CITY OF TORRANCE
DEFERRED COMPENSATION PLAN COMMITTEE
September 11, 2014 MEETING MINUTES

Members Present:	Ms. Dana Cortez – City Treasurer Ms. Leyta Fuentes – Operations/HR Manager Mr. Eric Tsao – Finance Director
Guests:	Mr. Javier Obando and Ms. Carol Say – Great-West Retirement Services
Committee Consultants:	Mr. John Campbell and Mr. Evan Pickering - Benefit Funding Services Group ("BFSG")

CALL TO ORDER
The second quarter meeting of the Deferred Compensation Committee (the "Committee") was called to order at 10:30am.

ROLL CALL
The following members of the Committee were present for the entirety of the meeting: Ms. Dana Cortez, Ms. Leyta Fuentes, and Mr. Eric Tsao.

ACCEPTANCE AND FILING OF THE JUNE 10, 2014 AND AUGUST 6, 2014 MEETING MINUTES
The following Committee members were present and unanimously accepted and approved the June 10, 2014 and August 6, 2014 meeting minutes as written: Ms. Dana Cortez, Ms. Leyta Fuentes, and Mr. Eric Tsao.

INVESTMENT MEETING

I. **Investment Policy Statement "IPS"**
BFSG prepared a redlined Investment Policy Statement for the Committee to review. Due to missing Committee members the topic was tabled for the next regularly scheduled meeting.

II. **Retirement Plan Quarterly Investment Review (2Q14)**
Mr. Campbell provided an overview of the economy and the capital markets as of June 30, 2014. The overview included a discussion on Gross Domestic Product (GDP), unemployment, inflation, and interest rates. Domestic and international equity and fixed income investment performance was reviewed. Mr. Campbell reviewed the investment options within the Plan and provided additional commentary on the following funds:

Dodge & Cox Income outperformed its benchmark and peer group over all measured time periods noted in the report. The fund is overweight to corporate bonds which has contributed to its relative outperformance. The fund's performance ranks in the top 24th percentile of its peer group on a ten-year basis.

Fidelity Advisor Leveraged Company Stock has outperformed its benchmark and peer group over all measured time periods noted in the report. The fund invests primarily in high growth and leveraged companies and tends to outperform during up-markets. The fund's performance ranks in the top 5th percentile of its peer group over a ten-year time period.

The Committee reviewed the evaluation methodology ranking of each of the funds, including the return, risk, style and expense score. It was noted that one fund ranked "perform" and sixteen funds ranked "outperform." The average rank of the funds was ten and the Plan-weighted rank was eleven.

Mr. Campbell provided an overview of the 3121 part-time Plan. The Committee held a discussion on the Great-West asset allocation lifestyle funds versus the Great-West Lifetime target date funds. The

Committee asked BFSG and Great-West to prepare an analysis for the next Committee meeting to review the participant age and utilization of these funds. The Committee will review and consider consolidating the funds at the next regularly scheduled meeting.

ADMINISTRATIVE MEETING

I. Plan Expense Reimbursement Account Policy Review

BFSG presented a redlined version of the Plan Expense Reimbursement Account Policy with proposed updates. Due to absent Committee members, the discussion will be tabled to the next regularly scheduled meeting.

II. Beneficiary Information

The Committee discussed the current process of updating and maintaining participant beneficiary information and the difficulties that have occurred in the past. Great-West has undergone an initiative to include participants' beneficiary information on the participant statements in an effort to alert them to outdated or missing information. Great-West will be able to update participants' beneficiaries electronically or by hard copy which will continue to be distributed by Ms. Say at education meetings. It was noted that any spousal change is verified by Great-West.

III. Internal Rollover Requests

Mr. Obando suggested tabling the internal rollover request agenda item due to missing Committee members. The discussion at the next Committee meeting will be with regard to changing the process to allow for Great-West to vet and verify the internal rollover requests rather than the City.

IV. Continued Payment of Loans for Severed Employees

The Committee tabled this discussion for the next meeting due to absent Committee members. The discussion will be regarding a Plan change to allow for terminated, but not retired, employees to continue making payments on loans after severance of employment from the City.

V. Quarterly Review

Ms. Say provided an overview of Plan activity for the quarter. Additionally, she noted the number of education meeting attendees. The meeting topics were chosen based on the feedback from the participant survey administered earlier in the year.

CLOSING

A motion to adjourn the Deferred Compensation Committee meeting was unanimously approved by all Committee members present at the meeting: Ms. Cortez, Ms. Fuentes, and Mr. Tsao. The meeting adjourned at 11:56 am.

MOTION APPROVED, Deferred Compensation Plan Committee meeting adjourned.

