

**THE BOARD OF PENSIONS AND RETIREMENT
DEFERRED COMPENSATION PLAN COMMITTEE MEETING
NOVEMBER 7, 2013**

MEETING MINUTES

There being a quorum, Paula Weiss, Esquire, Alternate Board Chair called the Deferred Compensation Meeting to order at 9:17 a.m., in the Board Conference Room, 2 Penn Center Plaza, 16th Floor.

Present:

Paula Weiss, Esquire, Alternate, Deputy Director of Finance
Harvey Rice, Esquire, Alternate, First Deputy City Controller
James Leonard, Esquire, Alternate, Chief Deputy City Solicitor
Brian Albert, Alternate, Deputy Human Resources Director
Albert D'Attilio, Director of Human Resources
Carol G. Stukes-Baylor, Employee Trustee
Ronald Stagliano, 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
Daniel Falkowski, Investment Officer

Also Attending:

Katherine Mastrobuoni, Esquire, Assistant City Solicitor
Ellen Berkowitz, Esquire, Deputy City Solicitor
Jo Rosenberger-Altman
Brad Nyce, ICMA-RC
David Sharer, ICMA-RC
Randy McLaurin, ICMA-RC
Daina Stanford, Administrative Assistant
Carmen Heyward, Clerk Stenographer II
Donna Darby, Clerk Stenographer II
Jacob Walthour, Cliffwater
Daniel Stern, Cliffwater
Steve Nesbitt, Cliffwater
Robert O'Donnell, Esquire, O'Donnell Associates

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Karen Geringer, CQS
Keith Graham, Advent Capital
Will Greene, Loop Capital
Pam McCue, Financial Investment News

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Agenda Item #1 – Approval of Minutes of September 26, 2013

Ms. Weiss opened the meeting and requested approval of the Minutes for September 26, 2013.

Mr. Stagliano made the motion. Mr. Thomas seconded it. All were in favor. The motion passed.

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

Mr. Nyce reported total plan assets as \$773,433,026 for the month of September. There were 17,082 total participant accounts. For the month of September there were 57 enrollments in the plan.

Agenda Item #3 – Socially Responsible Fund Options

Ms. Weiss provided background to the Board, recalling the request from Ms. Stukes-Baylor for Staff to research Socially Responsible Fund options to consider. Mr. Handa presented the information.

Mr. Handa reported that there were concerns with these types of funds as expenses are usually higher than typical funds and concentrations of positions are also high. In terms of the findings, Staff went through the search and found eight potential partners, five of which were investible. On page three of the report two funds, Ariel Appreciation and Calvert Capital Appreciation Fund were highlighted.

Ms. Weiss confirmed that there were two funds that Staff would list as the funds for the Board to consider. There are high concentrations within their portfolios and high expense ratios.

Mr. Handa replied correct.

Ms. Stukes-Baylor suggested adding the funds on a trial basis for a year, with disclaimers for participants relating to fees. She further suggested to monitor the performance of the funds during that time with consideration to whether or not to continue after that period.

Ms. Weiss stated she would be more comfortable if we highlighted high fees that are associated with the funds and that the funds may be more volatile, providing the information so that participants can make an informed decision when selecting the funds.

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Mr. Bielli inquired about the idea of offering the funds on a trial basis. He stated as the plan's sponsor we have a responsibility to make sure that the funds offered are good funds. He wanted to know what the legal responsibility is for the plan sponsors.

Mr. Leonard explained from a fiduciary standpoint, given the diligence we've done, it is not a violation to offer a fund. From a non-legal perspective, he was not interested in offering either. Out of the two, he was less interested in Ariel Capital Appreciation Fund because it seemed to have a more narrow purpose in terms of social restrictions.

Mr. Leonard thought Calvert Capital Appreciation from staff's report took a broader view of what a social investment could be, and it really seemed to focus on a few social restrictions not dissimilar to what was already in the main fund. He was more comfortable from an investment standpoint offering the members Calvert Capital Appreciation. Overall, he didn't think we needed one.

Ms. Weiss expressed her concern with the trial because in the past when it was decided for other reasons to close or move from one fund to another within an asset class they received complaints from people who were in those funds.

Ms. Stukes-Baylor stated that there were members that want the socially responsible funds, therefore, it was the Board's fiduciary responsibility to offer.

Ms. Stukes-Baylor made a motion to go with the two funds and that it be explained it is on a trial basis with the option to pull if we feel it is not working right.

Mr. Thomas seconded the motion.

Ms. Weiss asked if there was any other discussion.

Mr. Rice said he would be for the motion but he was uneasy about a trial.

Ms. Stukes-Baylor said she would rephrase it.

Mr. Stagliano advised Ms. Stukes-Baylor to take the word trial out.

Ms. Stukes-Baylor agreed.

Ms. Weiss stated the motion is to offer both of these funds as new options with strong explanations as to what they entail. Ms. Stukes-Baylor made the motion. Mr. Thomas seconded it. Ms. Weiss asked if all were in favor. Six were in favor. Brian Albert and Jim Leonard were opposed. The motion passed.

Ms. Weiss stated they would look at it in six months to see how it is going. Mr. Handa added they can provide quarterly data.

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Ms. Weiss asked if there was any other business.

At 9:34 a.m. Ms. Weiss requested a motion to adjourn the Deferred Compensation Plan Committee Meeting. Mr. Stagliano made the motion. Mr. Albert seconded it. All were in favor. The motion passed.

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

Paula Weiss, Esquire, Deputy Finance Director
Alternate Board Chair