

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
FEBRUARY 26, 2015**

**MEETING MINUTES**

There being a quorum, Paula Weiss, Alternate Board Chair, called the Investment Committee Meeting to order at 9:58 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/Acting CIO  
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  
Katharine 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  
Mark Johnson, Cliffwater

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
FEBRUARY 26, 2015**

Brad Atkins, Franklin Park  
Raymond Jackson, Franklin Park  
Ken Kent, Cheiron  
Bob Murray, Cheiron  
Anu Patel, Cheiron  
Karen Zangara, Cheiron  
Leigh Troy, Axa Investment Managers  
Will Greene, Loop Capital

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
FEBRUARY 26, 2015**

**Agenda Item #2 – Cheiron – Annual Actuarial Valuation Presentation for FY ending June 30, 2014**

Mr. Kent presented the annual actuarial valuation for the fiscal year ending June 30, 2014. Discussion ensued.

Mr. Kent said the Board adopted assumption changes from the experienced analysis effective as of July 1, 2014 and these are reflected in the results. The funded ratio went down from 47.4% to 46.0% when measured on an actuarial asset basis because the actuarial asset returns were below the assumed rate.

Mr. Dubow asked if the assumption changes the Board has made previously had the effect of lowering the funded ratio from 47.4% to 46.0%.

Mr. Kent replied yes.

Mr. Rubin asked about the effect of adding more money to the fund. Mr. Kent replied that it depended both upon the assumed rate of return and the actual returns achieved.

Mr. Woolworth asked Mr. Kent if they had data showing what the Plan's funded ratio would look like if the higher discount rate had been in effect in previous years.

Mr. Kent said they have not done it but it is something they can do.

**Mr. Dubow requested a motion. Mr. Stagliano made a motion to reduce the assumption rate to 7.8% and Mr. Thomas seconded it. The motion passed.**

**Executive Session**

Mr. Dubow adjourned the meeting and commenced an Executive Session. Executive Session ended. Ms. Weiss reconvened the Investment Committee Meeting.

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

**Ms. Weiss requested a motion to approve the Minutes of January 22, 2015. Mr. Albert made the motion. Mr. Stagliano seconded it. The motion passed.**

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
FEBRUARY 26, 2015**

**Agenda Item #1-A – Pension Adjustment Fund**

Mr. Stagliano made a motion to amend the formula from what they used previously to include the drop period so the formula will now read, years of credited service plus the drop period, plus the number of years of retirement times the dollar multiplier the staff calculates and those eligible will be those who retired on or before June 30, 2004. The PAF will be paid in two years. Ms. Stukes-Baylor seconded it. The motion passed.

**Agenda Item #3 – Equity and Fixed Income Manager Updates**

Mr. Falkowski reported that during the fourth quarter equity manager Snyder generated 6.73% and underperformed its benchmark by 266 basis points net of fees. Clean Harbor, which is one of their largest positions, declined by 11%. Since inception, Snyder has underperformed its benchmark by 111 basis points net of fees.

Ms. Weiss asked Mr. Falkowski what was the inception date for Snyder.

Mr. Falkowski said a year and a half to two years ago.

Mr. Falkowski said during the quarter Mackay Shields lost 1.38% net of fees and underperformed its benchmark by 32 basis points. The Board issued an RFP for this asset class and it should have closed yesterday. The RFP had over thirty responses.

**Agenda Item #4-A -Franklin Park LLC 3<sup>rd</sup> Quarter 2014 Private Markets Report**  
**Agenda Item #4B – Staff Report 2<sup>nd</sup> Half 2014 Private Markets Portfolio Update**

Mr. Atkins provided the 3<sup>rd</sup> quarter private markets update. He stated that in the last ten years the program earned a 13.8% net return, beating the public market S&P index by 520 basis points and beating the peer universe private benchmark Cambridge by 460 basis points.

Discussion ensued.

Mr. Atkins and Mr. Jackson left the Board room.

Additional discussion ensued.

Mr. Stagliano made a motion to rescind the RFI approved at the last Board meeting. Mr. Rubin seconded it. The motion passed.

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
FEBRUARY 26, 2015**

**Mr. Stagliano made a motion to issue an RFP for a private equity consulting firm and keep Franklin Park on to monitor the existing investments until a successor is selected. Mr. Rubin seconded it. The motion passed.**

Mr. Atkins and Mr. Jackson returned to the Board room. Mr. Bielli stated to Mr. Atkins and Mr. Jackson that after some legal advice and consultation the Board has moved to continue with the Raspberry Street Investment, issue an RFP for a consultant and keep Franklin Park on as a consultant during that transition period to monitor the current funds.

Mr. Bielli thanked Mr. Atkins and Mr. Jackson for all of their work. Mr. Atkins thanked Mr. Bielli for giving them the opportunity.

**Agenda Item #5-A - Cliffwater LLC 3rd Quarter 2014 Real Estate Report**  
**Agenda Item #5-B – Staff's 2<sup>nd</sup> Half 2014 Real Estate Update**

Mr. Johnson reported the overall program since inception has a Net IRR 0.58% as compared to the benchmark return of 8.79%. The underperformance overall is heavily weighted towards 2006, 2007 vintage funds; the more recent funds, since 2009, have performed significantly better.

**Agenda Item #6 – Flash Report for the Period Ended January 2015**

Mr. Johnson reported the fund was down -0.86% in January slightly better than the policy benchmark at -0.95%. Fiscal year to date, the fund was down -1.75%.

**Agenda Item #7 – Fourth Quarter Directed Commissions Report**

Mr. Falkowski said that during the fourth quarter the fund's Equity and MLP managers directed 43% of their trades to local, minority or women-owned brokerage firms and that final number is 20% for the year 2014.

**Agenda Item #8 – Investment Staff's Staff Report**

Mr. Woolwoth said Securities Lending last year earned \$2.8 million. During the month of January \$150,000 of securities lending income was earned. Diversity Manager Assets under Management went from 27.8% to 27.4%.

Ms. Weiss asked if there was any new business.

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
FEBRUARY 26, 2015**

**At 12:52 p.m., Ms Weiss requested a motion to adjourn the Investment Committee Meeting. Mr. Stagliano made the motion. Ms. Stukes-Baylor seconded it. The motion passed.**

**At 12:53 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 it. The motion passed.**

**At 12:54 p.m., Ms. Weiss requested a motion to adjourn the Board of Pensions and Retirement Meeting. Mr. Stagliano made the motion. Mr. Albert seconded it. The motion passed.**

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

\_\_\_\_\_  
Paula Weiss, Esquire  
Alternate Board Chair