City of Torrance 457 Plan A & 401(a) Plans

Data as of 6/30/2014

Fund Performance Summary *(page 1 of 3)*

Investment Option / Benchmark	6/30/2014 3 Month	1 Year	3 Year	5 Year	10 Year	Expense Ratio
Capital Preservation						
Torrance Stable Value	**0.48**	**2.08**	**3.63**	**3.10**	**N/A**	**0.39**
Cat: Stable Value	0.32	1.31	1.69	2.16	3.14	0.75
Fixed Income						
Dodge & Cox Income	**2.19**	**6.62**	**4.88** (28)	**6.55** (43)	**5.59** (24)	**0.43**
PIMCO Total Return Instl	**2.37**	**4.88**	**4.32** (49)	**6.39** (46)	**6.37** (7)	**0.46**
Barclays Aggregate Bond	2.04	4.37	3.66	4.85	4.93	
Cat: Intermediate Bond	2.10	5.21	4.29	6.32	5.01	0.76
Templeton Global Bond Adv	**2.68**	**7.41**	**4.76** (29)	**8.42** (17)	**9.46** (1)	**0.63**
Barclays Global Aggregate	2.47	7.39	2.57	4.60	5.06	
Cat: World Bond	2.59	7.36	3.62	6.31	5.59	0.90
Domestic Equity - Large Cap						
Dodge & Cox Stock	**4.48**	**27.95**	**18.31** (3)	**20.13** (5)	**8.05** (38)	**0.52**
T. Rowe Price Equity Income	**4.46**	**20.66**	**15.27** (53)	**18.06** (38)	**7.72** (49)	**0.67**
Russell 1000 Value	5.10	23.81	16.92	19.23	8.03	
Cat: Large Value	4.51	22.42	15.14	17.56	7.64	1.00
American Funds Fundamental Invs R5	**5.05**	**23.44**	**14.78** (58)	**17.59** (47)	**9.65** (8)	**0.36**
S&P 500	5.23	24.61	16.58	18.83	7.78	
Cat: Large Blend	4.69	24.05	15.09	17.53	7.63	1.04
Blackrock Eq Idx Fund CF	**5.23**	**24.59**	**16.59**	**18.88**	**7.84**	**0.18**
S&P 500	5.23	24.61	16.58	18.83	7.78	
American Funds Growth Fund of Amer R5	**5.03**	**26.96**	**16.18** (23)	**17.32** (64)	**8.77** (26)	**0.39**
T. Rowe Price Blue Chip Growth	**4.16**	**30.06**	**18.07** (4)	**20.09** (10)	**8.82** (25)	**0.74**
Russell 1000 Growth	5.13	26.92	16.26	19.24	8.20	
Cat: Large Growth	4.18	26.43	14.63	17.92	8.01	1.06
Domestic Equity - Mid Cap						
JPMorgan Mid Cap Value Instl	**4.83**	**23.88**	**17.96** (8)	**22.11** (20)	**10.60** (12)	**0.76**
Russell Mid Cap Value	5.62	27.76	17.56	22.97	10.66	
Cat: Mid Value	4.68	25.71	15.45	20.46	9.35	1.12
Fidelity Advisor® Leveraged Co StkInstl	**5.32**	**24.95**	**17.00** (12)	**22.66** (14)	**11.49** (5)	**0.84**
Russell Mid Cap	4.97	26.85	16.09	22.07	10.43	
Cat: Mid Blend	3.89	25.21	14.25	19.74	8.74	1.22

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Funds shaded in **Yellow** have been placed on the watch list.

City of Torrance 457 Plan A & 401(a) Plans

Data as of 6/30/2014

Fund Performance Summary *(page 2 of 3)*

Investment Option / Benchmark	6/30/2014 3 Month	1 Year	3 Year	5 Year	10 Year	Expense Ratio
Domestic Equity - Mid Cap *continued*						
Mid Capitalization Equity Index Fund F	**4.31**	**25.20**	**15.23**	**21.64**	**10.53**	**0.26**
S&P MidCap 400	4.33	25.24	15.26	21.67	10.50	
T. Rowe Price Mid-Cap Growth	**3.35**	**26.58**	**15.10** (16)	**21.23** (13)	**11.30** (6)	**0.78**
Russell Mid Cap Growth	4.37	26.04	14.54	21.16	9.83	
Cat: Mid Growth	2.73	24.07	12.76	19.23	9.22	1.17
Domestic Equity - Small Cap						
Columbia Small Cap Value Fund II Z	**2.84**	**25.85**	**15.27** (41)	**21.16** (31)	**9.91** (18)	**1.08**
Russell 2000 Value	2.38	22.54	14.65	19.88	8.24	
Cat: Small Value	2.90	23.48	14.72	20.25	9.05	1.23
Russell 2000® Index Fund F	**2.08**	**23.87**	**14.71**	**20.31**	**8.74**	**0.26**
Russell 2000	2.05	23.64	14.57	20.21	8.70	
Prudential Jennison Small Company Z	**3.85**	**25.38**	**13.61** (40)	**19.99** (53)	**10.52** (9)	**0.85**
Russell 2000 Growth	1.72	24.73	14.49	20.50	9.04	
Cat: Small Growth	0.51	22.41	12.82	20.01	8.94	1.28
International Equity						
Vanguard International Growth Adm	**3.14**	**24.91**	**7.65** (38)	**13.52** (15)	**8.68** (18)	**0.35**
Artisan International Investor	**5.37**	**22.19**	**12.29** (2)	**15.00** (6)	**8.80** (17)	**1.20**
MSCI ACWI ex USA	5.03	21.75	5.73	11.11	7.75	
Cat: Foreign Large Equity	3.74	21.33	7.00	11.66	7.16	1.21
Blackrock EAFE Eq Idx Fund CF	**4.25**	**23.78**	**8.32**	**12.01**	**7.18**	**0.27**
MSCI EAFE	4.09	23.57	8.10	11.77	6.93	
DFA Emerging Markets I	**6.84**	**15.12**	**0.06** (52)	**10.08** (40)	**12.25** (23)	**0.57**
Oppenheimer Developing Markets Y	**7.88**	**19.75**	**5.16** (9)	**14.07** (3)	**16.12** (1)	**1.05**
MSCI EM	6.60	14.31	-0.39	9.24	11.94	
Cat: Diversified Emerging Markets	6.92	14.91	0.45	9.52	11.37	1.46

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City of Torrance 457 Plan A & 401(a) Plans

