

**THE BOARD OF PENSIONS AND RETIREMENT
INVESTMENT COMMITTEE MEETING
September 27, 2018**

There being a quorum, Rob Dubow, Board Chair, called the Investment Committee Meeting to order at 10:25 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Rob Dubow, Finance Director
Ronald Stagliano, Vice Chairman, Trustee
Marsha Greene-Jones, Interim Director of Human Resources
Rebecca Rhyhart, City Controller
Christopher Rupe, Chief of Staff, Office of the Managing Director
Brian P. Coughlin, Trustee
Carol G. Stukes-Baylor, Trustee
Veronica M. Pankey, Trustee
Francois Dutchie, Chief Deputy City Solicitor
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, Head of Private Markets
Kristyn Bair, Investment Officer II

Also Attending:

Kellan White, First Deputy Controller
Jacqueline Dunn, Alternate, Chief of Staff, Office of the Director of Finance
Ellen Berkowitz, Esquire, Senior Attorney
Adam Coleman, Assistant City Solicitor
Sharolyn L. Murphy, Esquire, Senior Attorney
Lavonia Jenkins, Administrative Assistant
Matthew Coyne, Torrey Cove
Jesus Jimenez, Marquette
Dave Smith, Marquette
Jeffrey Francis, Nationwide
Brad Nyce, Nationwide
Bina Kumar, Nationwide
Pam McCue, Financial News
Matthew Vegari, City Controller
Nicholas Hand, City Controller
Tony Agentowicz, Voya Financial

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Agenda Item #1 – Approval of the Investment Committee Minutes of August 23, 2018

Mr. Dubow requested approval of the Minutes for August 23, 2018. Ms. Pankey made the motion. Mr. Coughlin seconded. The motion carried unanimously.

Agenda Item #2 –Asset Allocation Review and Update

Mr. DiFusco, Mr. Obed and Mr. Smith presented the Asset Allocation Review & Update and Peer Group analysis. Mr. Obed summarized the Rationale for the change in Allocation and gave a recap of the highlights/features of the approved 3q 2016 Allocation. Staff and Marquette also provided background on the peer group analysis and key takeaways and conclusions from that analysis.

Ms. Rhynhart asked why is it better to invest in the core open-end real estate space as opposed to a standard S&P 500 index fund? Mr. Obed commented that core open-end real estate will not be as impacted by market volatility.

Ms. Rhynhart asked what type of return should we expect from core open-ended real estate? Mr. Obed responded: approximately 7% over the long term. Ms. Rhynhart asked if these investments were diversified geographically to which Mr. Obed answered yes.

Mr. Obed concluded that the current Asset Allocation is working as expected and that the approved asset allocation changes have helped Plan's overall performance. At present, Staff and Marquette are not recommending any changes.

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

Agenda Item #3 –Diversity & Local Brokerage Report

Mr. DiFusco presented the reports on diversity and local brokerage. Mr. Dubow asked about equity manager AJO. Mr. DiFusco provided a high-level overview of AJO's trading platform and requirements and its impact on brokerage use by AJO. Mr. Stitt asked when was the last time the team had reviewed the 25% aspirational goal. Mr. DiFusco commented that the PGW Pension Plan had revisited the target about a year ago but that he'd need to check records for the Philadelphia Pension Fund. Mr. Stitt asked about increasing the target. Mr. DiFusco indicated Investment Staff would support such a decision. Mr. Stagliano suggested the Board increase the target to 35%.

Ms. Stukes-Baylor made a motion to raise the target to 35%. Mr. Stagliano seconded. The motion carried unanimously.

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Agenda Item #4 –Flash Report for the Period Ending August 2018

Mr. DiFusco & Marquette presented the August Investment Flash Report. There were no questions.

Agenda Item #5 - Investment Staff's Report

Mr. DiFusco presented the reports on Securities Lending, AUM for Diversity and Local Managers, and the Board Calendars.

Mr. DiFusco congratulated Investment staff member Kristyn Bair on her recent promotion to Investment Officer II.

The upcoming Board meetings are October 25, 2018 and December 6, 2018. Mr. DiFusco also noted the upcoming Education Seminar on October 10th.

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

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

At 11:10 a.m., Mr. Dubow requested a motion to adjourn the Investment Committee Meeting. Mr. Stagliano made the motion. Ms. Pankey seconded. The motion carried unanimously.

At 11:10 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. Dutchic made the motion. Mr. Stagliano seconded. The motion passed unanimously.

At 11:10 a.m., Mr. Dubow requested a motion to adjourn the Board of Pensions and Retirement Meeting. Mr. Stagliano made the motion. Ms. Pankey seconded. The motion passed unanimously.

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

Rob Dubow
Finance Director
Chair, Board of Pensions and Retirement

