

**THE BOARD OF PENSIONS AND RETIREMENT
INVESTMENT COMMITTEE MEETING
August 25th, 2016**

There being a quorum, Rob Dubow, Board Chair, called the Investment Committee Meeting to order at 9:46 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Rob Dubow, Finance Director
Ronald Stagliano, Vice Chair, Trustee
Alan Butkovitz, Esquire, City Controller
Pedro Rodriguez, Director of Human Resources
Francois Dutchie, Esquire, Alternate, Divisional Deputy City Solicitor
Brian Abernathy, Alternate, First Deputy Managing Director
Carol G. Stukes-Baylor, Trustee
Veronica M. Pankey, Trustee
Brian Coughlin, Trustee
Matt Stitt, City Council Designee

Francis X. Bielli, Esquire, Executive Director
Bernard J. Buckley Jr., Deputy Chief Investment Officer
Christopher DiFusco, Esquire, Chief Compliance Officer
Dominique A. Cherry, Senior Investment Officer
Tyrone Jordan, Senior Investment Officer
Aubrey Hassan, Investment Analyst
Kristyn Bair, Investment Analyst

Also Attending:

Paula Weiss, Esquire, Alternate, Deputy Director of Finance
William Rubin, Alternate, First Deputy City Controller
Brian Albert, Alternate, Deputy Human Resources Director
David Malgaldi, Alternate, Risk Management Counsel
Ellen Berkowitz, Esquire, Senior Attorney
Adam Coleman, Esquire, Assistant City Solicitor
Jo Rosenberger-Altman, Esquire, Divisional Deputy City Solicitor
Lavonia Jenkins, Administrative Technician
Erica Marable, Clerk Typist I
Kweku Obed, Marquette
David Smith, Marquette
Will Greene, Loop Capital
Robert O' Donnell, O'Donnell Associates
Pam McCue, Finance Investment News
Toni Robbins, Delaware Investments

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Agenda Item #1 – Approval of the Minutes of June 23rd, 2016

Mr. Dubow requested approval of the Minutes for June 23rd, 2016. Mr. Stagliano made the motion. Mr. Rodriguez seconded. The motion passed.

Agenda Item #2 – Peer Universe Comparison

Mr. Bielli said that at the request of Mr. Donatucci and Staff, Marquette conducted an analysis of other public pension funds of various sizes.

Mr. Kweku Obed made the presentation.

Mr. Rubin asked if the comparisons included the percentage of funding or assets paid to beneficiaries.

Mr. Obed answered it displays funds that are 60% funded and how they are allocated.

Ms. Stukes-Baylor asked about the cash allocation.

Mr. Obed stated that Mr. Donatucci began the process of reducing the amount held in cash and in the future, a RFP will be placed for a manager who will make sure that the cash isn't a drag on performance (cash overlay program).

Mr. DiFusco added that as of yesterday the cash balance was \$102 million, a significant decrease from the high of nearly \$300 million.

Ms. Pankey asked if that was the result of closing out several managers at the same time.

Mr. Bielli answered it was based on the decision of holding and not redeploying more cash.

Mr. Dubow asked for any additional questions. There were none.

Agenda Item #3– Opportunistic Fixed Income Review and Recommendations

Mr. Obed made the presentation.

Mr. Obed said that due to performance there is a recommendation to fully terminate Allianz, Avenue and Apollo and partially terminate KKR.

Mr. Obed went on to say if terminations are approved, the proceeds will be allocated temporarily into Rhumblin passive core fixed income.

Mr. Dubow asked which investments in KKR are being kept, liquid or illiquid.

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Mr. Obed answered the illiquid will be kept since it has better performance.

Ms. Weiss asked how long the illiquid portion of KKR will take to unwind.

Mr. Obed answered it will mature in 7 years.

Mr. Dubow asked for any questions. There were none.

Agenda Item #4 – Flash Report for Period ended July 2016

Mr. David Smith presented the report.

Mr. Dubow asked if there were any questions. There were none.

Agenda Item #5 – Investment Staff's Report

Mr. Bernard Buckley presented the reports on Securities Lending, Diversity Manager AUM & Board calendars.

Mr. Buckley noted that there is a negative debit with the Quality D report but conversations with JP Morgan will help to rectify this situation in the near future.

Mr. Buckley said that due to the removal of Herndon there is a slight decrease in the Phila/Suburbs + Diversity Investment Managers Report.

Mr. Bielli noted that there is a current RFP for new managers.

Mr. Dubow asked if there were any questions. There were none.

Mr. Dubow requested a motion. Mr. Stagliano made a motion to approve Marquette's recommendation on terminations. Ms. Pankey seconded. The motion unanimously.

The Board moved into Executive Session (Personnel Matters).

The Board was called back into session at 11:25AM.

Mr. Butkovitz requested a motion that Mr. Bielli be appointed as the acting CIO for a 6 month term. Mr. Coughlin seconded. The motion passed unanimously.

At 11:27 a.m., Mr. Dubow requested a motion to adjourn the Investment Committee Meeting. Mr. Dutchie made the motion. Mr. Stagliano seconded. The motion passed.

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At 11:28 a.m., Mr. Dubow convened the Board of Pensions and Retirement Meeting to affirm the actions taken at the Deferred Compensation Plan Committee Meeting and the Investment Committee Meeting. Mr. Coughlin made the motion. Ms. Stagliano seconded. The motion passed.

At 11:29 a.m., Mr. Dubow requested a motion to adjourn the Board of Pensions and Retirement Meeting. Mr. Stagliano. Mr. Dutchie seconded. The motion passed.

The Investment Committee of the Board of Pensions and Retirement approved the Minutes on

Rob Dubow
Board Chair