Data as of 6/30/2014

Fund Performance Summary *(page 3 of 3)*

Investment Option / Benchmark	6/30/2014 3 Month	1 Year	3 Year	5 Year	10 Year	Expense Ratio
Lifestyle						
Torrance Conservative	**2.59**	**11.50**	**7.88**	**10.05**	**8.91**	**0.75**
65% BC Agg / 35% S&P 500	3.16	11.20	8.24	9.81	6.20	
Cat: Conservative Allocation	3.15	11.49	7.25	10.44	6.18	1.05
Torrance Moderate	**3.22**	**15.87**	**10.15**	**12.86**	**7.07**	**0.80**
40% BC Agg / 60% S&P 500	3.95	16.24	11.48	13.32	6.93	
Cat: Moderate Allocation	3.72	16.62	10.55	13.21	6.90	1.02
Torrance Aggressive	**3.84**	**20.28**	**12.27**	**15.64**	**8.06**	**0.85**
S&P 500	5.23	24.61	16.58	18.83	7.78	
Cat: Aggressive Allocation	4.11	19.18	11.13	14.59	7.14	1.15

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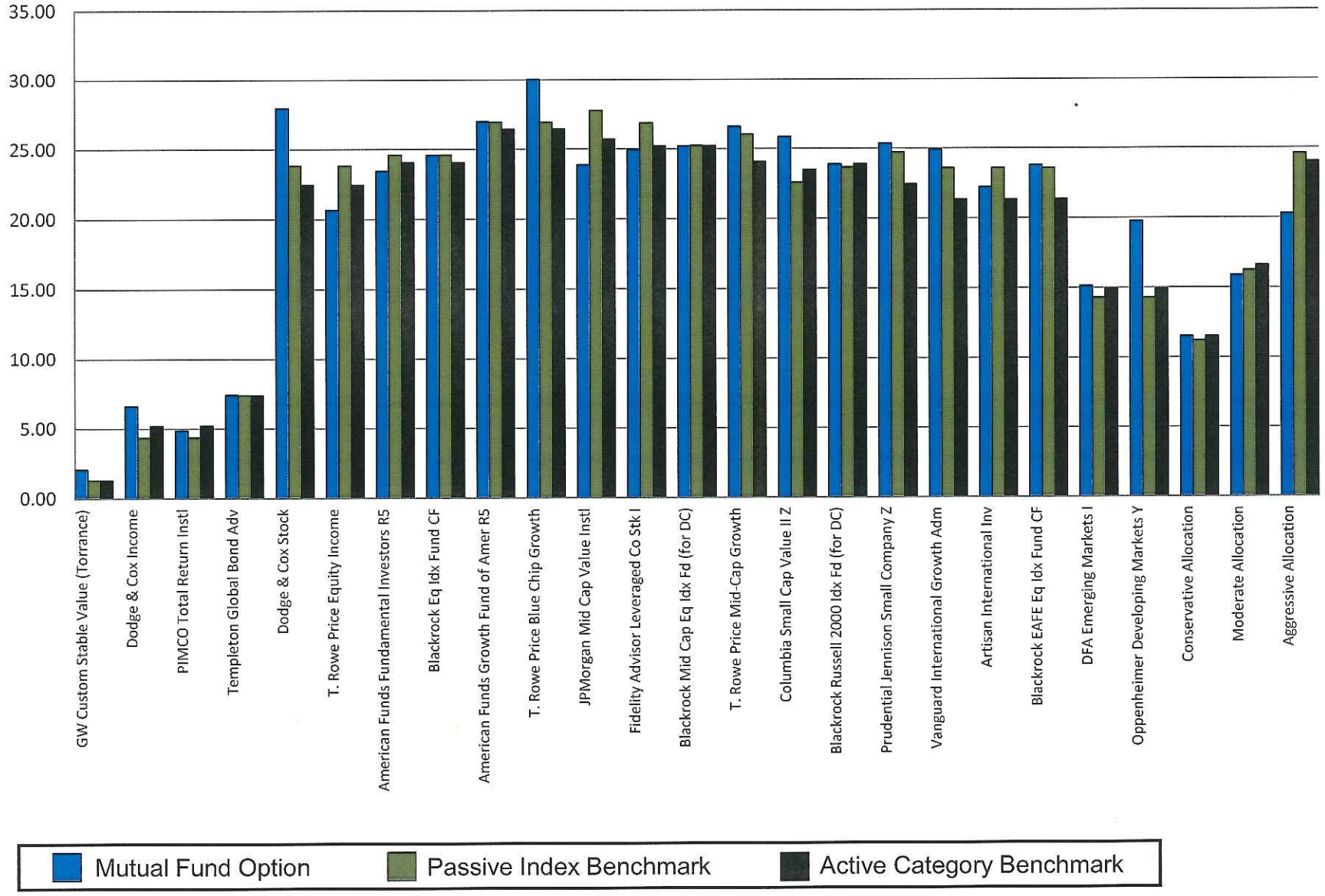
City of Torrance 457 Plan A & 401(a) Plans

