

**THE BOARD OF PENSIONS AND RETIREMENT
INVESTMENT COMMITTEE MEETING
April 27th, 2017**

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 Chair, Trustee
Pedro Rodriguez, Director of Human Resources
William Rubin, Alternate, First Deputy City Controller
Brian Abernathy, Alternate, First Deputy Managing Director
Francois Dutchie, Esquire, Alternate, Divisional Deputy City Solicitor
Carol G. Stukes-Baylor, Trustee
Veronica M. Pankey, Trustee
Brian Coughlin, Trustee
Matt Stitt, City Council Appointee

Francis X. Bielli, Esquire, Executive Director
Shamika Taliaferro, Deputy Director of Pensions
Christopher DiFusco, Esquire, Chief Investment Officer
Bernard J. Buckley Jr., Deputy Chief Investment Officer
Tyrone Jordan, Senior Investment Officer
Kristyn Bair, Senior Investment Analyst
Eryn-Ashlei Bailey, Investment Officer

Also Attending:

Paula Weiss, Esquire, Alternate, Office of the Chief Administrative Officer
Jackie Dunn, Chief of Staff, Office of the Director of Finance
Patricia Fitzgerald, Alternate, Hiring Services Manager & OHR Designee
Ellen Berkowitz, Esquire, Senior Attorney
Adam Coleman, Esquire, Assistant City Solicitor
Jo Rosenberger-Altman, Esquire, Divisional Deputy City Solicitor
Jeff George, City Council
Brian Higgins, Constituent Service Representative
Lavonia Jenkins, Administrative Technician
Erica Marable, Clerk Typist II
Bradley Nyce, ICMA-RC
David Smith, Marquette
Jeff Francis, Nationwide
Skip Corkran, Macquarie Investment Management
Erwin Gant, Sturdivant & Co.
Seth Lehr, LLR Partners
William Greene, Loop Capital
Robert O' Donnell, O'Donnell Associates

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Pam McCue, Finance Investment News

Agenda Item #1 – Approval of the Minutes of March 23rd, 2017

Mr. Dubow requested approval of the Minutes for March 23rd. Mr. Rubin made the motion. Mr. Stagliano seconded. The motion passed.

Agenda Item #2 – LLR V Investment Recommendation Update

Mr. DiFusco recalled Staff and Torrey Cove recommended an investment to LLR V which is a local private equity firm.

Mr. DiFusco said Staff had conversations with the firm's senior level staff to address concerns on diversity and hiring practices. In addition, the Board tabled the recommendation pending additional action by the firm to establish a diversity policy and practices.

Mr. DiFusco noted the firm has reached out to The Hispanic Chamber of Commerce, The Philadelphia Association of Black Accountants and The African American Chamber of Commerce to increase awareness of job opportunities for members of these and other organizations. In addition, an African-American college student from Philadelphia attending Cornell University will be an intern at the firm during the summer of 2017.

Mr. Lehr, senior member of LLR, presented an update on the firm's progress on diversity. Mr. Lehr said although they are diverse among Asian and Latina professionals, it is clear that more can be done.

Mr. Lehr thanked the Pension Board for bringing this issue to their attention.

Mr. Lehr said they have reached out to several colleges and universities to attract a diverse staff. These colleges include: University of Pennsylvania, Howard University, Lincoln University, Morgan State University, Drexel University and out of state universities including Georgetown University and Cornell.

Mr. Lehr added at Penn they have reached out to the Black Wharton Undergraduate Association, Wharton Latino Undergraduate Association, and Wharton Women.

Mr. Lehr said the firm joined the African American Chamber of Commerce of Pennsylvania, New Jersey and Delaware and attended the AACC annual meeting and awards ceremony on April 6th. On September 28th, LLR will host the AACC to further explain the firm's role in the community and how LLR can foster greater development in diversity.

Mr. Lehr added the new LLR website, which includes an extensive diversity statement, went live the prior evening.

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Mr. Dubow asked if there were any questions.

Ms. Stukes-Baylor said LLR's quick action to improve its diversity outreach was greatly appreciated.

Mr. Rubin asked LLR to provide credit to the City of Philadelphia when doing outreach in the community and with other organizations.

Mr. Rubin made the motion to accept Staff's recommendation for investment into LLR V. Mr. Dutchie seconded. The motion passed.

Agenda Item #3- Passive International Index Fund Recommendation

Mr. DiFusco presented the report and recommended that the long-term asset allocation plan is to have \$125 million passively managed in this space.

Mr. DiFusco said there were two respondents to the RFP: Northern Trust and Rhumblin. Rhumblin's proposal did not meet the search criteria. Northern Trust presented a solid track record within this space and has worked previously with the Board.

Mr. DiFusco said Staff recommended the Board make the allocation to Northern Trust.

Mr. Rubin made the motion to accept the Staff's and Marquette's recommendation for allocation to Northern Trust. Ms. Stukes-Baylor seconded. The motion passed.

Agenda Item #4 – Fixed Income Review

Mr. Jordan and Mr. Smith presented the reports.

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

Agenda Item #5 – Flash Report for the Period Ending March 2017

Mr. DiFusco presented the reports.

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

Agenda Item #6– Investment Staff's Report

Mr. DiFusco presented the Staff's reports.

The upcoming Board meeting dates are: May 18th, June 22nd and July 20th.

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New Business

Mr. Rodriguez welcomed Patricia Fitzgerald as his alternate.

Mr. Rubin said there are memos from the Controllers' Office on a resolution and the Board's position as it relates to voting at The Southern Company's annual meeting to be held on May 24, 2017.

Mr. DiFusco said Staff spoke to JP Morgan regarding some confusion as to whether particular shares were out on loan. JP Morgan confirmed we have the shares.

Mr. DiFusco said if the Board decides to accept the resolution presented by the Controllers' Office, it will be consistent with the Board's current proxy policy.

Mr. Stagliano made the motion to accept Controllers' Office proposal. Mr. Rodriguez seconded. The motion passed.

At 11:15 a.m., Mr. Dubow requested a motion to adjourn the Investment Committee Meeting. Mr. Rodriguez made the motion. Mr. Abernathy seconded. The motion passed.

At 11:16 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. Abernathy made the motion. Mr. Rodriguez seconded. The motion passed.

At 11:16 a.m., Mr. Dubow requested a motion to adjourn the Board of Pensions and Retirement Meeting. Ms. Stukes-Baylor made the motion. Mr. Coughlin seconded. The motion passed.

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

Rob Dubow
Finance Director
Chair, Board of Pensions and Retirement