

**THE BOARD OF PENSIONS AND RETIREMENT
DEFERRED COMPENSATION PLAN MEETING
March 21, 2019**

There being a quorum, Jacqueline Dunn, Alternate, Chief of Staff, Office of the Director of Finance, called the Deferred Committee Plan Meeting to order at 9:48 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 Rhynhart, City Controller
Marcel Pratt, City Solicitor
Christopher Rupe, Chief of Staff, Office of the Managing Director
Marsha Greene-Jones, Deputy Director of Human Resources
Brian P. Coughlin, Trustee
Carol Stukes-Baylor, Trustee

Francis X. Bielli, Esquire, Executive Director
Christopher DiFusco, Esquire, Chief Investment Officer
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, Investment Officer II
Abdel-Aziz Ibrahim, Investment Officer

Also Attending:

Kellan White, First Deputy Controller
Francois Dutchie, Chief Deputy City Solicitor
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
Jeffrey Francis, Nationwide
Bina Kumar, Nationwide
Brad Nyce, Nationwide
Kweku Obed, Marquette Associates
Jesus Jimenez, Marquette Associates
Matthew Coyne, Torrey Cove
Nick Hand, City Controller's Office
Matthew Vegari, City Controller's Office
Haylee Nguyen, City Controller's Office
Zachary De LaRosa, Student, Wharton School of Business
Ralph Cipriano, Philly Magazine
Konstantinos "Gus" Tsakos, PICA, Deputy Director
Michael Nairne, Chicago Equity Partners

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Agenda Item #1 – Approval of the Minutes of February 21, 2019 Board Meeting

Mr. Dubow requested approval of the Deferred Compensation Meeting Minutes for February 21, 2019. 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 – February 2019

Mr. Francis announced that Nationwide promoted Mr. Brad Nyce to Program Director effective February 25, 2019. Mr. Nyce will be an onsite director specifically for the City of Philadelphia.

Ms. Kumar presented the activity report for the month of February 2019. Total participant accounts were 23,281 of which 18,607 are actively contributing to the plan. The total 457 plan assets administered by Nationwide were over \$1,194,726,000. Ms. Kumar stated the 401A Plan held over \$573,900 with 543 total participants.

Ms. Kumar stated that Nationwide staff was working to launch a 6-month communication strategy about the Roth 457 and percentage of pay contribution options. Mr. Bielli asked if notices would be issued out to participants. Ms. Kumar stated that notices will be sent via mail and email blast and is included on the website; there will also be workshops held to inform the participants once this becomes active in April. Mr. Nyce mentioned the new options added to the website, noting that participants will overall have the same experience. He added that staff will be available to answer questions and that NW has prepared and published FAQs (and answers) on these topics.

Mr. Nyce described the service and education activity for the month of February: 136 enrollments into the Plan; 23 group workshops with 495 attendees; and 403 consultations. In response to Ms. Stukes-Baylor's questions about diverse managers and Nationwide staff demographics, Ms. Cherry responded that the fund lineup includes Ariel, a diverse manager, and Mr. Nyce responded that NW will include a full slate of diverse candidates for the staff opening.

Agenda Item #3 – 4th Quarter 2018 Deferred Compensation Plan Investment Performance

Ms. Cherry stated that 2 of the 24 funds in the Deferred Compensation investment line-up underperformed their respective peer universe in the longer-term periods of 3 and 5 years, Ariel Capital Appreciation and TRowe Price Real Estate Fund ("Fund"). Mr. Coughlin expressed concern about the recent performance of the Fund, noting the underperformance together with their high fees. Ms. Cherry noted that the Fund has outperformed its peer universe in 6 of the last 10 calendar years, although she concurred that for 2018, the Fund had a very poor year, which is skewing the longer-term performance numbers. She advised that in 3 of the underperforming years the fund was positive but the benchmark was either top decile or quartile, which made it difficult for most active managers to beat. She noted that presently Investment Staff recommended no action since the Fund had been a strong performer historically, and there were participants who were choosing Real Estate exposure.

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She added that Staff would explore passive options and come back to table with recommendations about keeping real estate as an option. Mr. DiFusco added that Staff will report on this topic within the next 30-60 days.

Agenda Item #4 – Vanguard Money Market Fund Report – 4th Quarter 2018

Ms. Cherry stated there were no Plan Administration expenses incurred through the fourth quarter. The account balance as of December 31, 2018 was \$576,814. Total income through the fourth quarter was \$161,140.

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

At 10:08 a.m., Ms. Dubow requested a motion to adjourn the Deferred Compensation Plan Meeting. Mr. Stagliano made the motion. Mr. Coughlin seconded. The motion passed unanimously.

The Deferred Compensation Plan Committee of the Board of Pensions and Retirement approved the Minutes on March 21, 2019.

Rob Dubow
Board Chair

