

**THE BOARD OF PENSIONS AND RETIREMENT
DEFERRED COMPENSATION PLAN MEETING
January 24, 2019**

There being a quorum, Jacqueline Dunn, Alternate Chair, called the Deferred Committee Plan Meeting to order at 9:45 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Jacqueline Dunn, Alternate, Chief of Staff, Office of the Director of Finance
Ronald Stagliano, Vice Chairman, Trustee
Rebecca Rhyhart, City Controller
Christopher Rupe, Chief of Staff, Office of the Managing Director
Marsha Greene-Jones, Deputy Director of Human Resources
Brian P. Coughlin, Trustee
Carol G. Stukes-Baylor, Trustee
Veronica M. Pankey, Trustee
Marcell Pratt, City Solicitor

Francis X. Bielli, Esquire, Executive Director
Bernard J. Buckley Jr., Deputy Chief Investment Officer
Shamika Taliaferro, Deputy Director of Pensions
James Cousounis, Chief Compliance Officer
William Rubin, Audit Manager
Dominique A. Cherry, Head of Private Markets
Tyrone Jordan, Senior Investment Officer
Kristyn Bair, Senior Investment Officer
Abdel-Aziz Ibrahim, Investment Officer

Also Attending:

Kellan White, First Deputy Controller
Adam Coleman, Assistant City Solicitor
Ellen Berkowitz, Esquire, Senior Attorney
Sharolyn L. Murphy, Esquire, Senior Attorney
Lavonia Jenkins, Administrative Assistant
Neshea Bumpus, Clerk Typist I
Eric Stevenson, Nationwide
Keith Wild, Nationwide
Jeffrey Francis, Nationwide
Bina Kumar, Nationwide
Brad Nyce, Nationwide
Samantha Grant, Marquette Associates
Kweku Obed, Marquette Associates
Jesus Jimenez, Marquette Associates
Matthew Coyne, Torrey Cove
Pam McCue, Financial Investment News
Nick Hand, City Controller's Office
Matthew Vegari, City Controller's Office
Raymond Sweetland, Prudential
Dana Fawcett, Prudential
David Burr, Prudential
Gabriel D'Ulisse, Prudential
Peter Cunningham, BNY Mellon

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Agenda Item #1 – Approval of the Minutes of December 6, 2018 Board Meeting

Ms. Dunn requested approval of the Deferred Compensation Meeting Minutes for December 6, 2018. Mr. Stagliano made the motion to approve the minutes. Mr. Coughlin seconded. The motion carried unanimously.

Agenda Item #2 – Deferred Compensation Plan Update/Activity Report – December 2018

Ms. Kumar presented the activity report for the month of December 2018. Total participant accounts were 23,104 of which 18,378 are actively contributing to the Plan. The total 457 Plan assets administered by Nationwide were in excess of \$1,125,000,000. Ms. Kumar stated the 401A Plan held over \$538,000 with 549 total participants. Mr. Nyce described the service and education activity for the month of December: 71 enrollments into the Plan; 18 group workshops with 324 attendees; and 293 consultations.

Agenda Item #3 – TPA Search Presentations

Ms. Cherry explained the search for a Third-Party Administrator began on August 17, 2018 with a Request for Proposal (“RFP”). Four (4) firms responded to the RFP: Those firms were Empower; ICMA-RC; Nationwide; and Prudential. After an initial evaluation of the four applicants, Staff and members of the Subcommittee agreed to Prudential and Nationwide as finalists to present to the Board as neither response from ICMA-RC or Empower demonstrated the capabilities of the two finalists and were deemed not as advantageous to the City. Ms. Stukes-Baylor asked whether the contract items relating to Nationwide I had been addressed. Mr. Bielli stated that Staff had determined all such matters were addressed.

Eric Stevenson, Bina Kumar, Keith Wild, Jeffrey Francis, and Brad Nyce made the presentation for Nationwide. Mr. Stevenson began with a brief overview of the Company, their mission and experience, and the quality of the proposed team. Mr. Stevenson stated Nationwide had received the highest score among mixed plan providers in the J.D power 2018 Group Retirement Satisfaction Study of customers’ satisfaction with their group retirement firm.

Ms. Kumar added that the program had shown major positive results in the Plan for 2018 in participation rates, improved retirement readiness, engagement and education through seminars and personal consultations. Mr. Wild discussed the basis and background of the Guaranteed Fund and its primary purpose of providing consistent stable returns and protection. He added that Nationwide had proposed a Stable Value Fund option for participants at the request of the Board as a comparison to that offered by other proposers. He noted that this option had more rate sensitivity risk. Mr. Bielli asked Mr. Wild to explain the proposed credit rates in the Guaranteed Fund. Mr. Wild explained that the rates shown were minimums and set through 2020, noting that these rates could be higher depending on the market. Mr. Bielli asked how many plans Nationwide has that offer both Guaranteed and Stable Value funds to participants since having both may cause confusion. Mr. Wild agreed that offering both was not common and that it could be confusing and that it was offered for comparison purposes. Mr. Bielli recommended to table the discussion on adding the Stable Value Option until after further discussion and consideration with Staff.

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Mr. Francis described the potential relationships and use of third-party vendors and how each contributed to the Plan. Those vendors are: Merkle, Covisum, Still River and Financial & Realty Services, LLC (FRS). Mr. Bielli noted potential privacy issues for Covisum and requested that Nationwide confirm or ensure that the Covisum contract was forwarded to Adam Coleman of the Law Department. Mr. Francis responded that he would. Staff determined that the Covisum contract and the other potential third-party contracts had been provided and reviewed by Law as part of the response to the RFP. Mr. Francis advised that Nationwide's fee was \$13.20 per participant.

Mr. Brad Nyce concluded the Nationwide presentation by describing the team's dedication to The City of Philadelphia, his involvement with the Plan and institutional knowledge and their plan to hire another Retirement Specialist from a pool that included diverse candidates.

Raymond Sweetland, David Burr, Dana Fawcett and Gabriel D'Ulisse made the presentation for Prudential. Mr. Sweetland stated Prudential had almost 9,000 plans and over 4.3 million participants in total. Ms. Fawcett explained that Prudential focuses on diverse recruiting, had a diverse workplace, and was committed to diversity and inclusion.

Ms. Fawcett also stated Prudential has monthly meetings, long-term incentives and partnerships with The University of Pennsylvania, Temple University as well as Penn State. Ms. Stukes-Baylor asked Ms. Fawcett if Prudential also recruited from HBCU's (Historically Black Colleges and Universities) including a few in Philadelphia. Ms. Fawcett responded with the efforts involving the schools she mentioned and then added she would have to look into any initiatives with HBCUs.

Mr. Burr discussed engagement plans, creating a brand design, having meet and greet opportunities as well as offering a fully customized website. Mr. Bielli asked the presenters to outline their plan to increase participation, from contributions to new enrollments. Mr. Burr stated to have strong partnerships, digital access and knowledgeable representatives.

Mr. Sweetland offered that Prudential's fee was \$15 per participant.

Ms. Stukes-Baylor made a motion to retain Nationwide as the TPA. Mr. Coughlin seconded. The motion carried unanimously.

Ms. Dunn asked if there were any questions. There were none.

At 10:48 a.m., Ms. Dunn requested a motion to adjourn the Deferred Compensation Plan Meeting. Mr. Stagliano made the motion. Ms. Stukes-Baylor seconded. The motion carried unanimously.

Rob Dubow
Board Chair