Data as of 6/30/2014

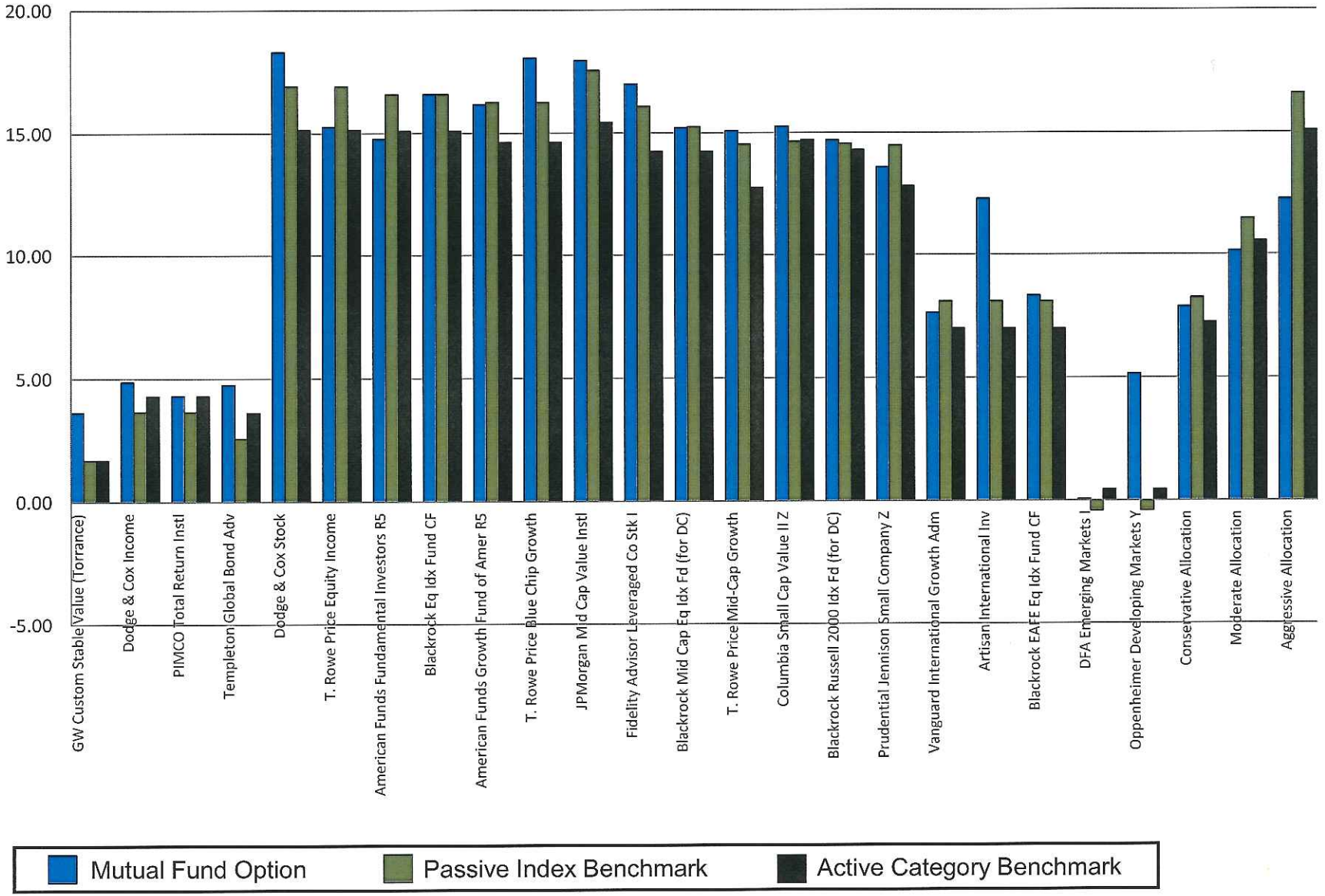
1-Year Fund Performance vs. Index and Category Benchmark



City of Torrance 457 Plan A & 401(a) Plans

Data as of 6/30/2014

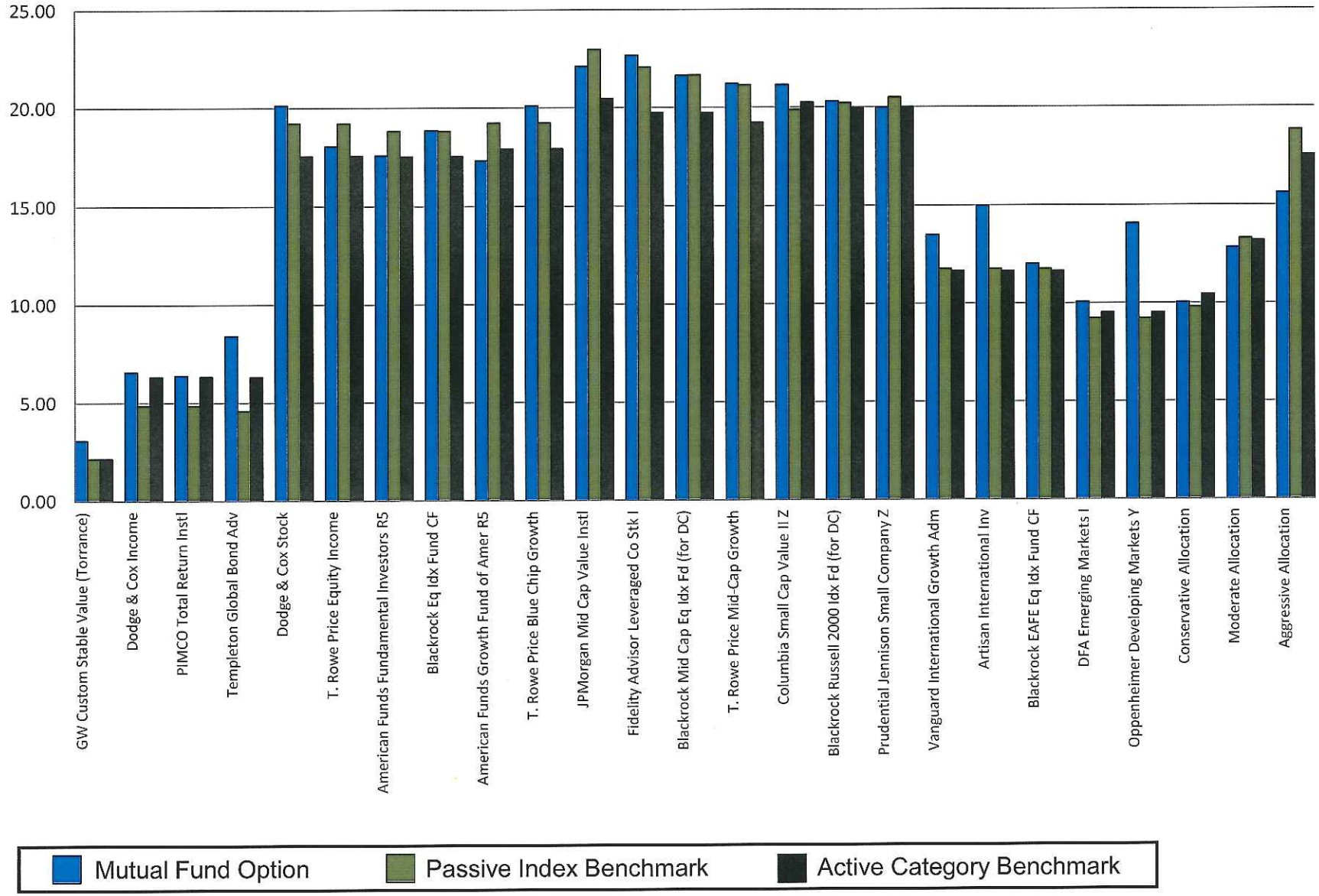
3-Year Fund Performance vs. Index and Category Benchmark



