

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING**

**April 28th, 2016**

**MEETING MINUTES**

There being a quorum, Rob Dubow, Board Chair, called the Investment Committee Meeting to order at 10:14 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16<sup>th</sup> Floor.

Present:

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

Francis X. Bielli, Esquire, Executive Director  
Brad Woolworth, Chief Investment Officer  
Christopher DiFusco, Esquire, Chief Compliance Officer  
Dominique A. Cherry, Senior Investment Officer  
Aubrey Hassan, Investment Analyst  
Kristyn Bair, Investment Analyst

Also Attending:

Brendan O'Rourke, Esquire, Interim Chief Deputy City Solicitor  
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  
Jackie Dunn, Finance  
Mark Johnson, Cliffwater  
Emanuel Mahand, Nationwide  
Hazel Durand, Nationwide  
Jeff Francis, Nationwide  
David Smith, Marquette Associates  
Kweku Obed, Marquette Associates

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Brian Wrubel, Marquette Associates  
Bud Pellicchia, Callan Associates  
Annoesjka West, Callan Associates  
Doug Anderson, Bogdahn Group  
Mary Nye, Bogdahn Group  
Mike Welker, Bogdahn Group  
Brett Warren, Cheiron  
Anu Patel Cheiron  
Matt Coyne, Torrey Cove  
Mike Dunn, Deputy Communications Director  
Claudia Vargas, Philadelphia Inquirer  
Pam McCue, Finance Investment News  
Michael Donatucci

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Mr. Dubow opened the Investment Committee Meeting to review the search process for the Chief Investment Officer. The Board moved into Executive Session.

After returning to the regular public meeting, Mr. Rubin made a motion to hire Michael Donatucci for the position of Chief Investment Officer under the current salary to start June 1<sup>st</sup>, 2016. Ms. Stukes-Baylor seconded the motion. The motion carried unanimously.

**Agenda Item #1 – Approval of the Minutes of March 24<sup>th</sup>, 2016**

Mr. Dubow requested approval of the Minutes for the Minutes for March 24<sup>th</sup>, 2016. Mr. Rubin made the motion. Mr. Albert seconded. The motion passed.

**Agenda Item #2 – Authorization Resolution**

Mr. Dubow requested a motion to give signatory authority to the Chief Compliance Officer. Mr. Rubin made the motion. Mr. Stagliano seconded. The motion carried unanimously.

**Agenda Item #5 – Capital Dynamics Fund and Parallel Fund**

The Board proceeded with the agenda in a slightly different order than listed on the agenda, next moving to the item listed as #5.

Mr. Woolworth said that at the previous board meeting there was a request to give an update on the Capital Dynamics Fund and parallel fund. In terms of the main fund, all legal terms have been completed and the partnership slated for \$25million has been signed and placed into escrow. In addition, the legal and business terms for the parallel fund have been completed.

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

**Agenda Item #6 - Flash Report for Period ended March 2016**

Mark Johnson, of Cliffwater, made the presentation of the flash report.

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

**Agenda Item #7: CIO's Report**

Mr. Brad Woolworth presented the reports: Securities Lending, Diversity Manager AUM & Board calendars.

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

**Agenda Item #3: Cheiron Update on Potential Buyout Option**

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Per the City Controller's request, Anu Patel and Brett Warren, of Cheiron, presented the report to the Board. The report dealt with possible scenarios surrounding offering voluntary "pension buyouts" to Plan members.

Discussion ensued surrounding the overall costs, impact on the Plan's funding ratio, and the experiences of other public pension plans who had implemented similar programs.

**Agenda Item #4 – General Consultant Search**

Mr. DiFusco said the contract with current consultant, Cliffwater, will expire in a few months, and as a result; staff posted an RFP and received 7 responses from firms including Cliffwater.

Following the interviews with all of the respondents, staff invited 3 firms to present to the Board: Marquette, Callan and Bogdahn.

Mr. Dubow asked if there were any concerns about Marquette.

Mr. DiFusco said no concerns stood out about Marquette either from the reference calls or face to face interview.

Mr. DiFusco noted that Callan's fee proposal is the highest at \$750,000 the first year and then declining each subsequent year.

Ms. Weiss asked if Callan's amount of clients will impede the individual attention that our fund will receive.

Mr. Bielli answered that based on Callan's presentation, he does not believe that will be a concern.

Ms. Veronica Pankey asked besides what has been noted, were there other reasons why Cliffwater was not considered?

Mr. DiFusco answered that the general agreement among staff was that Cliffwater did not measure up well among the other respondents and certain aspects of the portfolio were not given the appropriate attention.

Mr. Bielli added that Cliffwater was not proactive enough.

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

David Smith, Kweku Obed and Brian Wrubel of Marquette made their presentation to the Board.

Bud Pellcchia and Annoesjka West of Callan made their presentation to the Board.

Doug Anderson, Mary Nye and Mike Welker of Bogdan made the final presentation to the Board.

Following a brief break, Ms. Weiss asked for discussion about the general consultation search.

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Ms. Weiss requested a motion. Ms. Stukes-Baylor made the motion to hire Marquette Associates as the general investment consultant. Mr. Stagliano seconded. The motion carried 6-1, with Mr. Coughlin voting against the motion.

At 1:50 p.m., Ms. Weiss requested a motion to adjourn the Investment Committee Meeting. Mr. Albert made the motion. Mr. Rubin seconded. The motion passed.

At 1:51 p.m., Ms. Weiss 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. Albert made the motion. Mr. Stagliano seconded. The motion passed.

At 1:52 p.m., Ms. Weiss requested a motion to adjourn the Board of Pensions and Retirement Meeting. Ms. Stukes-Baylor made the motion. Mr. Albert seconded. The motion passed.

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

\_\_\_\_\_  
Rob Dubow  
Board Chair

