

City of Hartford Pension Commission
Constitution Plaza Conference Room
260 Constitution Plaza
Hartford, Connecticut
Friday, June 28, 2019
9:00 a.m.

AGENDA

INVESTMENT PROGRAM

- I. Review of Regular Meeting Minutes**
 - Minutes of May 24, 2019

- II. Review of Special Meeting Minutes**
 - Minutes of May 29, 2019

- III. Status of the MERF Portfolio**
 - Inventory of Assets as of May 31, 2019
 - MERF's Overall Performance

- IV. General Investment Consultant-NEPC**
 - Core Fixed Income Candidate Interviews
 - Scheduling Emerging Market Equity Manager Interviews (July)

- V. Executive Session**
 - Fienemann Road Property Update

- VI. BNY Mellon Contract**

- VII. Other Business**




CITY OF HARTFORD

PENSION COMMISSION

MEMORANDUM

To: Pension Commission

From: 
Adam M. Cloud, Secretary
Carmen I. Sierra, Assistant Secretary

Date: June 21, 2019

Subject: Review of Minutes from the Meeting of May 24, 2019

Enclosed for your review are the minutes of the investment portion of the Pension Commission meeting of Friday, May 24, 2019.

City of Hartford Pension Commission
City of Hartford Conference Room
260 Constitution Plaza
Hartford, CT 06103
Friday, May 24, 2019
9:00 a.m.

MINUTES

INVESTMENT PROGRAM

MEMBERS PRESENT: Peter Stevens, Chairman; Gene Goldman, Commissioner; Adam M. Cloud, Secretary and Carmen I. Sierra, Assistant Secretary

MEMBERS EXCUSED: Nicholas Trigila, Employee Representative

STAFF PRESENT: Gary B. Draghi, Chief Investment Officer; P. Wayne Moore, Deputy Chief Investment Officer and J. Sean Antoine, Principal Administrative Analyst

OTHERS PRESENT: Lisa Silvestri, Corporation Counsel; Chelsea Mott, Principal Accountant; Attorney William Beccaro and Leigh Ann Ralls, City of Hartford Finance Director

I. Review of Minutes as of April 24, 2019

Chairman Stevens introduced the item and asked for questions, comments or corrections. There were none.

A motion was made, seconded and adopted to accept the minutes as presented.

II. Status of the MERF Portfolio as of April 30, 2019

Chairman Stevens introduced the item and asked the investment unit to report. J. Sean Antoine, the MERF's Principal Administrative Analyst, stated that as of April 30, 2019, the MERF portfolio had a market value of approximately \$1 billion. He noted that the portfolio returned 1.6% for the month, slightly underperforming the policy benchmark by 10 basis points. He noted that staff had just received the performance reports and that the MERF's standard, more comprehensive report, would be distributed to the Commission at its special meeting in a couple of weeks. Discussion ensued.

The Commission accepted the report for advice.

III. Update from MERF's General Investment Consultant-NEPC

MERF Performance for the Quarter Ended 3.31.2019 and Private Debt, Real Estate and Real Assets Quarterly Reports

Chairman Stevens introduced the item. Secretary Cloud noted that the reports were self-explanatory. He also noted that, with regard to the private debt, real estate and real assets, each of these programs were cash flow positive as of the quarter ended December 31, 2018 (the most recent available) with strong returns since inception. Gary Draghi, the MERF's chief investment officer, noted that the MERF's performance for the quarter ended March 31, 2019 continued to show extremely strong risk adjusted returns while trailing its peer group for the quarter as markets experienced a robust rebound. Discussion ensued.

The Commission accepted the report for advice.

IV. Executive Session - Fienemann Road Property Update

Chairman Stevens introduced the item and recommended that the Commission enter executive session to discuss commercial or financial information given in confidence, not required by statute.

A motion was made, seconded and adopted to enter executive session.

A motion was made, seconded and adopted to exit executive session.

The Commission accepted the report for advice.

V. Deferred Contribution Plan Update

Chairman Stevens introduced the item. Secretary Cloud reported that things were proceeding well with the deferred contribution plan transition. He noted that Voya, the City's deferred contribution plan administrator, would soon begin its marketing campaign to all participants. The Secretary stated he did not anticipate any problems as everyone involved has been cooperating with Voya. He reminded the Commission that this consolidation of the various City and board of education deferred compensation plans under one governance structure and with one administrator would result in huge savings for all participants and improve fiduciary oversight. Discussion ensued.

The Commission accepted the report for advice.

VI. Other Business

Chairman Stevens introduced the item. Secretary Cloud reported that P. Wayne Moore, the MERF's deputy chief investment officer, has been working on aiding the City with its implementation and process of the City's cyber security policies. Discussion ensued.

The Commission accepted the report for advice.

Mr. Draghi then noted that the MERF's contract for proxy-voting services with Institutional Shareholder Services was due to expire on June 30, 2019. He noted that this agreement allowed for an additional one-year extension at the current terms, including the same fees. He stated the Secretary recommended and staff supported a one-year extension consistent with these terms. Discussion ensued.

A motion was made, seconded and adopted to authorize the Secretary to renew the contract with Institutional Shareholder Services for proxy voting services for an additional year ending on June 30, 2020.

There being no further business, Chairman Stevens adjourned the meeting.

ATTEST: Adam M. Cloud
Adam M. Cloud, Secretary




CITY OF HARTFORD

PENSION COMMISSION

MEMORANDUM

To: Pension Commission

From: 
Adam M. Cloud, Secretary
Armen I. Sierra, Assistant Secretary

Date: June 21, 2019

Subject: **Review of Minutes of Special Meeting of May 29, 2019**

Attached for your review are the minutes of the investment portion of the Pension Commission Special Meeting of Wednesday, May 29, 2019.