City of Torrance 457 Plan A & 401(a) Plans

Data as of 6/30/2014

5-Year Fund Performance vs. Index and Category Benchmark



City of Torrance 457 Plan B

Data as of 6/30/2014

Fund Performance Summary *(page 1 of 3)*

Investment Option / Benchmark	6/30/2014 3 Month	1 Year	3 Year	5 Year	10 Year	Expense Ratio
Capital Preservation						
Torrance Stable Value	**0.48**	**2.08**	**3.63**	**3.10**	**N/A**	**0.39**
Great West Guaranteed Certificate	**Current Rates: 36 mo. = 0.85%; 60 mo. = 1.00%; 84 mo. = 1.50%**					**N/A**
Cat: Stable Value	0.32	1.31	1.69	2.16	3.14	0.75
Fixed Income						
PIMCO Total Return Admin	**2.31**	**4.62**	**4.06** (59)	**6.12** (54)	**6.11** (11)	**0.71**
Great-West Federated Bond Init	**2.21**	**6.34**	**3.96** (62)	**5.53** (72)	**5.21** (39)	**0.70**
Barclays Aggregate Bond	2.04	4.37	3.66	4.85	4.93	
Cat: Intermediate Bond	2.10	5.21	4.29	6.32	5.01	0.76
Great-West Loomis Sayles Bond Init	**3.48**	**12.16**	**9.05** (13)	**12.97** (15)	**9.13** (12)	**0.90**
Barclays Multiverse	2.52	7.70	2.86	4.94	5.24	
Cat: Multisector Bond	2.50	8.17	6.19	9.75	7.27	1.00
Putnam High Yield Advantage R	**2.21**	**10.73**	**8.34** (58)	**12.06** (72)	**8.07** (38)	**1.29**
BofAML US HY Master	2.57	11.84	9.27	13.94	8.91	
Cat: High Yield Bond	2.24	10.85	8.43	12.71	7.80	0.93
Hybrid / Balanced						
Janus Balanced T	**3.65**	**16.17**	**10.81** (51)	**12.23** (73)	**8.57** (10)	**0.83**
40% BC Agg / 60% S&P 500	3.95	16.24	11.48	13.32	6.93	
Cat: Moderate Allocation	3.72	16.62	10.55	13.21	6.90	1.02
Domestic Equity - Large Cap						
Great-West T. Rowe Price Equity Inc Init	**4.53**	**20.72**	**15.25** (53)	**17.99** (40)	**7.57** (55)	**0.82**
Russell 1000 Value	5.10	23.81	16.92	19.23	8.03	
Cat: Large Value	4.51	22.42	15.14	17.56	7.64	1.00
American Funds Fundamental Invs R4	**4.96**	**23.05**	**14.44** (64)	**17.24** (56)	**9.32** (11)	**0.66**
S&P 500	5.23	24.61	16.58	18.83	7.78	
Cat: Large Blend	4.69	24.05	15.09	17.53	7.63	1.04
Great-West Stock Index Init	**4.98**	**23.91**	**15.81**	**18.42**	**7.44**	**0.60**
Great-West S&P 500® Index Init	**5.08**	**23.83**	**15.93**	**18.15**	**7.15**	**0.60**
S&P 500	5.23	24.61	16.58	18.83	7.78	
American Funds Growth Fund of Amer R4	**4.96**	**26.58**	**15.84** (29)	**16.97** (70)	**8.45** (35)	**0.68**
Russell 1000 Growth	5.13	26.92	16.26	19.24	8.20	
Cat: Large Growth	4.18	26.43	14.63	17.92	8.01	1.06

