

THE BOARD OF PENSIONS AND RETIREMENT
INVESTMENT COMMITTEE MEETING
AUGUST 27, 2015

MEETING MINUTES

There being a quorum, Rob Dubow, Board Chair, called the Investment Committee Meeting to order at 9:50 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Rob Dubow, Finance Director
Paula Weiss, Esquire, Alternate, Deputy Director of Finance
William Rubin, Alternate, First Deputy City Controller
James Leonard, Esquire, Chief Deputy City Solicitor
Patricia Fitzgerald, Alternate, Hiring Service Manager
Brian Albert, Alternate, Deputy Human Resources Director & Managing Director Designee
Carol G. Stukes-Baylor, Trustee
Brian Coughlin, Trustee
Ronald Stagliano, Vice Chair, Trustee
Veronica M. Pankey, Trustee

Francis X. Bielli, Esquire, Executive Director
Shamika Taliaferro, Deputy Pension Director
Brad Woolworth, Chief Investment Officer
Christopher DiFusco, Esquire, Director of Investments
Dominique A. Cherry, Senior Investment Officer
Daniel Falkowski, Senior Investment Officer
Aubrey Hassan, Investment Analyst
Kristyn Bair, Investment Analyst

Also Attending:

Ellen Berkowitz, Esquire, Deputy City Solicitor
Jo Rosenberger-Altman, Esquire, Divisional
Mark J. Murphy, Board of Pensions
Jackie Dunn, Finance
Matthew Mazza, Treasury Department
Lavonia Jenkins, Administrative Assistant
Donna Darby, Clerk-Stenographer II
Stephen Nesbitt, Cliffwater
Mark Johnson, Cliffwater
Raymond Jackson, Franklin Park
Donn Cox, LP Capital Advisors

THE BOARD OF PENSIONS AND RETIREMENT
INVESTMENT COMMITTEE MEETING
AUGUST 27, 2015

Christopher Farrington, LP Capital Advisors
Raelan Lambert, LP Capital Advisors
Philip Cote', LP Capital Advisors
David Fann, TorreyCove Capital Partners
Michelle Davidson, TorreyCove Capital Partners
Heidi Poon, TorreyCove Partners
Will Greene, Loop Capital
John Piper, Nationwide

THE BOARD OF PENSIONS AND RETIREMENT
INVESTMENT COMMITTEE MEETING
AUGUST 27, 2015

Agenda Item #1 – Approval of Minutes of July 23, 2015

Mr. Dubow requested a motion to approve the July 23, 2015 Minutes. Mr. Rubin made the motion. Mrs. Stukes-Baylor seconded. The motion passed.

Agenda Item #2 – Illiquid Alternative Investments Consulting Services Finalist Presentation

Mr. Woolworth talked about Staff's process, and noted the Subcommittee's recommendation to have Torrey Cove Capital Partners & LP Capital present to the full Board.

Staff hosted a presentation of LP Capital Associates and TorreyCove Capital Partners representatives.

The managers spent time talking about their company, history, success and challenges. They responded to Board questions about their services and fees.

Mr. Dubow requested a motion. Mr. Rubin made the motion for TorreyCove Capital Partners. Mr. Albert seconded. Five Trustees were in favor – Mr. Rubin, Mr. Leonard, Ms. Fitzgerald, Mr. Stagliano & Mr. Albert. Three Trustees were opposed – Ms. Stukes-Baylor, Ms. Pankey & Mr. Coughlin. The motion passed.

Agenda Item #3- Asset Allocation Update

Mr. Woolworth provided a brief update on the asset allocation and specifically noted the hedge fund investments. The current plan is to get to a 6% allocation for hedge funds. Also, Staff will be scheduling an education session on BDCs.

Agenda Item #4 – Private Markets

Staff and Franklin Park provided a Private Market update as of March 31, 2015.

Mr. Jackson reported returns for the portfolio compared to the public market and industry benchmark. Since inception and for the ten-year period, the portfolio outperformed the public market.

The Board members acknowledged that Mr. Jackson and Franklin Park would not be reporting to them after this meeting. They thanked him for their services and extended a fond farewell. Mr. Jackson thanked the Board on behalf of Franklin Park.

Agenda Item #5 – Real Assets

Mr. Johnson provided Cliffwater's 1st Quarter 2015 real estate report. Cliffwater's report was followed by Staff's report on the individual managers.

