

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
August 24th, 2017**

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

Present:

Rob Dubow, Finance Director  
Ronald Stagliano, Vice Chair, Trustee  
Pedro Rodriguez, Director of Human Services  
Alan Butkovitz, Esquire, City Controller  
Brian Abernathy, Alternate, First Deputy Managing Director  
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:

Paula Weiss, Esquire, Alternate, Deputy, Office of the Chief Administrative Officer  
William Rubin, Alternate, First Deputy City Controller  
Adam Coleman, Esquire, Assistant City Solicitor  
Lavonia Jenkins, Administrative Technician  
Dolores Greeby, Service Representative  
Kweku Obed, Marquette  
Jesus Jimenez, Marquette  
Emanuel Mahand, Nationwide  
Bina Kumar, Nationwide  
William Greene, Loop Capital  
Pam McCue, Finance Investment News  
Jackie Dunn, Chief of Staff, Office of the Director of Finance

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

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

**Agenda Item #2 – Public Infrastructure Investment Recommendation**

Mr. DiFusco stated that the Pension Fund's long-term asset allocation is slotted for a five percent target to Infrastructure.

Mr. Obed reminded the Board of the previous allocation to the Rumbleline Infrastructure Index which was to be used as a placeholder until the search for an Active Infrastructure Manager was complete. In August, Staff, Marquette and members of the Sub-Committee met with three active candidates. After reviewing the various strategies, the decision was made to bring Deutsche Asset Management to present to the full Board.

Ms. Bailey stated that through an RFP process, Staff received a total of 17 respondents, 3 of which were short-listed and invited to present to the Subcommittee.

Mr. DiFusco asked for any questions. There were none.

Mr. Hanlon, Mr. Patel and Mr. O' Donnell, of Deutsche Asset Management, presented their firm's investment strategy to the Board.

Mr. Rodriguez asked if the Deutsche Management Team makes concentrated investments in power generation?

Mr. Patel responded that Deutsche did not invest heavily into power generation, but rather, focused its investments on power transmission distribution. The reason is because power generation is a very competitive industry with a lot of volatility. Therefore, it was better to focus on owning the actual power lines. Deutsche Management believes owning those assets provides more stability and predictability to its cash flow.

Mr. Bielli referenced a recent article in the Wall Street Journal which referred to an infrastructure deal in Indiana that did not work out. Mr. Bielli asked the Deutsche Management Team to describe how they avoid similar situations.

Mr. Patel stated the investors in the Indiana Infrastructure deal used a tremendous amount of debt. Mr. Patel added that the biggest risks in infrastructure are Greenfield risks and using too much leverage. The use of too much leverage was the issue in the Indiana Infrastructure case.

Mr. Bielli asked did Deutsche have any exposure to this investment in Indiana? Did Deutsche analyze this investment prior to deciding not to get involved?

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Mr. Patel replied that Deutsche was not involved with that investment because it was a private transaction.

Mr. Dubow asked Deutsche to describe a few of their investments.

Mr. O'Donnell answered that the portfolio consisted of listed public infrastructure companies.

Mr. Bielli asked that given the move towards private public-partnership infrastructure development, what affect does this have on the universe of possible investments?

Mr. Patel answered that he believes it creates tremendous growth opportunities.

Mr. Stagliano asked how many companies does Deutsche own and what is the largest holding in the portfolio?

Mr. Patel answered that the portfolios are generally between 35-40 companies. Mr. Stagliano asked if they are weighted equally? Mr. Patel answered no. Weightings are generally based on the market capitalization and Deutsche Management's level of conviction. The biggest holding is currently, American Tower, which is a company based in the US.

Mr. Dubow asked if were there any further questions. Mr. Rodriquez asked Deutsche to describe the diversity policies within the firm.

Mr. O'Donnell stated the firm is currently twenty-three percent minority, thirty-seven percent women, and was voted by Asset Management North America magazine as one of the best places to work for the LGBT community and for working mothers.

Mr. Dubow asked if there were any questions. Mr. Coughlin inquired about the manager's fee? Ms. Weiss answered that the management fee was 70 basis points.

Mr. Dubow asked if there were any additional questions. There were none.

**Mr. Dubow requested a motion. Ms. Stukes-Baylor made the motion to accept Staff's and Marquette's recommendation to approve a \$25 million allocation to Deutsche Asset Management Mr. Stagliano seconded. The motion passed.**

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**Agenda Item #3- Open Ended Core Real Estate – Increased Allocation Recommendation**

Mr. Obed said Staff & Marquette recommend allocating an additional \$25 million to UBS as part of implementing the real estate allocation within the approved timeline. Mr. Obed presented Marquette's and Staff's rationales.

**Mr. Dubow requested a motion. Mr. Stagliano made the motion to accept the recommendation to allocate an additional \$25 Million to UBS. Mr. Coughlin seconded. The motion passed.**

**Agenda Item #4 – Flash Report for the Periods Ending July 2017**

Mr. DiFusco presented the reports.

Mr. Bielli mentioned the Staff's attention to detail and recognized Mr. Jordan for his close watch of the fixed income portfolio on a daily basis.

Mr. Dubow asked for any questions. There were none.

**Agenda Item #5 – Investment Staff's Report**

Mr. DiFusco presented the reports.

The upcoming Board meetings are September 28<sup>th</sup>, October 26<sup>th</sup> and December 7<sup>th</sup>.

Mr. Dubow asked if there was any new or old business.

Ms. Stukes-Baylor asked questions related to the original sales tax. Mr. Dubow answered that the original sales tax was extended and the first \$15 Million goes to the School District thru FY18.

Mr. Dubow asked if there was any other new business. There was none.

**At 11:20 a.m., Mr. Dubow requested a motion to adjourn the Investment Committee Meeting. Mr. Coughlin made the motion. Ms. Carolyn Stukes-Baylor seconded. The motion passed.**

**At 11:20 a.m., Mr. Dubow convened the Board of Pensions and Retirement Meeting to affirm the actions taken at the Deferred Compensation Plan Committee Meeting and the Investment Committee Meeting. Mr. Rodriguez made the motion. Mr. Abernathy seconded. The motion passed.**

**At 11:21 a.m., Mr. Dubow requested a motion to adjourn the Board of Pensions and Retirement Meeting. Mr. Stagliano made the motion. Mr. Coughlin seconded. The motion passed.**

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

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**Rob Dubow**  
Finance Director  
Chair, Board of Pensions and Retirement

