

**THE BOARD OF PENSIONS AND RETIREMENT
DEFERRED COMPENSATION PLAN COMMITTEE MEETING
FEBRUARY 27, 2014**

There being a quorum, Paula Weiss, Esquire, Alternate Board Chair, called the Deferred Compensation Plan Committee Meeting to order at 9:25 a.m., in the Board Conference Room, 2 Penn Center.

Present:

Paula Weiss, Esquire, Alternate, Deputy Director of Finance
William Rubin, Esquire, Alternate, First Deputy City Controller
James Leonard, Esquire, Alternate, Chief Deputy City Solicitor
Brian Albert, Alternate, Deputy Human Resources Director
Celia O'Leary, Alternate, Deputy Director of Human Resources
Ronald Stagliano, Employee Trustee
Carol G. Stukes-Baylor, Employee Trustee
Andrew P. Thomas, Employee Trustee
Veronica M. Pankey, Employee Trustee
Folasade A. Olanipekun-Lewis, City Council Designee

Francis X. Bielli, Esquire, Executive Director
Mark J. Murphy, Deputy Executive Director
Sumit Handa, Esquire, Chief Investment Officer
Brad Woolworth, Deputy Chief Investment Officer
Christopher DiFusco, Esquire, Director of Investments
Dominique A. Cherry, Investment Officer
Daniel Falkowski, Investment Officer

Also Attending:

Ellen Berkowitz, Esquire, Deputy City Solicitor
Jo Rosenberger Altman, Esquire, Divisional Deputy Solicitor
Patricia Fitzgerald, Human Resources Program Specialist
Robert O'Donnell, O'Donnell Associates
Charles Jones, Executive Director, Sinking Fund Commission
Teresa Devine, Administrative Assistant
Shamika Taliaferro, Pension Program Administrator
Daina Stanford, Administrative Assistant
Donna Darby, Clerk-Stenographer, II
Carmen Heyward, Clerk-Stenographer, II
Stephen Nesbitt, Cliffwater
Ken Kent, Cheiron
Anu Patel, Cheiron
Bob Murray, Cheiron
Bradley Nyce, ICMA-RC

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David Shearer, ICMA-RC
Sabrina Wilkes, ICMA-RC
Pam McCue, Financial Investment News
Sean Walsh, Philadelphia Daily News
Bob Warner, Philadelphia Inquirer
Will Greene, Loop Capital
Keith Graham, Advent Capital

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Agenda Item #1 – Approval of Minutes of January 23, 2014

Ms. Weiss opened the meeting and requested a motion to approve the January 23, 2014 Minutes. Mr. Albert made the motion. Ms. O'Leary seconded. Mrs. Stukes-Baylor abstained. The motion passed.

Agenda Item #2 – Deferred Compensation Plan Update/Activity Report – January 2014

Ms. Cherry said that the Outreach Subcommittee would like to schedule a meeting this month. Staff was meeting internally to review additional information they received. They will be reaching out to the Subcommittee in March.

Ms. Weiss called for a volunteer to serve on the Outreach Subcommittee as a replacement for Harvey Rice. Mr. Rubin volunteered. Ms. O'Leary said that she might attend with Ms. Fitzgerald.

Mr. Nyce reported a slow month for Deferred Compensation. There were 17,412 active total participant accounts, an increase of seven over the prior month. Total Plan assets were \$803,111,529. For January, there were 46 enrollments. Historically, January tended to be a slower month due to the holiday season.

Agenda Item #3- 4th Quarter 2013 Deferred Compensation Plan Investment Performance Report

Ms. Cherry reported that as of December, total assets were approximately \$810 million. There were two new funds, Ariel Appreciation Investor and Calvert Capital Accumulation A which is why those two funds are showing relatively lower participation. Fourth quarter performance was showing that six out of 23 funds ranked below median.

Artisan Mid Cap Value was expected to protect on the downside. It did not keep up with the rally in the 4th Quarter. No real concern with the fund. For the one-year performance, on an absolute basis, the fund returned 36%. For Allianz, there had been some concerns. The fund was still ranked below median against its peers. Staff is monitoring, however the fund appeared to be trending in the right direction. Peer rankings improved. Sector allocation was the primary defraction from performance for the fund. It was the residual of the fund's stock selection process.

For the Vanguard Index funds, there were two that ranked below median. She noted Morningstar comparisons are against actively managed funds as well as other passively managed funds. These rankings indicated that the actively managed funds did well, in

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the 4th Quarter. There were no real concerns with the Index Funds. They were following the benchmark as expected.

Mr. Rubin asked Mr. Nyce for a five-year analysis of active vs. passively managed funds, showing how participants were allocating their money.

At 9:33 a.m., Ms. Weiss requested a motion to adjourn the Deferred Compensation Plan Committee Meeting. Mr. Albert made the motion. Mr. Stagliano seconded. The motion passed.

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

Paula Weiss, Esquire, Alternate,
Deputy Director of Finance