

**THE BOARD OF PENSIONS AND RETIREMENT
DEFERRED COMPENSATION PLAN COMMITTEE MEETING
MAY 22, 2013**

MEETING MINUTES

There being a quorum, Paula Weiss, Esquire, Alternate Board Chair, called the Deferred Compensation Plan Committee Meeting to order at 9:21 a.m., in the Board Conference Room, 16th Floor, at 2Penn Center Plaza.

Present:

Paula Weiss, Esquire, Alternate, Deputy Director of Finance
Harvey Rice, Esquire, Alternate, First Deputy City Controller
James Leonard, Esquire, Deputy City Solicitor
Brian Albert, Alternate, Deputy Human Resources Director
Celia O'Leary, Alternate, Deputy Director of Human Resources
Carol G. Stukes-Baylor, Employee Trustee
Andrew P. Thomas, Employee Trustee
Veronica M. Pankey, Employee Trustee

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

Also Attending:

Ellen Berkowitz, Esquire, Deputy City Solicitor
Katherine Mastrobuoni, Assistant City Solicitor
David Sharer, ICMA-RC
Brad Nyce, ICMA-RC
Sabrina Wilkes, ICMA-RC
Jacob Walthour, Cliffwater
Daniel Stern, Cliffwater
Kevin Cooper, Senior High School Student, Friends Central
Summer Intern, Finance
Daina Stanford, Administrative Assistant
Donna Darby, Clerk-Stenographer II
Carmen Heyward, Clerk-Stenographer II
Charles W. Johnson, Quoin Capital

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Agenda Item #1 – Approval of the Minutes of April 25, 2013

Ms. Weiss opened the meeting and requested a motion to approve the April 25, 2013, Minutes. Brian Albert made the motion. Celia O'Leary seconded. The motion passed.

Agenda Item #2 – Deferred Compensation Plan Update/Activity Report – April 2013

Ms. Weiss introduced Kevin Cooper, High School Senior at Friends Central, and a Summer Intern. He is rotating through different units in Finance and getting to see what the different units do. He also visited Ms. Weiss' office at the Land Title Building.

Ms. Cherry provided the update related to Investments. The notices for the Vanguard Funds Share Class changes were mailed to participants and would become effective on June 14, 2013.

Mr. Nyce reported that as of the end of April, there were 16,871 participants in the Plan. The Plan reached a milestone, with the end of April's total Plan assets of \$706,730,741. There were 77 enrollments into the Plan for the month of April.

Ms. Weiss asked Mr. Nyce, with the total of 16,871 total participants and active employees of 26,000, how the percentage of employees stacked against other plans, was it good participation, and was it what he usually saw. He said that the average participation was 55%.

Mr. Bielli said that during the Subcommittee meetings, Ms. Noel made it clear that the participation was higher. Mr. Sharer added typically a normal participation rate was 35% to 40%, and plans that had a participation rate of 55% were doing quite well.

Ms. Weiss asked if the total outstanding loans of 4,480 was on the high side. Mr. Sharer said yes.

Ms. Cherry responded to a question one of the Trustees asked about socially responsible funds. Staff put together a memo regarding the questions they asked. There were two parts to the question for whether Deferred Compensation offered the funds and, if not, whether they could go outside of the investments offered. The answer to both of the questions was no. They did not offer a socially responsible fund, and participants were not able to go outside of what was currently being offered. There were funds that ICMA-RC had on their platform that were considered to be socially responsible funds, if the Board wanted that. There were concerns of offering the funds as part of the Deferred Compensation Plan line-up. One issue was which specific concern they wanted to support within the fund.

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Ms. Weiss asked if there were questions or comments.

Ms. Stukes-Baylor said that she sent the e-mail. She talked about inquiries sent to her related to socially responsible funds. She said that she asked the employee to give names of companies or funds that they thought were interesting, and she would see if the Board could do it. The employee was speaking on behalf of some employees, and it was not just one person, but a group of them looking at it. Ms. Stukes-Baylor said that her request would be to let her come back with what type of fund, and the Board could see if they wanted to be exposed to them.

Ms. Weiss noted that Ms. Cherry talked about the biggest challenge of which set of concerns they wanted to address. They could not offer all of those kinds of funds. She was sure that there were people within the population that would be interested in looking at a socially conscious fund. There would be people with environmental, social, or corporate governance issues. The question would be which ones the Board would pick.

Ms. Cherry said that there was also the concern of the fees being higher.

Ms. Weiss said that it would be the Board's responsibility to disclose that it was a self-directed fund. If the employee chose the fund, and if they understood that the fees were higher, and they chose to do it, it was fine.

Ms. Stukes-Baylor said that she emailed back to the member and forwarded to Mr. Handa, Mr. Bielli and to Staff, but, as of today, she had not heard from the member.

Ms. Weiss said that the Board would wait to hear from Ms. Stukes-Baylor, and, then ask Staff to bring some choices, and have the Subcommittee look at what was available and bring a recommendation back to the full Board.

Ms. Pankey asked, from the two issues of what type of support and the higher fees, of those that Staff was aware, were they in compliance, and were there other concerns? Did they fit the requirement? Ms. Cherry said, yes, they fit the current restrictions.

Mr. Handa added that the answer to the question was, yes, the funds were in compliance with the primary guidelines and the restrictions that were in place.

Mr. Nyce invited Mr. Sharer to share that Krista Noel was no longer with ICMA-RC, and that she was with a similar position within the 401(b) market related to health and education, as of last Friday. He wanted everyone to be aware that they were in good hands with Mr. Sharer, Ms. Wilkes, Mr. Nyce and Mr. Teague. ICMA-RC will be looking for her replacement.

**THE BOARD OF PENSIONS AND RETIREMENT
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Ms. Stukes-Baylor said to thank Ms. Noel for her services. She asked where they were with the SubCommittee for Outreach and Education.

Mr. Sharer said that ICMA-RC was working with Ms. Noel. Ms. Stukes-Baylor asked if that was on hold since she left. Mr. Sharer said that they did not advance as quickly as they wanted.

Ms. Weiss asked when they anticipated that. Mr. Sharer said, within 30 days. Mr. Woolworth said within 30 days, in June.

Ms. Weiss confirmed that the Board would hear something by the end of June. Mr. Woolworth said, yes.

At 9:33 a.m., Ms. Weiss requested a motion to adjourn the Deferred Compensation Plan Committee Meeting. A motion was made, but not audible for the record. Brian Albert seconded. The motion passed.

The Deferred Compensation Plan Committee of the Board of Pensions and Retirement approve the Minutes on _____.

Paula Weiss, Esquire
Alternate Board Chair