

**THE BOARD OF PENSIONS AND RETIREMENT  
INVESTMENT COMMITTEE MEETING  
October 27th, 2016**

There being a quorum, Rob Dubow, Board Chair, called the Investment Committee Meeting to order at 9:51 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 Resources, Trustee  
William Rubin, Alternate, First Deputy City Controller  
Francois Dutchie, Esquire, Alternate, Divisional Deputy City Solicitor  
Carol G. Stukes-Baylor, Trustee  
Veronica M. Pankey, Trustee  
Brian Coughlin, Trustee  
Matt Stitt, City Council Designee

Francis X. Bielli, Esquire, Executive Director  
Shamika Taliaferro, Deputy Director of Pensions  
Bernard J. Buckley Jr., Deputy Chief Investment Officer  
Christopher DiFusco, Esquire, Chief Compliance Officer  
Dominique A. Cherry, Senior Investment Officer  
Tyrone Jordan, Senior Investment Officer  
Kristyn Bair, Investment Analyst

Also Attending:

Paula Weiss, Esquire, Alternate, Deputy Chief Administrative Officer  
Brian Albert, Alternate, Deputy Human Resources Director  
Brendan O'Rourke, Esquire, Interim Chief Deputy City Solicitor  
Ellen Berkowitz, Esquire, Senior Attorney  
Adam Coleman, Esquire, Assistant City Solicitor  
Jo Rosenberger-Altman, Esquire, Divisional Deputy City Solicitor  
Jeffrey Hornstein, Director of Financial & Policy Analysis, Office of the City Controller  
Jacqueline Dunn, Office of the Director of Finance  
Lavonia Jenkins, Administrative Technician  
Erica Marable, Clerk Typist I  
Bradley Nyce, ICMA-RC  
Kweku Obed, Marquette  
David Smith, Marquette  
Eric Stevenson, Nationwide  
Keith Wild, Nationwide  
Will Greene, Loop Capital  
Robert O' Donnell, O'Donnell Associates  
Pam McCue, Finance Investment News  
Toni Robbins, Delaware Investments

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**Agenda Item #1 – Approval of the Minutes of September 26th, 2016**

**Mr. Dubow requested approval of the Minutes for September 26th, 2016. Mr. Rubin made the motion. Mr. Dutchie seconded. The motion passed.**

**Agenda Item #2– Large Cap Equity Manager Recommendations**

Mr. Obed made the presentation. Mr. Obed stated recommendation is to terminate some active managers and transition the funds to an index fund, with a goal of improved returns, reduced volatility, and an estimated fee savings of around \$400,000.

Mr. Obed said Brandywine and Lyrical are recommended for termination. Also recommended is a reduced allocation to O'Shaughnessy (OSAM). All affected assets will be transitioned into the Rhumblin Russell 1000 Core Fund. Additionally, assets current in the Rhumblin Russell 1000 Growth Index would be moved into the Core Fund.

Mr. Obed stated Brandywine has not met the benchmark requirements and termination will save an annual fee of \$118,000. Mr. Obed added the termination of Lyrical will save the Plan approximately \$240,000 per year.

Mr. Dubow asked why OSAM is being trimmed down versus AJO.

Mr. Obed answered that, in part, recent organizational updates have resulted in a departure of a financial analyst and member of the portfolio team.

**Mr. Dubow requested a motion. Mr. Rubin made a motion to approve Marquette's and Staff's recommendation on termination of Brandywine and Lyrical, a reduction in the OSAM allocation, and transition away from the Rhumblin Growth Index, with all assets being moved into the Russell 1000 Core Index Fund. Mr. Coughlin seconded. Motion passed.**

**Agenda Item #3 – Mid and Small Cap Index Manager Recommendations**

Mr. Obed presented the report. Mr. Obed said there were two respondents from the RFPs issued in July 2016 for Small Cap and Mid Cap Index managers: Northern Trust and Rhumblin.

Mr. Obed stated that when it comes to index management, it often comes down to the fees, going with the lowest cost provider. Rhumblin presented the better competitive cost proposal.

Ms. Pankey asked how quickly money could be moved to another manager and if there are any associated fees.

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Mr. Obed said December 1st is the potential date to have the funds in place and within a week a fund manager can be completely closed out. Any cost will consist of trading and transaction fees, therefore, there will be no set cost.

**Mr. Dubow requested a motion. Mr. Rubin made a motion to accept Marquette's and Staff's recommendation to select Rhumblin as the Pension Board's Small Cap and Mid Cap index manager. Mr. Dutchie seconded. The motion passed.** Ms. Stukes-Baylor voted in opposition.

**Agenda Item #4 – Flash Report for Period ended September 2016**

Mr. Smith and Mr. Obed presented the reports. There were no questions.

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

Mr. Buckley presented the reports on Securities Lending, Diversity AUM & Board calendars.

Mr. Buckley stated as covered in the last meeting the Board authorized Staff to withhold income from Securities Lending to erase the Quality D debt. For the month of September 2016, the Board earned a total of \$163,513 of which \$42,078 was held in an escrow account with JP Morgan.

Year to date we earned \$1,325,219 and are pacing to match the amount earned in 2015.

Mr. Buckley added the amount of money owed in Quality D decreased significantly from the previous month. Staff did contact JP Morgan and the trader did not want to sell all bonds at the end of September, but three bonds have been sold since that time and will be reflected in next meeting's report.

The next Board meetings are scheduled for November 17, 2016 and January 19, 2017.

**At 10:33 a.m., Mr. Dubow requested a motion to adjourn the Investment Committee Meeting. Ms. Stukes-Baylor made the motion. Mr. Dutchie seconded. The motion passed.**

**At 10:34 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. Dutchie made the motion. Mr. Rubin seconded. The motion passed.**

**At 10:34 a.m., Mr. Dubow requested a motion to adjourn the Board of Pensions and Retirement Meeting. Mr. Stagliano made the motion. Mr. Rodriguez 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  
Board Chair