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City of Torrance 457 Plan B

Data as of 6/30/2014

Fund Performance Summary *(page 2 of 3)*

Investment Option / Benchmark	6/30/2014 3 Month	1 Year	3 Year	5 Year	10 Year	Expense Ratio
Domestic Equity - Mid Cap						
JPMorgan Mid Cap Value A	**4.69**	**23.25**	**17.38** (15)	**21.50** (37)	**10.06** (33)	**1.25**
Russell Mid Cap Value	5.62	27.76	17.56	22.97	10.66	
Cat: Mid Value	4.68	25.71	15.45	20.46	9.35	1.12
Ariel Appreciation Investor	**4.80**	**25.87**	**15.80** (29)	**23.39** (10)	**9.06** (55)	**1.13**
Lord Abbett Value Opportunities A	**2.74**	**25.59**	**13.15** (73)	**18.90** (70)	**N/A** (N/A)	**1.28**
Russell Mid Cap	4.97	26.85	16.09	22.07	10.43	
Cat: Mid Blend	3.89	25.21	14.25	19.74	8.74	1.22
Great-West T. Rowe Price Mid Cap Gr Init	**3.27**	**26.06**	**14.67** (20)	**20.79** (18)	**10.78** (17)	**1.03**
Russell Mid Cap Growth	4.37	26.04	14.54	21.16	9.83	
Cat: Mid Growth	2.73	24.07	12.76	19.23	9.22	1.17
Domestic Equity - Small Cap						
Great-West Loomis Sayles Sm Cp Val Init	**3.46**	**23.14**	**14.43** (47)	**19.64** (61)	**9.59** (29)	**1.08**
Russell 2000	2.05	23.64	14.57	20.21	8.70	
Cat: Small Blend	2.40	23.91	14.31	19.94	8.84	1.23
Russell 2000® Index Fund F	**2.08**	**23.87**	**14.71**	**20.31**	**8.74**	**0.26**
Russell 2000	2.05	23.64	14.57	20.21	8.70	
Prudential Jennison Small Company A	**3.75**	**25.04**	**13.29** (45)	**19.69** (57)	**10.27** (14)	**1.15**
Russell 2000 Growth	1.72	24.73	14.49	20.50	9.04	
Cat: Small Growth	0.51	22.41	12.82	20.01	8.94	1.28
International Equity						
Oppenheimer Global A	**3.81**	**22.94**	**10.78** (58)	**15.99** (37)	**8.49** (36)	**1.14**
MSCI World	4.86	24.05	11.81	14.99	7.25	
Cat: World Stock	4.23	23.14	10.74	15.05	7.85	1.27
Artisan International Investor	**5.37**	**22.19**	**12.29** (2)	**15.00** (6)	**8.80** (17)	**1.20**
Great-West MFS International Growth Init	**3.85**	**19.51**	**7.69** (37)	**13.27** (19)	**8.27** (25)	**1.20**
MSCI ACWI ex USA	5.03	21.75	5.73	11.11	7.75	
Cat: Foreign Large Equity	3.74	21.33	7.00	11.66	7.16	1.21

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City of Torrance 457 Plan B

Data as of 6/30/2014

Fund Performance Summary *(page 3 of 3)*

Investment Option / Benchmark	6/30/2014 3 Month	1 Year	3 Year	5 Year	10 Year	Expense Ratio
Lifestyle						
Great-West Conservative Profile II Init	**2.56**	**9.63**	**6.33** (68)	**8.63** (73)	**5.93** (60)	**0.83**
65% BC Agg / 35% S&P 500	3.16	11.20	8.24	9.81	6.20	
Cat: Conservative Allocation	3.15	11.49	7.25	10.44	6.18	1.05
Great-West Moderately Cnsrv Prfl II Init	**3.00**	**12.45**	**7.92** (44)	**10.34** (56)	**6.75** (35)	**0.88**
Great-West Moderate Profile I Init	**3.39**	**15.14**	**9.20** (80)	**11.95** (81)	**7.13** (40)	**1.11**
40% BC Agg / 60% S&P 500	3.95	16.24	11.48	13.32	6.93	
Cat: Moderate Allocation	3.72	16.62	10.55	13.21	6.90	1.02
Great-West Moderately Agg Prfl II Init	**3.80**	**17.76**	**10.79** (64)	**14.05** (67)	**7.70** (43)	**1.05**
S&P 500	5.23	24.61	16.58	18.83	7.78	
Cat: Aggressive Allocation	4.11	19.18	11.13	14.59	7.14	1.15
Great-West Aggressive Profile II Init	**4.42**	**22.99**	**13.35** (82)	**17.08** (60)	**7.89** (39)	**1.18**
S&P 500	5.23	24.61	16.58	18.83	7.78	
Cat: Large Blend	4.69	24.05	15.09	17.53	7.63	1.04
Lifecycle						
Great-West Lifetime 2015 II T	**3.49**	**12.55**	**7.70** (46)	**10.90** (51)	**N/A** (N/A)	**0.86**
S&P Target Date 2015	3.19	13.23	8.04	11.10	6.12	
Cat: Target Date 2011-2015	3.13	12.76	7.25	10.93	5.99	0.90
Great-West Lifetime 2025 II T	**3.80**	**15.80**	**9.18** (50)	**12.93** (61)	**N/A** (N/A)	**0.92**
S&P Target Date 2025	3.67	16.52	9.60	13.27	6.76	
Cat: Target Date 2021-2025	3.64	16.73	9.19	13.28	6.74	0.93
Great-West Lifetime 2035 II T	**4.35**	**19.69**	**10.92** (32)	**14.82** (42)	**N/A** (N/A)	**0.97**
S&P Target Date 2035	4.04	19.12	10.77	14.71	7.04	
Cat: Target Date 2031-2035	3.99	19.51	10.44	14.64	6.97	0.97
Great-West Lifetime 2045 II T	**4.59**	**20.97**	**11.32** (39)	**15.28** (42)	**N/A** (N/A)	**0.99**
S&P Target Date 2045	4.28	20.73	11.50	15.44	N/A	
Cat: Target Date 2051+	4.27	21.45	11.33	15.10	N/A	0.97
Great-West Lifetime 2055 II T	**4.59**	**21.07**	**11.14** (51)	**15.18** (45)	**N/A** (N/A)	**1.00**
S&P Target Date 2045	4.28	20.73	11.50	15.44	N/A	
Cat: Target Date 2051+	4.27	21.45	11.33	15.10	N/A	0.97

