **Target Date Funds – TDF**



RVK Pricing Summary

Proposed Team Member	Anticipated Hours per Professional	Hourly Rate	Total Fee per Professional	Trips to Columbus	Travel Expense per Trip	Total Travel Expenses	Anticipate d Number of Onsite Days	Onsite Expense per Day	Total Onsite Costs	Data Feeds/ Production Materials
Jim Voytko, MPA, MPP	75	\$595	\$44,625	4	\$450	\$1,800	7	\$400	\$2,800	
Samia Khan, CFA	115	\$495	\$56,925	4	\$350	\$1,400	7	\$400	\$2,800	
Kyle Plitt, CFA	36	\$595	\$21,420	1	\$450	\$450	2	\$400	\$800	
Jason Samansky, CFA	36	\$495	\$17,820	1	\$350	\$350	2	\$400	\$800	
Ryan Sullivan	16	\$595	\$9,520	0	\$450	\$0	0	\$400	\$0	
Joe Ledgerwood, CFA	64	\$595	\$38,080	2	\$450	\$900	3	\$400	\$1,200	
Jonathan Kowolik	40	\$595	\$23,800	1	\$350	\$350	2	\$400	\$800	
Megan Healey, JD	25	\$595	\$14,875	0	\$450	\$0	0	\$400	\$0	
Jake Derrah	132	\$320	\$42,240	1	\$450	\$450	2	\$400	\$800	
Jessica Goodall	54	\$115	\$6,210	0	\$450	\$0	0	\$400	\$0	
TOTALS	593		\$275,515	14		\$5,700	25		\$10,000	\$9,000

Grand Total \$300,215