

**BOARD OF PENSIONS AND RETIREMENT
DEFERRED COMPENSATION PLAN COMMITTEE MEETING
FEBRUARY 28, 2013**

MINUTES OF MEETING

There being a quorum, the Deferred Compensation Plan Committee Meeting was called to order at 9:30 a.m., in the Board's Conference Room, Two Penn Center Plaza, by Paula Weiss, Esquire Alternate Board Chair.

Present:	Paula Weiss, Esquire, (Alternate)
	Harvey Rice, Esquire, (Alternate)
	Brian Albert, (Alternate)
	Hilary Cornell, (Esquire, (Alternate)
	Celia O'Leary, (Alternate)
	Ronald Stagliano
	Carol G. Stukes-Baylor
	Andrew P. Thomas
	Veronica M. Pankey
	Folasade A. Olanipekun-Lewis

Executive Director:	Francis X. Bielli, Esquire
Deputy Executive Director:	Mark J. Murphy
Chief Investment Officer:	Sumit Handa, Esquire
Deputy Chief Investment Officer:	Brad Woolworth
Investment Officer:	John Foulkes, Esquire
Investment Officer:	Dominique A. Cherry
Investment Officer:	Daniel Falkowski

Also Attending:	Daina Stanford – Investment Unit
	Donna Darby – Investment Unit
	Carmen Heyward – Investment Unit
	Teresa Gray – Board of Pensions
	Christopher R. DiFusco, Esquire – Law Department
	Brad Nyce – ICMA-RC
	Sabrina Wilkes – ICMA-RC
	Ken Kent – Cheiron
	Anu Patel – Cheiron
	Karen Zangara – Cheiron
	Bob Murray – Cheiron
	Jake Walthour – Cliffwater
	Robert O'Donnell – O'Donnell Associates

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Also Attending: (Continued)

Amy C. Hummler, Law Department Intern
Bob Warner
Fran Burns
Kevin Graham

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Agenda Item #1 – Approval of Minutes – January 24, 2013

Motion was made by Mr. Albert and seconded by Mr. Stagliano. The Board voted to accept the minutes.

Agenda Item #2 – Deferred Compensation Plan Activity and Update

Mr. Nyce reported that at the end of January total plan participants were 16,673. This was an increase of 30 accounts from the prior month. Total plan assets were \$673,734,741, an increase of roughly \$10.6 million. There were 76 new applicants during the month.

Trustee Stagliano inquired about a visit Mr. Nyce and ICMA-RC made to the Police Academy. Mr. Nyce reported that approximately 33 attendees signed up during his visit.

Agenda Item #3 – 4th Quarter 2012 Deferred Compensation Plan Investment Performance Report and Agenda Item #4 Vanguard Money Market Fund Report 4th Quarter 2012

Chief Investment Officer Sumit Handa reported that performance of the plan had been consistent going into the fourth quarter of the year. He indicated that the request from some Board members for other possible fund options would be ready at the March meeting.

Trustee Stukes-Baylor – stated that her members were quite upset with the Board's decision to leave the T.Rowe Price Funds and aren't the biggest fans of the Vanguard Funds. She further indicated that those members who had complaints or concerns should call Mr. Handa.

Mr. Handa stated that he was happy to talk about it and repeated that additional option for the Board to consider would be available at the March meeting. Referencing pages 4-10 of the report, Mr. Handa noted that the overall performance was fairly good and that staff had no concerns at this time. He invited specific questions. Alternate-Chair Paula Weiss asked if there were questions.

Ms. Stukes-Baylor asked if there was enough money available to give participants a rebate.

Mr. Handa –stated that we've moved to tab four and that Carol had asked about a rebate from the Vanguard Money Market Fund.

Ms. Stukes-Baylor asked about the Vanguard Money Market Account and its balance of \$600,000

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Ms. Cherry replied that it is a prime money market account and that it is the only one we use for deferred compensation at this point in time.

Ms. Weiss noted that while she was moving off the Deferred Compensation topic, she wondered if Ms. Stukes wished to discuss the audit report.

Ms. Stukes-Baylor apologized for not bringing it with her and referenced an e-mail that Francis Bielli had sent to the Board. She asked if the Board had accepted the audit reported and stated that if this hadn't been done she believed that it should be.

Ms. Weiss stated that she was unsure if this had been done in the past, and Ms. Stukes-Baylor stated that it had been done. Ms. Stukes-Baylor said that she was unclear about a note on page five of the audit, and Ms. Weiss stated that Francis Bielli would explain it.

Mr. Bielli stated that because there was a new custodian after the switch from State Street to J.P. Morgan there was a difference in the way information was organized and presented to the City. As a result it made it was a challenge for the City to extract out what were administrative costs and what weren't in the new format. As a result, there was a lengthy back and forth between J.P. Morgan and the City's accountants. The information provided by the new Custodian was put on the City's general ledger and reviewed by auditor without making any changes. Unfortunately, due to the way the information from the new Custodian was organized, the City's general ledger had other administrative costs that were not administrative costs; they were investment related costs. Instead of the \$15.2 million, approximate number on page five, the amount should have been about \$8.4 million as administrative costs. Mr. Bielli indicated that he reviewed the information not only with the auditor who confirmed it, but also confirmed it in discussions with Kent Ken. This was also confirmed in discussions again with the accountants from the City. The note was simply to indicate that the \$15.2 million was not correctly categorized. It had a zero effect on the financial statement balance sheet.

Ms. Stukes-Baylor asked if she could have an answer to her original question. – Can I get an answer? Board Chair Dubow indicated he hadn't heard the specific question.

Mr. Bielli stated that he thought Carol asked whether the Board should have a formal motion to accept the audit.

Ms. Stukes-Baylor indicated that this was not her question.

Ms. Weiss asked if they were additional questions about the audit.

Ms. Stukes-Baylor stated that the audit should be recognized and noted in the minutes that we have gotten an audit, it has been reviewed and, she further stated that she never asked for a motion.

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Mr. Bielli stated that the only way to approve the audit is by a motion of the Board.
Mr. Dubow asked Ms. Stukes-Baylor if that is what she wanted to do.

Ms. Stukes-Baylor made a motion to accept the audit in the report. Mr. Stagliano seconded the motion. The motion carried.

Ms. Weiss asked if there was any additional business for the Deferred Compensation Plan Committee. Alternate Trustee Brian Albert made a motion to adjourn which was seconded by Alternate Trustee O'Leary. The motion carried.