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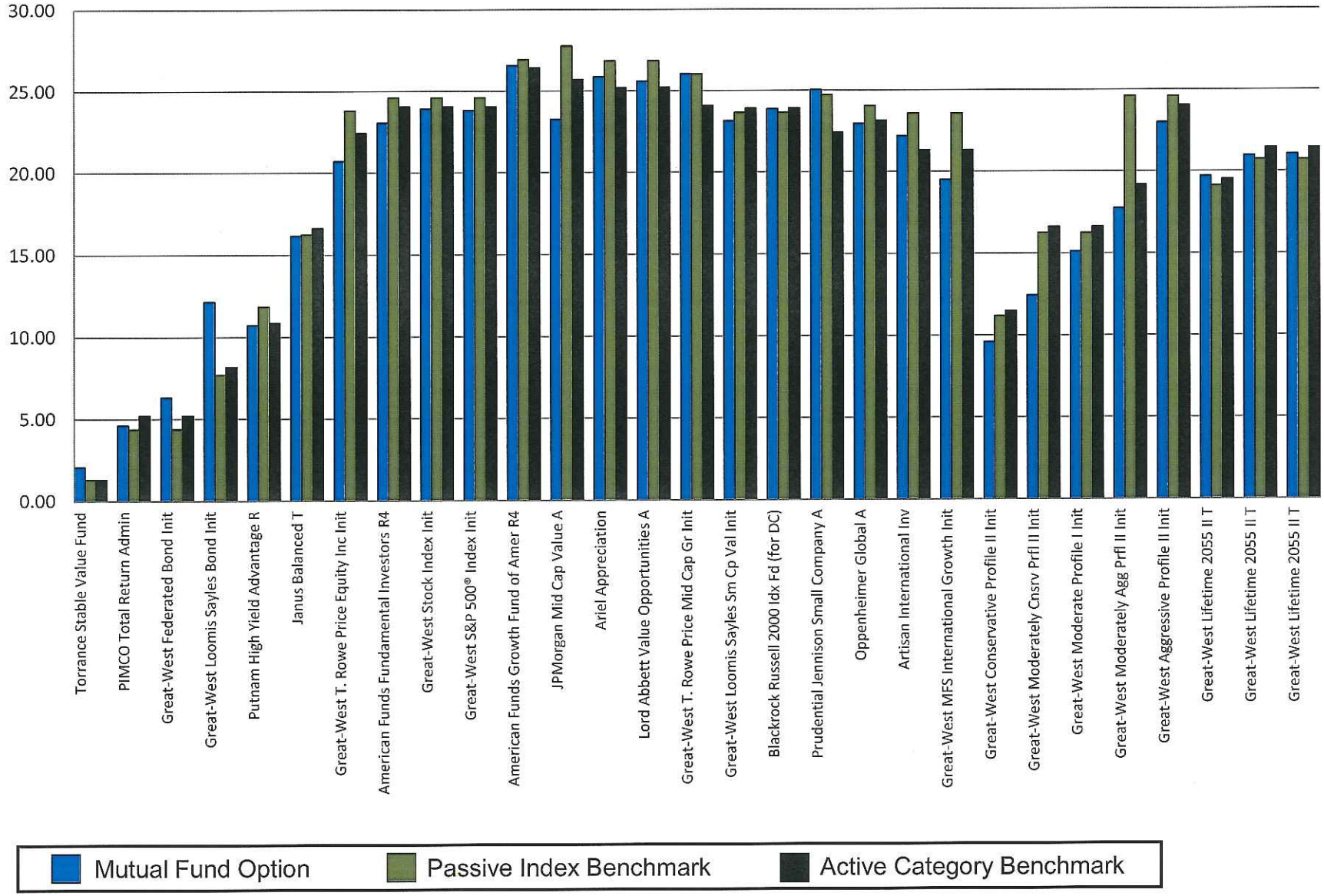
City of Torrance 457 Plan B

Data as of 6/30/2014

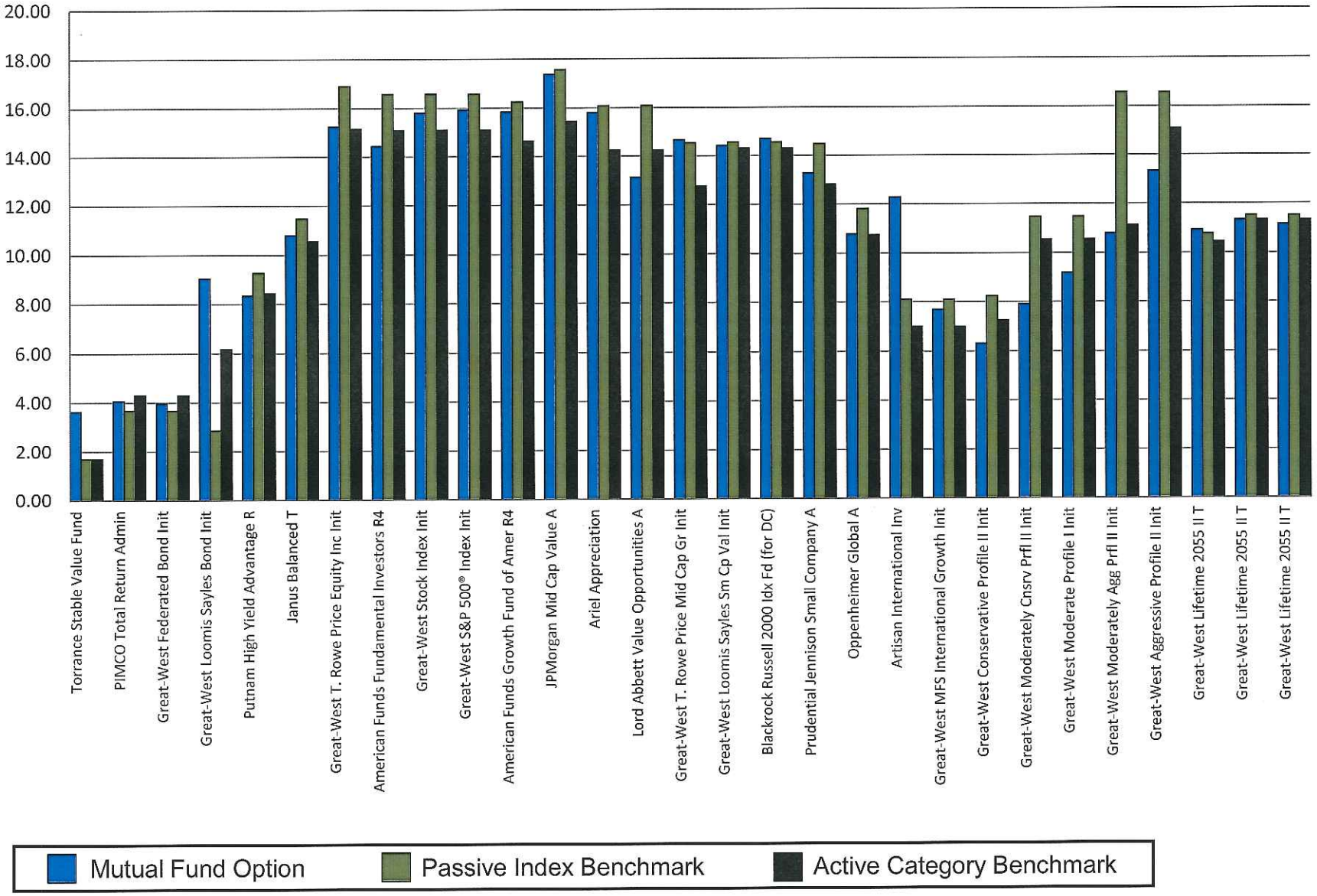
1-Year Fund Performance vs. Index and Category Benchmark



