

**THE BOARD OF PENSIONS AND RETIREMENT
DEFERRED COMPENSATION PLAN COMMITTEE MEETING
AUGUST 28, 2014**

MEETING MINUTES

There being a quorum, Paula Weiss, Esquire, Alternate Board Chair, called the Deferred Compensation Plan Committee Meeting to order at 9:28 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Paula Weiss, Esquire, Alternate, Deputy Director of Finance
Alan Butkovitz, Esquire, City Controller

James Leonard, Esquire, Alternate, Chief Deputy City Controller
Brian Albert, Alternate, Deputy Human Resources Director
Patricia Fitzgerald, Alternate, Human Resources Program Specialist
Carol G. Stukes-Baylor, Employee Trustee
Ronald Stagliano, Employee Trustee
Andrew P. Thomas, Employee Trustee
Veronica M. Pankey, Employee Trustee

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

Also Attending:

William Rubin, Alternate, First Deputy City Controller
Katherine Janoski, Esquire, Assistant City Solicitor
Mark J. Murphy, Board of Pensions
Daina Stanford, Administrative Assistant
Carmen Heyward, Clerk- Stenographer II
Donna Darby, Clerk-Stenographer II
Robert O'Donnell, Esquire, O'Donnell Associates
Bradley Nyce, ICMA-RC
Randy McLaurin, ICMA-RC
David Sharer, ICMA-RC
Sabrina Wilkes, ICMA-RC

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Mark Johnson, Cliffwater
Bradley Atkins, Franklin Park
Raymond Jackson, Franklin Park
Will Green, Loop Capital

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Agenda Item #1 – Approval of Minutes of July 24, 2014

Ms. Weiss opened the meeting and requested a motion to approve the July 24, 2014, Minutes. Mr. Albert made the motion. Mrs. Stukes-Baylor seconded. The motion passed.

Agenda Item #2 – Deferred Compensation Plan Update/Activity Report – July 2014

Ms. Cherry provided an update on Staff and ICMA-RC's education and outreach meetings informing that ICMA-RC was presenting information about their current outreach efforts.

Mr. Nyce talked about ICMA-RC's current campaign introducing various retirement flyers and revised or newly created marketing materials. These materials were targeted to various audiences from those within 90 days of retirement to employees not currently participating in the Plan. He introduced a survey that would be sent to all City employees that are not currently enrolled in an effort to gauge why and create a better marketing approach. Mr. Stagliano, one of the trustees, expressed his thought that it was a great idea.

Ms. Cherry added that when the results of the ICMA-RC survey arrive, there was discussion to include that with the Pension Newsletter.

She talked about Staff and ICMA-RC's work with a demographic study that served to target specific departments to educate participants. She advised that the four departments they decided to target were Revenue, Courts, the District Attorney's office and the Airport. She provided a brief insight as to how Staff generated a list for participation for various departments.

Mr. Nyce said that ICMA-RC would continue to educate all departments, but they would be targeting the departments with lower participation in hopes that with the smaller sample size, they might be able to judge the effectiveness of the campaign.

Mrs. Stuke-Baylor talked about the challenge of various judicial court locations. Mr. Nyce said that ICMA-RC noted that and added that they were one of the lower participating departments. Their response was to reach out to them with the mailers and some of the technology items that they could do for that reason, without doing a physical meeting.

Mr. Bielli said that he joined Mrs. Stukes-Baylor, Mr. Fegan and Mrs. Gray in doing a seminar for Local AFSCME #10 core employees at District Council #47 and it went very well. He advised Mr. Nyce to work with the Court's union members to coordinate with them. Mr. Nyce said that he was open to Board suggestions.

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Mrs. Stukes-Baylor asked if those in Plan 10 could belong in the Deferred Compensation twice. Mr. Bielli said, yes, but within the contribution limits.

Ms. Weiss said that they could, but they could not go over the contribution limit. Mr. Bielli added that they could not get a match.

Ms. Pankey asked Mr. Nyce about participant loans related to when they could resume contributions. He clarified that the loan payment would be required but that there would be no contributions. The following year, they would be able to restart and have the loan payment that started the prior year coming out, as well.

Mr. Bielli emphasized that with Plan 10, if they stopped the contribution, the match stopped, which was up to 1.5% of salary.

Ms. Weiss invited ICMA-RC to provide the Board with follow-up as to the best way to distribute to people who were not contributing. She suggested a title, with something that would make it clear that they were directing it to people who were not participating.

Mr. Nyce reported for the month of July that there were 17,807 participant accounts. Total Plan assets were down approximately \$5.5 million, with what happened in July markets. Total Plan assets were \$840,826,802. For July, there were 104 enrollments into the Plan.

Mr. Bielli asked Mr. Nyce if ICMA-RC was targeting the amount of people that were using the ability to increase contributions on-line. He answered that they were working on getting the report together.

Mr. Thomas asked Mr. Nyce if they were working on the ability to allow contributions as a percentage of pay. Mr. Sharer said that they were working on it.

Agenda Item #3 – 2nd Quarter 2014 Deferred Compensation Plan Investment Performance

Ms. Cherry reported that as of the end of 2nd Quarter, assets were at \$846,266,792 for the Deferred Compensation Plan.

She reported that four out of the Plan's 23 funds ranked below median in the Quarter. Six of the funds ranked below median, longer-term for three to five-year periods. Staff was concerned about Artisan (Mid Cap Value) and would continue to monitor, however she didn't feel reason to take any action at this time For Alliance (Small Cap), there was some concern with performance Staff, will continue to monitor. Morgan Stanley Institutional Mid Cap significantly underperformed in the Quarter and in looking over the last two quarters, it was the same as Artisan's performance, where the performance

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was better and at top decile in some periods. She reminded the Board that these numbers represented just a snap shot in time, and Staff was more concerned with following the longer term trends.

She noted that with many of the actively managed funds, Staff looked at the performance versus the peer ranking, where they underperformed the benchmark, but the peer rankings were above median, and, in some, cases at top quartile. She explained that this was indicating a strong Quarter for Domestic Equity, and some of the broader indices received record highs. For active management it was hard to beat the benchmark, but the managers outperformed their actively managed peers.

Agenda Item #4 – Vanguard Money Market Fund Report – 2nd Quarter 2014

Ms. Cherry reported that current assets in the Vanguard Money Market were at \$804,650. She reminded that when the number reached \$1million a participant rebate would be issued. She recalled that the Board had previously voted to issue a prorated rebate to all participants that had a balance as of a certain time once this \$1M mark was reached. She indicated no expenses from the account year to date.

At 9:50 a.m., Ms. Weiss requested a motion to adjourn the Deferred Compensation Plan Committee Meeting. Mr. Stagliano made the motion. Mr. Albert seconded. The motion passed.

The Deferred Compensation Plan Committee of the Board of Pensions and Retirement approved the Minutes on _____.

Paula Weiss, Esquire, Deputy Director of Finance
Alternate Board Chair