THE BOARD OF PENSIONS AND RETIREMENT
INVESTMENT COMMITTEE MEETING
AUGUST 27, 2015

Agenda Item #6-Flash Report for Period ended July 2015 Mr. Johnson reported that, overall, the portfolio for July produced 22 basis points of muted return. He provided a brief overview of August market performance.

Mr. Dubow asked Mr. Johnson if the steps that they had taken to protect the Fund during a market downturn paid off. He said, yes, the reduction in equities had helped.

Mr. Dubow confirmed with Mr. Woolworth that they were down 4.5% versus the S&P of 7.6%. He confirmed that it was a rough estimate. Mr. Dubow noted that they had effectively protected themselves.

Agenda Item #7-Directed Commissions Report

Ms. Bair reported that 25% of equity trades were directed to local and minority brokerage firms for the quarter and 27% year-to-date.

The Fixed Income managers directed 6% for the Quarter and 12% year-to-date.

Agenda Item #8 – CIO's Report

Mr. Woolworth reported that Securities Lending provided \$128,000 for the month and was in line with expectations.

Quality "D" was at \$296,000. Staff reached out to JP Morgan to sell the portfolio. If an opportunity was presented, investment staff would bring it to the Board.

The Diversity and Local managers' numbers were presented.

He reminded that the next Board meeting was September 17, 2015.

The November Board meeting was moved from November 19, 2015 to December 3, 2015.

At 12:45 p.m., Rob Dubow, Board Chair, requested a motion to adjourn the Investment Committee Meeting. Mr. Stagliano made the motion. Mr. Albert seconded. The motion passed.

Old Business Board of Pensions

Mr. Dubow asked if there was a motion on the application for service-connected by Timothy Leonard. Mr. Stagliano made the motion. Ms. Pankey seconded. Mr. Dubow requested a Board vote. Five were in favor – Mr. Rubin, Ms. Stukes-Baylor, Ms. Pankey, Mr. Coughlin & Mr. Stagliano. Three were opposed – Mr. Leonard, Mr. Albert & Ms. Fitzgerald. The motion passed.

THE BOARD OF PENSIONS AND RETIREMENT
INVESTMENT COMMITTEE MEETING
AUGUST 27, 2015

At 12:50 p.m., Ms. Weiss began chairing the meeting.

Discussion ensued with respect to case 7A on behalf of Rex Rosiji. The Trustees sought guidance and advice from the Law Department with respect to the administrative process and a Court of Common Pleas Order.

Mr. Rubin made the motion to reconsider the prior Board action. Mr. Albert seconded. The Board vote was four in favor – Mr. Rubin, Ms. Fitzgerald, Mr. Albert & Mr. Leonard, and four opposed – Ms. Stukes-Baylor, Ms. Pankey, Mr. Stagliano & Mr. Coughlin. The Chair, Ms. Weiss, voted in favor. The motion passed.

Ms. Weiss requested a motion to send the case to a hearing panel. Mr. Rubin made the motion. Mr. Albert seconded. The Board vote was four in favor - Mr. Rubin, Ms. Fitzgerald, Mr. Albert & Mr. Leonard, and four opposed - - Ms. Stukes-Baylor, Ms. Pankey, Mr. Stagliano & Mr. Coughlin. The Chair, Ms. Weiss, voted in favor of sending the case to the hearing panel. The motion passed.

New Business

Mrs. Stukes-Baylor made a motion and a request for Board approval to attend the Public Safety Conference from October 25th-28th in California. She asked that she and any other Board members who wished to attend be authorized to do so. Mr. Stagliano seconded the motion. The motion passed.

At 1:10 p.m., Ms. Weiss, Esquire, Alternate Board Chair, called into session the full Board of Pensions and Retirement and requested a motion to confirm all actions taken at both the Deferred Compensation and the Investment Committee Meetings. Mr. Albert made the motion. Mr. Stagliano seconded. The motion passed.

At 1:10 p.m., Ms. Weiss, Esquire, Alternate Board Chair, requested a motion to adjourn the Board of Pensions and Retirement. Mr. Albert made the motion. Mr. Stagliano seconded. The motion passed.

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

Paula Weiss, Esquire, Alternate Board Chair