City of Hartford Pension Commission Special Meeting
Conference Room
260 Constitution Plaza
Hartford, CT 06103
Wednesday, May 29, 2019
3:45 p.m.

MINUTES

INVESTMENT PROGRAM

MEMBERS PRESENT: Peter Stevens, Chairman; Gene Goldman, Commissioner; Adam M. Cloud, Secretary and Carmen I. Sierra, Assistant Secretary

MEMBERS EXCUSED: Nicholas Trigila, Employee Representative

STAFF PRESENT: Gary B. Draghi, Chief Investment Officer; P. Wayne Moore, Deputy Chief Investment Officer and J. Sean Antoine, Principal Administrative Analyst

OTHERS PRESENT: Lisa Silvestri, Assistant Corporation Counsel, Attorney William Beccaro, Kristin Finney-Cooke, NEPC (via phone conference)

I. Status of MERF Portfolio as of April 30, 2019

Chairman Stevens introduced the item. Secretary Cloud stated that this report was a final update to the report presented to the Commission at its regular meeting on Friday, May 24, 2019.

The Commission accepted the report for advice.

II. Fienemann Road Land

Chairman Stevens introduced the item and asked that the Commission enter into executive session to discuss this matter.

A motion was made, seconded and unanimously adopted to go into executive session to discuss the Fienemann Road land matter.

A motion was made, seconded and unanimously adopted to exit executive session regarding the Fienemann Road land matter.

A motion was made, seconded and adopted to authorize the Secretary to execute documents needed to retain CBRE for professional commercial real estate brokerage services, pending successful contract negotiations.

III. NEPC - Manager Searches

Fixed Income Manager Search

Chairman Stevens introduced the item. Secretary Cloud asked the representative from NEPC, the MERF's general investment consultant, to discuss the MERF's two manager searches. Kristin Finney-Cooke stated that NEPC and staff worked together to identify finalists for the MERF's core fixed income and emerging markets equity investment mandates. She then recommended that the MERF interview Garcia Hamilton & Associates LP, LM Capital Group, LLC and Piedmont Investment Advisors, Inc. for its core fixed income mandate. Ms. Finney-Cooke highlighted the fact that each was a diverse manager. Gary B. Draghi, the MERF's Chief Investment Officer, reported that the Secretary and staff supported this recommendation. Discussion ensued.

A motion was made, seconded and adopted to interview Garcia Hamilton & Associates LP, LM Capital Group, LLC and Piedmont Investment Advisors, Inc. for the MERF's core fixed income mandate.

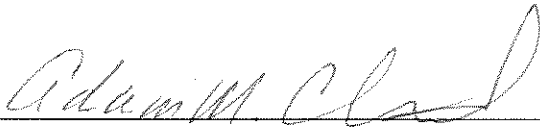
Emerging Markets Equity Manager Search

Ms. Finney-Cooke then reported on the MERF's emerging markets equity ("EME") manager search and results. She gave a brief overview of the current emerging markets climate noting that, given this market environment and the planned structure of the MERF's non-U.S. equity portfolio, NEPC recommends that the MERF utilize core EME managers. She went on to note that the MERF's current managers in the EME space, Parametric and Mondrian, are value managers. Discussion ensued.

Ms. Finney-Cooke went on to inform the Commission that NEPC's EME search identified three top core candidates for the MERF. She stated these were TT International, UBS Asset Management and RBC Global Asset Management. Mr. Draghi reported that the Secretary and staff supported this recommendation. Discussion ensued.

A motion was made, seconded and adopted to interview TT International, UBS Asset Management and RBC Global Asset Management for the MERF's emerging markets equity mandate.

There being no further business, Chairman Stevens adjourned the meeting.

ATTEST: 
Adam M. Cloud, Secretary




CITY OF HARTFORD

PENSION COMMISSION

MEMORANDUM

To: Pension Commission

From: 
Adam M. Cloud, Secretary
Carmen I. Sierra, Assistant Secretary

Date: June 21, 2019

Subject: Status of MERF Portfolio as of May 31, 2019

The portfolio reports for the month of May 31, 2019 will be distributed at the meeting.




CITY OF HARTFORD

PENSION COMMISSION

MEMORANDUM

To: Pension Commission

From: 
Adam M. Cloud, Secretary
Carmen I. Sierra, Assistant Secretary

Date: June 21, 2019

Subject: Executive Session – Fienemann Road Property Update




CITY OF HARTFORD

OFFICE OF THE CITY TREASURER

ADAM M. CLOUD
CITY TREASURER

MEMORANDUM

TO: Pension Commission

FROM: 
Adam M. Cloud, Secretary

DATE: June 20, 2019

SUBJECT: Consideration of Recommendation to Extend BNY Mellon's Contract

This memorandum is to inform you of the need to extend the MERF's contract with BNY Mellon ("BNYM") for master custodian services.

The approximate annual cost of these services to the MERF is approximately \$440,000 annually. This contract was originally awarded in 2013. The MERF has worked with BNYM as its custodian since 2007.

The extension of this contract requires an amendment that will continue the current services under the same terms at the current fees rates. The timing will allow the MERF to consider whether to issue a request for proposals for these services and, if so determined, perform a thorough search for potential alternatives. Accordingly, I recommend that you authorize me to extend the BNYM contract through June 30, 2020.




CITY OF HARTFORD

PENSION COMMISSION

MEMORANDUM

To: Pension Commission

From: 
Adam M. Cloud, Secretary
Carmen I. Sierra, Assistant Secretary

Date: June 21, 2019

Subject: **Other Business**