

THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
June 2nd, 2016

There being a quorum, Rob Dubow, Board Chair, called the Investment Committee Meeting to order at 9:36 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  
Ronald Stagliano, Vice Chair, Trustee  
William Rubin, Alternate, First Deputy City Controller  
Pedro Rodriguez, Director of Human Resources  
Francois Dutchie, Esquire, Alternate, Divisional Deputy City Solicitor  
Brian Abernathy, Alternate, First Deputy Managing Director  
Carol G. Stukes-Baylor, Trustee  
Veronica M. Pankey, Trustee  
Brian Coughlin, Trustee  
Matt Stitt, City Council Designee

Francis X. Bielli, Esquire, Executive Director  
Shamika Taliaferro, Deputy Director of Pensions  
Michael Donatucci, Chief Investment Officer  
Bernard J. Buckley Jr., Deputy Chief Investment Officer  
Christopher DiFusco, Esquire, Chief Compliance Officer  
Dominique A. Cherry, Senior Investment Officer  
Tyrone Jordan, Senior Investment Officer  
Aubrey Hassan, Investment Analyst  
Kristyn Bair, Investment Analyst

Also Attending:

Ellen Berkowitz, Esquire, Senior Attorney  
Brendan O'Rourke, Esquire, Interim Chief Deputy City Solicitor  
Adam Coleman, Esquire, Assistant City Solicitor  
Jo Rosenberger-Altman, Esquire, Divisional Deputy City Solicitor  
Jackie Dunn, Chief of Staff, Office of the Director of Finance  
Brian Albert, Alternate, Deputy Human Resources Director  
Lavonia Jenkins, Administrative Technician  
Erica Marable, Clerk Typist I  
Mark Johnson, Cliffwater  
Kweku Obed, Marquette  
Dave Smith, Marquette  
Will Greene, Loop Capital  
Hazel Durand, Nationwide  
Robert O' Donnell, O'Donnell Associates



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**Agenda Item #1 – Approval of the Minutes of April 28th, 2016**

Mr. Dubow requested approval of the Minutes for April 28th, 2016. Ms. Stukes-Baylor made the motion. Mr. Francois Dutchie seconded. The motion passed unanimously.

**Agenda Item #2 – Custodial Bank Search**

Mr. Donatucci made the presentation. Mr. Donatucci stated the contract for the Fund's custodial bank would be expiring, and as a result, staff put out a search for a replacement. Mr. Donatucci said there were four respondents including the incumbent, JP Morgan.

Mr. Donatucci said following initial evaluations, there were two remaining firms: Northern Trust and JP Morgan. Mr. Donatucci stated that references for JP Morgan showed they were attentive and responsive. Additionally, the proposed cost for JPMorgan was significantly lower than for Northern Trust.

Mr. Donatucci requested a motion to retain JP Morgan Chase & Co., as custodial bank. Ms. Stukes-Baylor made the motion. Mr. Rubin seconded. The motion passed unanimously.

**Agenda Item #3 – 2016 Q1 Equity and Fixed Income Manager Reviews**

Mr. Donatucci made the presentation. Mr. Donatucci said within the next thirty to sixty days the staff, along with Marquette, will analyze current managers and evaluate how they fit into the plan. Mr. Donatucci said that at the June 23<sup>rd</sup> meeting, a presentation will be made that will layout the timeline for proposed changes in the strategic asset allocation.

Mr. Donatucci noted a new complete asset allocation can take about two to three months.

Mr. Rubin asked if there was any reason not to terminate Herndon.

Mr. Donatucci answered there was not.

Mr. Rubin made a motion to terminate Herndon Capital from the portfolio. Mr. Abernathy seconded. The motion passed unanimously.

Ms. Stukes-Baylor asked why there was a recommendation to terminate Herndon if Brandywine performs at a similar rate.

Mr. Donatucci answered that Brandywine, compared to Herndon, has overcome previous hardships and has not experienced a drop in assets.

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Mr. Dubow asked if the analysis (by Brandywine) of Valeant is correct.

Mr. Donatucci said that the manager's evaluation is in line based on their models and expectations.

Mr. Bielli asked if it was possible that once the asset allocation study is complete might Brandywine not be a fit for the portfolio?

Mr. Donatucci said that is correct.

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

Agenda Item #4 – 2016 Q1 Directed Commissions Report

Mr. Donatucci presented the report.

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

Agenda Item #5 – Flash Report for the period ended April 2016

Mr. Mark Johnson presented the report.

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

Agenda Item #6 – CIO's Report

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

Mr. Dubow asked about the drop in asset management by Asian owned firms.

Mr. Donatucci answered that GW was the cause of this decline.

Mr. Abernathy suggested the July 28<sup>th</sup> meeting be moved due to the scheduled Democratic National Convention; the meeting was rescheduled for August 2<sup>nd</sup>. The meeting on September 22<sup>nd</sup> was rescheduled to September 26<sup>th</sup>.

**At 10:15 a.m., Mr. Dubow requested a motion to adjourn the Investment Committee Meeting. Mr. Stagliano made the motion. Mr. Coughlin seconded. The motion passed unanimously.**

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Mr. Donatucci stated he needed to address a few more points. Mr. Donatucci said currently there is a cash allocation inside the portfolio of 3.2% and those assets should be invested in US large cap equity.

Mr. Donatucci said currently the portfolio has allocations to both Rhumblin S&P 500 and Rhumblin Russell 1000, which are very similar, and transferring funds into the Russell 1000 is his recommendation at this time. He also noted that the Russell reconstitution date was approaching, and making the transaction at that time would allow the trade to be made at a lower cost.

**Mr. Donatucci requested a motion to transition funds from the S&P 500 fund into the Russell 1000 fund. Mr. Rubin made the motion. Mr. Stagliano seconded. The motion passed unanimously.**

Mr. Stagliano asked if the Herndon money will be used to pay benefits.

Mr. Donatucci said that was correct.

**At 10:19 a.m., Mr. Dubow 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. Stagliano made the motion. Mr. Coughlin seconded. The motion passed unanimously.**

**At 10:24 a.m., Ms. Dubow requested a motion to adjourn the Board of Pensions and Retirement Meeting. Mr. Stagliano made the motion. Mr. Coughlin seconded. The motion passed unanimously.**

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

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Rob Dubow  
Board Chair