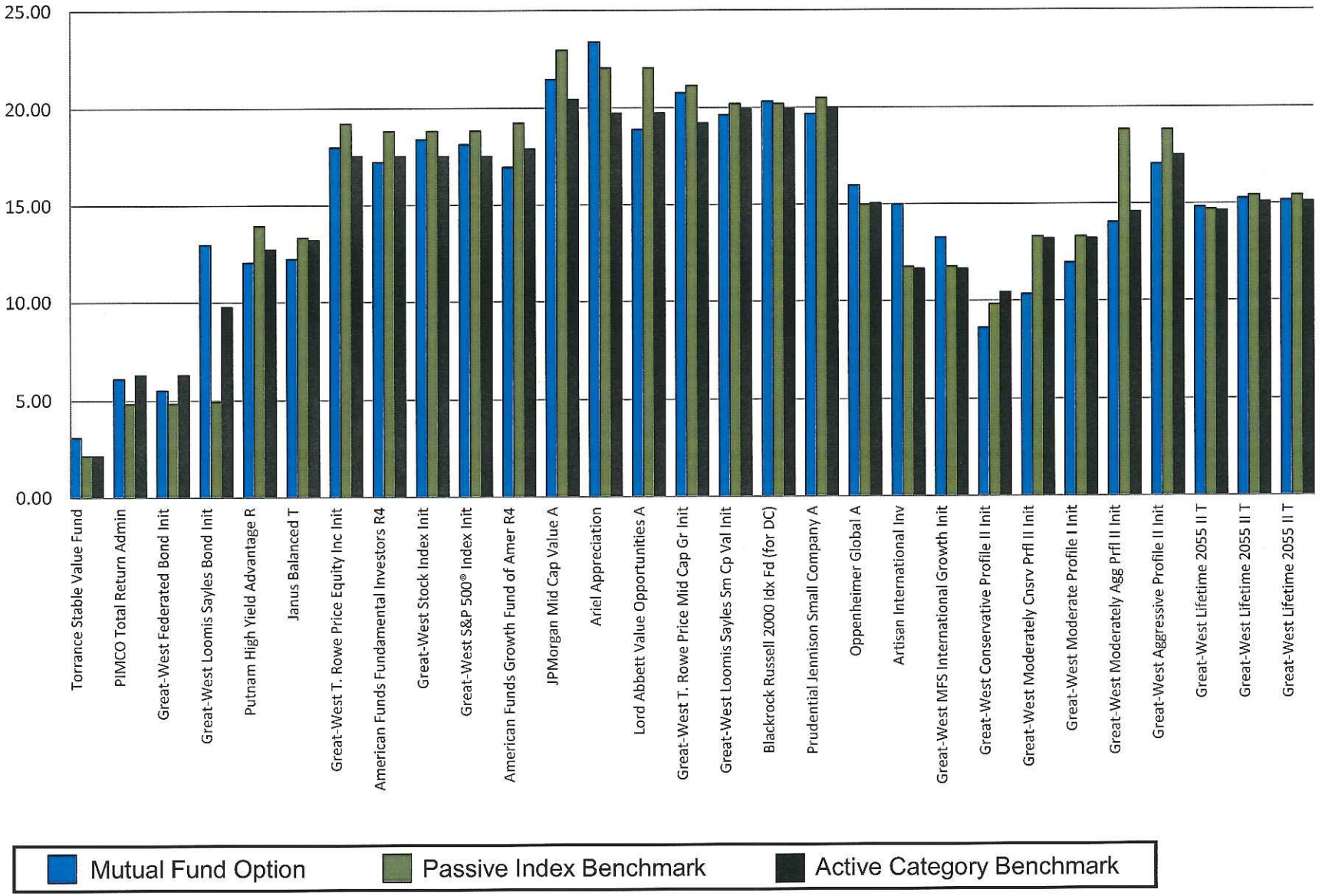
City of Torrance 457 Plan B

Data as of 6/30/2014

3-Year Fund Performance vs. Index and Category Benchmark



City of Torrance 457 Plan B

Data as of 6/30/2014

5-Year Fund Performance vs. Index and Category Benchmark