

**THE BOARD OF PENSIONS AND RETIREMENT
DEFERRED COMPENSATION PLAN COMMITTEE MEETING
February 25, 2016**

MEETING MINUTES

There being a quorum, Paula Weiss, Esquire, Alternate Board Chair, called the Deferred Compensation Plan Meeting to order at 9:31 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Rob Dubow, Finance Director
Paula Weiss, Esquire, Alternate, Deputy Director of Finance
William Rubin, Alternate, First Deputy City Controller
Brian Albert, Alternate, Deputy Human Resources Director
Alan Butkovitz, Esquire, City Controller
James Leonard, Esquire, Alternate, Chief Deputy City Solicitor
Ronald Stagliano, Vice Chair, Trustee
Veronica M. Pankey, Trustee
Carol Stukes-Baylor, Trustee
Brian Coughlin, Trustee
Matt Stitt, City Council Designee
Brian Abernathy, Alternate, First Deputy Managing Director

Francis X. Bielli, Esquire, Executive Director
Shamika Taliaferro, Deputy Pension Director
Brad Woolworth, Chief Investment Officer
Christopher DiFusco, Esquire, Director of Investments
Daniel Falkowski, Senior Investment Officer
Dominique Cherry, Senior Investment Officer
Aubrey Hassan, Investment Analyst
Kristyn Bair, Investment Analyst

Also Attending:

Ellen Berkowitz, Esquire, Deputy City Solicitor
Adam Coleman, Esquire, Assistant City Solicitor
Jo Rosenberger-Altman, Esquire, Divisional Deputy City Solicitor
Jackie Dunn, Finance
Patricia Fitzgerald, Hiring Service Manager
Robert O'Donnell, Esquire, O'Donnell Associates
Lavonia Jenkins, Administrative Technician
Erica Marable, Clerk Typist I
Bradley Nyce, ICMA-RC

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Sabrina Wilkes, ICMA-RC

Randy McLaurin, ICMA-RC
Steven Taylor, ICMA-RC
Steve Nesbitt, Cliffwater
Will Green, Loop Capital
Ken Kent, Cheiron
Anu Patel, Cheiron
Bob Murray, Cheiron
Pam McCue, Finance Investment News
Claudia Vargas, Philadelphia Inquirer
Eric Stevenson, Nationwide
Emmanuel Mahand, Nationwide
Steve Lowden, Penserra
Mike Dunn, Deputy Communications Director
Jeff Hornstein, Alternate, City Controller
Isaiah Thomas, Director of Community Affairs

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Agenda Item #1 – Approval of Minutes for January 28, 2016

Ms. Weiss opened the meeting and requested approval of the Minutes for January 28, 2016. Mr. Rubin made the motion. Mr. Albert seconded. The motion passed.

Agenda Item #2 – Deferred Compensation Plan Update/Activity Report for January, 2016

Ms. Cherry said that there were no updates. Mr. Nyce stated that packets were distributed for the Deferred Compensation Plan annual review and much of the materials are laid out in the presentation booklets.

Mr. Nyce reported for the end of January, total participants of 19,721. Total Plan assets were \$872,400,704. There were 127 new applicants during the month.

Ms. Cherry spoke about the sub-committees and the information discussed during the calendar roll out.

Mr. Leonard asked about the next steps for the sub-committee meetings and whether there was a need for any future meetings. Ms. Cherry stated that as of now things appeared to be on track according to the calendar that was created.

Mrs. Stukes-Baylor wanted to know how long will it be before we will hear from IT as it relates to approving the blasts email communications to city employees? Mr. Nyce stated he expected by next meeting to have an update.

Agenda Item #3 – ICMA-RC Annual Plan Review

Mr. McLaurin introduced himself and the members of the ICMA-RC team in Philadelphia. Mr. McLaurin discussed the successes to date since ICMA began the relationship. He stated that participants accounts went from 13,696 to 19,653. A 43% increase since the take-over from Great-West. There were approximately 1,600 enrollments a year, an 80% increase in enrollment with 900 completed on-line. Plan contributions increased 55% since the take over from Great-West in January 2009. Mr. McLaurin stated overall plan assets had increased 109%.

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Agenda Item #4 Quarter 2015 Deferred Compensation Plan Investment Performance

Ms. Cherry reported overall it was not a good quarter. Most funds performed above median, however there were a few that were not on target. The Morgan Stanley Mid Cap Growth fund has been a consistent underperformer, and staff is recommending a termination. They have consistently ranked below median and based on that and additional factors, Staff is making this recommendation. Artisan and Allianz are of some concern because performance has not been good. Staff did not think a termination was warranted at this time given recent YTD performance through yesterday, however a more frequent review of these funds was being recommended.

Mrs. Stukes-Baylor asked if Morgan Stanley's peer ranking was 56th percentile? Ms. Cherry stated yes for the quarter, but their longer-term track record was concerning.

Mr. Leonard asked how do the fees for T Rowe compare to this fund? Ms. Cherry stated the expense ratio for TRowe was .61% and the expense ratio for Morgan was .74%. There are no loads or redemption fees associated.

Mr. Dubow requested a motion to terminate Morgan Stanley and replace them with T. Rowe Price. Mr. Albert made the motion and Mr. Stagliano seconded it. All were in favor. There was one opposition, Mrs. Stukes-Baylor. No abstentions. The motion passed.

Mr. Leonard asked were there any other funds in the lineup that were a concern. Ms. Cherry answered, yes and that Staff was monitoring the performance of both the Allianz and Artisan funds.

Ms. Cherry advised that if there was a material change Staff would revisit this topic.

Agenda item #5 – Vanguard Money Market Fund Report – 4th Quarter 2015

Ms. Cherry stated as of year-end 2014, total assets were roughly \$66,000 in the Vanguard money market. Fourth quarter dividend income was \$43.00. There were no expenses for the year.

Mr. Dubow asked if there was any new/old business?

Mr. Rubin asked for clarity for the transfer of passive versus active funds and the email that was shared. Mr. Nyce reported that the ICMA-RC team is still working on getting the information processed and he asked for continued patience as ICMA works thru the glitches.

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At 10:06 a.m., Mr. Dubow requested a motion to adjourn the Deferred Compensation Plan Committee Meeting. Ronald Stagliano made the motion and Mr. Rubin seconded it. All were in favor. There were no oppositions or abstentions. The motion passed.

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

Rob Dubow
Board Chair