

**THE BOARD OF PENSIONS AND RETIREMENT  
DEFERRED COMPENSATION PLAN COMMITTEE MEETING  
FEBRUARY 26, 2015**

**MEETING MINUTES**

There being a quorum, Paul Weiss, Esquire, Alternate Board Chair, called the Deferred Compensation Plan Meeting to order at 9:27 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  
William Rubin, Alternate, First Deputy City Controller  
James Leonard, Esquire, Alternate, Chief Deputy City Solicitor  
Brian Albert, Alternate, Deputy Human Resources Director & Managing Director  
Designee  
Patricia Fitzgerald, Alternate, Hiring Service Manager  
Carol G. Stukes-Baylor, Trustee  
Ronald Stagliano, Vice Chair, Trustee  
Andrew P. Thomas, Trustee  
Veronica M. Pankey, Trustee

Francis X. Bielli, Esquire, Executive Director  
Shamika Taliaferro, Deputy Pension Director  
Brad Woolworth, Deputy 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  
Katherine Janoski, Esquire, Assistant City Solicitor  
Jo Rosenberger-Altman, Esquire, Divisional Deputy City Solicitor  
Mark Murphy, Board of Pensions  
Jackie Dunn, Finance  
Nancy Winkler, City Treasurer  
Daina Stanford, Administrative Assistant  
Carmen Heyward, Clerk Stenographer II  
Donna Darby, Clerk Stenographer II  
Robert O'Donnell, Esquire, O'Donnell Associates

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Bradley Nyce, ICMA-RC  
Sabrina Wilkes, ICMA-RC  
Randy McLaurin, ICMA-RC  
David Sharer, ICMA-RC  
Steve Taylor, ICMA-RC  
Mark Johnson, Cliffwater  
Ken Kent, Cheiron  
Bob Murray, Cheiron  
Anu Patel, Cheiron  
Karen Zangara, Cheiron  
Will Greene, Loop Capital

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**Agenda Item #1 – Approval of Minutes of January 22, 2015**

Ms. Weiss said the first order of business was approval of Minutes of January 22, 2015.

**Ms. Weiss requested approval of the Minutes of January 22, 2015. Mr. Rubin made the motion and Ms. Stukes-Baylor seconded it. All were in favor. There were no oppositions or abstentions. The motion passed.**

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

Ms. Cherry said there were no updates on the investment side.

Mr. Nyce reported total Plan assets were \$870,345,047 at the end of January. During the month of January there were 18,367 participants which is an increase of 224 participant accounts. There were also 304 new enrollments in January.

Ms. Weiss asked Mr. Nyce how many were on line.

Mr. Nyce replied about half.

Mr. Rubin wanted to know if the loans issued for December and January were average.

Mr. Nyce stated he did not think there was anything out of the ordinary.

**Agenda Item #3 – ICMA Annual Plan Review**

Mr. McLaurin said there were 7,723 new enrolments that happened since January 2009 which equates to almost 1,300 new enrollments every year. He said when ICMA-RC took over the account during the year 2008; we saw the plan assets increase from \$391 million to \$843 million, that's 115%. He stated the eligible participants of just over 27,000 increased from 2009, 13,696, that equates to about a 15% participation rate. At the end of last year there were 18,122 accounts. This is a 66% participation rate in the Deferred Compensation Plan.

Ms. Weiss asked Mr. McLaurin how that compares to other cities.

Mr. McLaurin said anything above 40% is considered very favorable.

Mr. McLaurin said we're looking at stable values to be about 61%; they are down to 48%. He said 2014 marked the year of a lot of enhancements made to your plan. We have been receiving some favorable results. We also did a refresh of the Philly 457 website. The refresh included two new enhancements, one was online enrollment and the other one was online deferrals. We rolled out the online deferral system in September, received over 2,200 deferral changes from that website and saw successes

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we had in July. We've seen 265 year to date enrollments on line. We also took this as an opportunity to leverage an E Survey. 1,300 people responded to the survey.

Ms. Weiss asked Mr. McLaurin how many surveys went out.

Mr. McLaurin said the survey went out to 15,600 individuals, 1,300 individuals responded to the survey, 845 individual requested that we follow up with them.

Mr. McLaurin stated we are working with the office of information technology on a new feature, the Roth 457. A lot of programming coding issues is being worked out.

Mr. Nyce added this is kind of a revamp website for Philly 457.com. He said we have a couple of calculators available that are on our website and that are for educational purposes. Mr. Nyce said they get the question all of the time, if I do this, what will happen. He said these calculators available on our websites give the participants the ability to go in and answer that question for them, play with it and decide what they could possibly do.

Mr. Sharer said we are always looking for tools to enhance the experience for participants.

Ms. Weiss asked Mr. Sharer how we let people know, the information is here. Especially for the younger people who we really want to encourage to get started.

Mr. Sharer stated there are a variety of ways we can do it. He said we will work with staff about unique and different ways.

Ms. Wilkes informed everyone about the mobile application, especially for younger people. She said it was the whole idea behind trying to target younger people.

Mr. Thomas wanted to know if we're still working on percentage and pay contribution.

Mr. Murphy said yes.

Ms. Stukes-Baylor inquired about the 529.

Mr. Bielli said the 529 is offered by the State, if you are in the 529 in Pennsylvania, you can get a tax deduction for your contributions in 529. The question is whether the city payroll department will deduct a portion of your pay and direct it to that investment.

Ms. Stukes-Baylor wanted to know if ICMA-RC could offer us that type of fund.

Mr. McLaurin said Roth IRAs can be worked where we can take a payroll deduction; it's a separate investment outside of the 457.

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**Agenda Item #4 – 4<sup>th</sup> Quarter 2014 Deferred Compensation Plan Investment Performance**

Ms. Cherry reported at of the end of 2014, the Deferred Compensation Plan assets were \$874 million. This year there were a few funds added. Ariel and Calvert were the social responsive funds that were added. There was a change to the bond fund that offered from Pimpco to the Loomis Sayles Core Plus Bond Fund. We are process of meeting with the various managers. Overall staff was not concerned with performance. There were six of the twenty-four funds that ranked below median in the quarter. Three of those twenty-four have longer term underperformance.

Recent performance through February 25, 2014, Artisan is still 4 stars Gold ranked in the 30<sup>th</sup> percentile among its peers. Morgan Stanley is 17<sup>th</sup> percentile. Allianz is ranked in top docile; it is in the 9<sup>th</sup> percentile among its peers. We are starting to make changes in the funds. There are no fundamental concerns that we are ready to address at this time or that we're concerned about.

**At 9:58 a.m., Ms. Weiss requested a motion to adjourn the Deferred Compensation Plan Committee Meeting. Ronald Stagliano made the motion and Mr. Albert seconded it. All were in favor. There were not oppositions or abstentions. The motion passed.**

The Deferred Compensation Plan Committee Meeting was called back into session because Agenda Item #5 was skipped.

**Agenda Item #5 – Vanguard Money Market Fund Report – 4<sup>th</sup> Quarter 2014**

Ms. Cherry stated Vanguard money markets at the end of the year total assets were \$878,000 roughly \$600.00 in the Vanguard money market. Income into the account for the year total approximately \$118,000. Fourth quarter income was \$15.00 dividend. There were no expenses for the year.

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

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Paula Weiss, Esquire  
Alternate Board Chair