

**THE BOARD OF PENSIONS AND RETIREMENT
INVESTMENT COMMITTEE MEETING
April 19, 2018**

There being a quorum, Rob Dubow, Board Chair, called the Investment Committee Meeting to order at 10:16 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Rob Dubow, Finance Director
Ronald Stagliano, Vice Chairman, Trustee
Pedro Rodriguez, Director of Human Resources
Rebecca Rhynhart, City Controller
Brendan O'Rourke, Esquire, Chief Deputy City Solicitor
Carol G. Stukes-Baylor, Trustee
Veronica M. Pankey, Trustee
Brian Coughlin, Trustee
Matt Stitt, City Council Designee

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, Senior Investment Officer
Tyrone Jordan, Senior Investment Officer
Eryn-Ashlei Bailey, Investment Officer
Kristyn Bair, Senior Investment Analyst

Also Attending:

Kellan White, First Deputy Controller
Jacqueline Dunn, Alternate, Chief of Staff, Office of the Director of Finance
Marsha Greene-Jones, Deputy Director of Human Resources
Ellen Berkowitz, Esquire, Senior Attorney
Sharolyn L. Murphy, Esquire, Senior Attorney
Lavonia Jenkins, Administrative Technician
Neshea Bumpus, Clerk Typist I
Jeffrey Francis, Nationwide
Katie Moore, Nationwide
Emanuel Mahand, Nationwide
Bina Kumar, Nationwide
Jesus Jimenez, Marquette
Nat Kellogg, Marquette
Erwin Gant, Sturdivant & Co.

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Agenda Item #1 – Approval of the Investment Committee Minutes of March 28, 2018

Mr. Dubow requested approval of the Minutes for March 28, 2018. Mr. Stagliano made the motion. Mr. Coughlin seconded. The motion carried unanimously.

Agenda Item #2 – High Yield Investment Recommendation

Mr. DiFusco presented a recommendation to select Lord Abbett & Co., LLC (“Lord Abbett”) as a second High-Yield Manager to complement fixed-income manager SIM. Mr. DiFusco explained the due diligence process: Staff evaluated the performance metrics and materials from all submissions to the Board’s RFP; Staff and Marquette short-listed three (3) managers based on those evaluations (Lord Abbett, MacKay Shields, LLC, and Pinebridge Investments) to present to an Investment Subcommittee; and the Subcommittee met and heard presentations on Monday, March 12, 2018. After careful consideration and deliberation, the Subcommittee recommended Lord Abbett as the best fit among the candidates to complement SIM.

Mr. DiFusco stated that the expected allocation for this mandate is \$50M, to be drawn from the SIM account. Mr. DiFusco added that as a result of additional fee negotiations, Lord Abbett agreed to drop their fees about 2.5%, down to 38 bps. Mr. Rodriguez inquired if fees would rise with a \$50M allocation. Mr. DiFusco answered that their fee rate would not rise since it was a flat fee. Mr. Dubow asked for the fee rate of SIM. Mr. DiFusco responded that SIM’s fee rate was 42 bps.

Mr. Stagliano made a motion to accept the Subcommittee’s recommendation to hire Lord Abbett & Co. LLC. Ms. Stukes-Baylor seconded. The motion carried unanimously.

Agenda Item #3 – Flash Report for The Period Ending March 2018

Mr. DiFusco and Mr. Kellogg presented the Investment Flash Report. Mr. DiFusco reported that the fund was up 1.3% for the month, approximately 9 bps ahead of its benchmark, as of April 17, 2018. Fiscal year to date, the fund’s performance was 8.06% and the policy index was 6.87%, approximately 120 bps ahead of the benchmark. Mr. DiFusco addressed the top and bottom investment manager performers for the month, noting Staff did not recommend any action at this time. Mr. DiFusco added that Staff may present a recommendation regarding Causeway Capital and/or AJO in the future.

Mr. DiFusco stated that Elizabeth Park is the only remaining hedge fund in the portfolio. Mr. DiFusco highlighted that Elizabeth Park’s fees have dropped by 25 bps. Ms. Rhyhart asked what were the fees for Elizabeth Park. Mr. DiFusco answered that Elizabeth Park’s fees were 125 bps.

Mr. Kellogg provided a brief overview of the March Market Environment. Mr. Kellogg stated the S&P 500 Index was down and that small cap stocks were up for the month of March. Mr. DiFusco asked if there were any questions. There were none.

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Agenda Item #4 Investment Staff Report

Mr. DiFusco presented the reports. The upcoming Board meetings are May 24, 2018, June 28, 2018 and July 26, 2018. Mr. Dubow asked for any questions. There were none.

Mr. Bielli announced that Ms. Bailey had been accepted to The University of Pennsylvania's Wharton School of Business and would leave City employment at the end of July-early August. Mr. Bielli and Mr. Stagliano commended and thanked her for her work on behalf of the Board. Ms. Bailey thanked the Board for all the opportunities given to her during her tenure working for the Board. Mr. Dubow asked if there was any new or old business, or any other business. There was none.

At 10:31 a.m., Mr. Dubow requested a motion to adjourn the Investment Committee Meeting. Mr. Stagliano made the motion. Mr. Rodriguez seconded. The motion carried.

The Investment Committee of the Board of Pensions and Retirement approved the Minutes on

Rob Dubow
Finance Director
Chair, Board of Pensions and Retirement

