

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
November 17th, 2016**

There being a quorum, Rob Dubow, Board Chair, called the Investment Committee Meeting to order at 9:40 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Rob Dubow, Finance Director  
Ronald Stagliano, Vice Chair, Trustee  
Pedro Rodriguez, Director of Human Resources  
Alan Butkovitz, Esquire, City Controller  
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  
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  
Kristyn Bair, Investment Analyst

Also Attending:

Paula Weiss, Esquire, Alternate, Deputy Office of the Chief Administrative Officer  
Jackie Dunn, Chief of Staff, Office of the Director of Finance  
William Rubin, Alternate, First Deputy City Controller  
Brian Albert, Alternate, Deputy Human Resources Director  
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  
Jeffrey Hornstein, Director of Financial & Policy Analysis, Office of the City Controller  
Lief Erickson, Controller's Office  
Lavonia Jenkins, Administrative Technician  
Erica Marable, Clerk Typist II  
Bradley Nyce, ICMA-RC  
Patricia Melcher, EIV Capital  
David Finan, EIV Capital  
Kevin Crean, UBS Realty Investors LLC  
Maria Bagetta, UBS Realty Investors LLC

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
November 17th, 2016**

Eli Ungar, Lyrical-Antheus Capital, LLC  
Susie Charendoff, Lyrical-Antheus Capital, LLC  
Michelle Davidson, TorreyCove Capital Partners  
Matthew Coyne, TorreyCove Capital Partners  
Kweku Obed, Marquette  
David Smith, Marquette  
Hazel Durand, Nationwide  
Robert O' Donnell, O'Donnell Associates  
Pam McCue, Finance Investment News  
Toni Robbins, Delaware Investments

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**Agenda Item #1 – Approval of the Minutes of October 27th, 2016**

**Mr. Dubow requested approval of the Minutes for October 27th, 2016. Mr. Stagliano made the motion. Mr. Rodriguez seconded. The motion passed.**

**Agenda Item #2 – EIV Fund III**

Michelle Davidson and Matthew Coyne of TorreyCove presented the reports. Patricia Melcher and David Finan of EIV Capital made their presentation to the Board.

Mr. Dubow asked how involved they are in the investments.

Ms. Melcher answered they are very active in the investments and that they make between 8-12 investments per fund.

**Mr. Dubow requested a motion to approve a \$30 million investment in EIV Capital Fund III. Mr. Rubin made the motion. Mr. Coughlin seconded. The motion passed.**

**Agenda Item #3 – UBS Trumbull Property Fund**

Mr. Obed of Marquette presented the memo on Core Real Estate and UBS Realty. UBS was selected from other funds which included: J.P Morgan, Morgan Stanley, and PRISA. Maria Bagetta and Kevin Crean of UBS made their presentation to the Board.

**Mr. Dubow requested a motion to approve Staff's and Marquette's recommendation to allocate \$75 million to UBS. Ms. Stukes-Baylor made the motion. Mr. Stagliano seconded. The motion passed.**

**Agenda Item #4 – Lyrical Antheus Co-Investment**

Mr. Obed introduced the report on Lyrical Capital. Eli Ungar of Lyrical-Antheus presented to the Board.

**Mr. Dubow requested a motion to approve a \$2.5 million co-investment recommendation with Lyrical-Antheus. Mr. Stagliano made the motion. Ms. Stukes-Baylor seconded. The motion passed.**

**Agenda Item #5 – Mid and Small Cap Equity Active Manager Recommendations**

Mr. Obed made the presentation. Mr. Obed said an objective, in addition to overall performance, is to keep fees low and competitive therefore, performance and fees were closely examined.

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INVESTMENT COMMITTEE MEETING  
November 17th, 2016**

Mr. Obed pointed out the performance of mid-cap manager Ceredex has lagged the benchmark and since they cannot outperform, Staff and Marquette recommends termination.

Mr. Obed also recommended Hahn for termination for high deviation from the benchmark.

Mr. Obed said within the small cap composite, Emerald and Fisher, have outperformed and therefore no action should be taken. Mr. Obed added that Staff is looking to liquidate the Rhumblin Russell 2000 Index Fund and phase it into the Russell 2000 Core Fund.

Mr. Rubin asked why the money could not be placed with the managers that are outperforming the benchmark.

Mr. Obed answered it is good to have a balance of passive and active managers since there can be periods when active managers will not perform as well.

**Mr. Dubow requested a motion to approve the termination of Ceredex and Hahn and to place the proceeds into the Rhumblin Mid Cap Index, and to transition the Rhumblin Russel 2000 Growth Index fund to Rhumblin Russel 2000 Core Index fund. Mr. Stagliano made the motion. Mr. Rodriguez seconded. The motion passed.**

**Agenda Item #6 – Core Fixed Income Allocation Recommendation**

Mr. Obed presented the reports. Mr. Obed stated that the proceeds from the termination of a manager in August 2016 was \$106 million. Staff along with Marquette recommends that the assets be placed into two active managers in Core and Core Plus Domestic Fixed Income.

Mr. Obed stated that Garcia Hamilton has about 2.6% of the portfolio, Logan Circle has 1%, Longfellow has 2.3% and Rhumblin has 6.4%.

Mr. Obed noted that it is not uncommon for plans of this size to have some exposure to passive fixed income as a way to reduce tracking error and keep fees low.

**Mr. Dubow requested a motion to approve Staff and Marquette's recommendation that the \$106 million, from the termination of Allianz that was transferred to the Rhumblin index fund, be reallocated between Garcia Hamilton & Associates and Longfellow Investment Management Co. Ms. Stukes-Baylor made the motion. Mr. Rodriguez seconded. The motion passed.**

**Agenda Item #7 – Flash Report for Period Ended October 2016**

Mr. David Smith presented the flash report.

Mr. Dubow asked for any questions. There were none.

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
November 17th, 2016**

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

Mr. Buckley presented the reports on Securities Lending, Diversity AUM and Board calendars.

Mr. Buckley added that Quality D for the month of October 2016 has a remaining amount owed of \$2,536,724 with a debit of \$165,733.47. This has been significantly reduced due to the bond trading authorized by the Board.

There is no December meeting and the upcoming meetings are scheduled for January 19<sup>th</sup> and February 23<sup>rd</sup>, 2017.

**At 11:57 a.m., Mr. Dubow requested a motion to adjourn the Investment Committee Meeting. Mr. Rodriguez made the motion. Mr. Abernathy seconded. The motion passed.**

Mr. Dubow asked for a 5-minute break before continuing with the Subcommittee of the Whole.

At 12:11 p.m., Mr. Butkovitz presented a report on the Buyout option.

At 12:54 p.m., Board was called into Executive Session to discuss legal matters.

At 1:07 p.m., Board was called back into session.

**At 1:07 p.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. Ms. Stukes-Baylor seconded. The motion passed.**

**At 1:08 p.m., Mr. Dubow requested a motion to adjourn the Board of Pensions and Retirement Meeting. Mr. Rodriguez made the motion. Ms. Stagliano seconded. The motion passed.**

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

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Rob Dubow  
Finance Director  
Chair, Board of Pensions and Retirement

