

**THE BOARD OF PENSIONS AND RETIREMENT
DEFERRED COMPENSATION PLAN MEETING
August 24th, 2017**

There being a quorum, Paula Weiss, Esquire, Alternate Board Chair, called the Deferred Committee Plan Meeting to order at 9:50 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Paula Weiss, Esquire, Alternate, Deputy, Office of the Chief Administrative Officer
Ronald Stagliano, Vice Chair, Trustee
Pedro Rodriguez, Director of Human Resources
Brian Abernathy, Alternate, First Deputy Managing Director
Alan Butkovitz, Esquire, City Controller
Brendan O'Rourke, Esquire, Chief Deputy City Solicitor, Alternate
Carol G. Stukes-Baylor, Trustee
Veronica M. Pankey, Trustee
Brian Coughlin, Trustee

Francis X. Bielli, Esquire, Executive Director
Christopher DiFusco, Esquire, Chief Investment Officer
Bernard J. Buckley Jr., Deputy Chief Investment Officer
James Cousounis, Chief Compliance Officer
Dominique A. Cherry, Senior Investment Officer
Tyrone Jordan, Senior Investment Officer
Eryn-Ashlei Bailey, Investment Officer
Kristyn Bair, Senior Investment Analyst

Also Attending:

William Rubin, Alternate, First Deputy City Controller
Adam Coleman, Esquire, Assistant City Solicitor
Lavonia Jenkins, Administrative Technician
Kweku Obed, Marquette
Jesus Jimenez, Marquette
Bina Kumar, Nationwide
Emanuel Mahand, Nationwide
Pam McCue, Finance Investment News

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Agenda Item #1 – Approval of the Minutes of July 20th, 2017

Ms. Weiss requested approval of the Minutes for July 20th. Mr. Rodriguez made the motion. Mr. Stagliano seconded. The motion passed.

Agenda Item #2 – Deferred Compensation Plan Update/Activity Report – July 2017

Ms. Cherry gave the updates. Ms. Cherry stated the ICMA PLUS Fund assets for July were \$467.6 Million.

Ms. Kumar provided the plan updates for the month of July. Ms. Kumar stated at the end of July, total participants accounts were 19,390. Currently, 83% are actively participating in the plan. The total plan assets administered by Nationwide are \$599, 613, 547. The total balance of assets remaining in the ICMA PLUS Fund is \$467,636,835.

Ms. Kumar added the call volume has increased since statements were delivered in the month of July. Retirement Specialists Brad Nyce and James Stretch held eight workshops in the month of July, focusing on Asset Allocation review and there were 179 attendees. The process of managing web activity has been implemented, with 1/3 of all accounts now set up online.

Ms. Weiss asked for any questions. There were none.

Agenda Item #3 – 2nd Quarter 2017 Deferred Compensation Plan Investment Performance

Ms. Cherry stated as of June 30th, the total assets in the Deferred Compensation Plan were \$579.6 Million not including PLUS Fund assets still held by ICMA. Including PLUS fund, total assets were \$1,049,540,530. The PLUS Fund accounts are scheduled to transition to Nationwide Guaranteed Fund in November 2017.

Ms. Cherry presented the reports. Staff recommends termination of the Calvert Capital Accumulation Fund due to underperformance against its peer universe and a lack of participation, as well as termination of the Artisan Mid-Cap Value Fund for ongoing underperformance. Staff is recommending the MFS Mid-Cap Value Fund as a replacement for Artisan. Mr. Coughlin referred to Staff's report on the Artisan recommendation and asked about the returns of both managers' performances that were provided as options in the report. Ms. Cherry noted that Staff had used PSN Enterprise to conduct initial screens for funds that met specific criteria as it relates to risk, performance, process, management and fund expenses and from that, in addition to considering eligible funds for the Nationwide platform, these two funds were evaluated further. Ms. Cherry noted that Staff concluded that Allianz' trailing performance and peer rankings were skewed as the last 3 quarters of outperformance over the fund's benchmark were outliers. She further advised that the MFS fund had outperformed its benchmark in 7 of the last 10 calendar years. She also noted that in one of the three

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underperforming years the fund was still ranked above median against its peer universe and that year (2014), the index was difficult for most active managers to outperform. Ms. Cherry noted that overall, the MFS fund has performed more positively than the Allianz fund and has done so with more favorable risk metrics and lower fees.

Ms. Weiss asked for any questions. There were none.

Ms. Weiss requested a motion. Mr. Coughlin made a motion to accept staff recommendation to terminate Artisan and replace with MFS. Mr. Abernathy seconded. The motion passed.

Ms. Weiss requested a motion to terminate the Calvert Capital Accumulation Fund. Ms. Stukes-Baylor made a motion. Mr. Stagliano second. The motion carries.

Ms. Weiss asked for any questions. There were none.

Agenda Item #4 – Vanguard Money Market Fund Report – 2nd Quarter 2017

Ms. Cherry stated money market total assets were \$337,174.00 with a total income of \$98,797. There were no expenses incurred from the account through the second quarter.

At 10:08 a.m., Paula Weiss, Alternate, requested a motion to adjourn the Deferred Compensation Plan Committee Meeting. Mr. Abernathy made the motion. Mr. Rodriquez seconded. The motion passed.

The Deferred Compensation Plan Committee of the Board of Pensions and Retirement approved the Minutes on _____.

Paula Weiss
Alternate, Board Chair

