

City of Hartford Pension Commission
City Conference Room
260 Constitution Plaza
Hartford, Connecticut
Friday, January 29, 2016
9:00 a.m.

AGENDA

INVESTMENT PROGRAM

- I. **Review of Meeting Minutes**
 - **Minutes of December 18, 2015**

- II. **Status of the MERF Portfolio**
 - **Inventory of Assets as of December 31, 2015**
 - **MERF's Overall Performance**

- III. **Private Equity Consultant**
 - **2016 Private Equity Investment Plan**
 - **Vista Equity Partners Fund VI, L.P. Recommendation**

- IV. **Real Assets - Energy Recommendation**

- V. **Report on Annual Performance Review Meetings**
 - **Atlanta Capital Management**
 - **Eagle Capital Management**
 - **Prudential Investment Management**
 - **SouthernSun Asset Management**

- VI. **Other Business**

INVESTMENTS:
AGENDA ITEM I



CITY OF HARTFORD

PENSION COMMISSION

MEMORANDUM

To: Pension Commission
From: *AMC*
Adam M. Cloud, Secretary
Date: January 20, 2016
Subject: **Review of Minutes from the Meeting of December 18, 2015**

Enclosed for your review are the minutes of the investment portion of the Pension Commission meeting of Friday, December 18, 2015.

City of Hartford Pension Commission
City Conference Room
260 Constitution Plaza
Hartford, CT 06103
Friday, December 18, 2015
9:00 a.m.

MINUTES

INVESTMENT PROGRAM

MEMBERS PRESENT: Peter Stevens, Chairman; Frank Lord, Commissioner; Gene Goldman, Commissioner; Nicholas Trigila, Employee Representative; Adam M. Cloud, Secretary and Carmen I. Sierra, Assistant Secretary

STAFF PRESENT: Gary B. Draghi, Director of Investments; P. Wayne Moore, Assistant Director of Investments; J. Sean Antoine, Principal Administrative Analyst; Donna Parker, Plan Administrator and Rebecca Crowley, Assistant Plan Administrator

OTHERS PRESENT: Lisa Silvestri, Corp. Council; Terry Williams, Senior Administrative Assistant; Chelsea Mott, City of Hartford Accountant, Tad Fergusson, vice president, Pension Consulting Alliance, the MERF's private equity consultant, Doug Moseley, partner and William Forde, senior analyst, NEPC, the MERF's general consultant, Jo Ann Price, Kola Olofinboba, Doug Boains and Michele Chow-Tai, Fairview Capital.

Managing Director

I. Review of Minutes as of November 21, 2015

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

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

II. Status of the MERF Portfolio as of November 30, 2015

Chairman Stevens introduced the item and asked the Investment Unit to report. P. Wayne Moore, the MERF's Assistant Director of Investments, reported that, at November 30, 2015, the MERF portfolio had a market value of \$992.6 million and had generated a negative 0.2% net of fees return for the month, which outperformed the benchmark return of negative 0.4%, by 20 basis points.

Mr. Moore then reported that the MERF's equity portfolio posted a negative 1.0% return for the month, trailing the benchmark return of negative 0.8%, by 20 basis points. He also reported that the MERF's emerging markets equities outperformed for the month, while domestic equities underperformed its benchmark.

Mr. Moore went on to report that the MERF's fixed income portfolio posted a negative 0.4% net return for the month, outperforming the custom benchmark return of negative 0.9%, by 50 basis points. Discussion ensued.

With regard to alternative investments, Mr. Moore noted that the MERF's private equity portfolio performed well for the month, along with the real estate, private debt and global tactical allocation portfolios.

Lastly, Mr. Moore reviewed the MERF's asset allocation positioning relative to its targets and target ranges.

The Commission accepted the report for advice.

III. Private Equity Recommendation:

Fairview Private Markets Fund IV, L.P.

Chairman Stevens introduced the item and a motion was made for the meeting to enter executive session for the purpose of discussing commercial or financial information given to the MERF in confidence, and not required by statute.

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

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

A motion was made, seconded and unanimously adopted to authorize the Secretary to execute the necessary documents to commit the MERF to invest 10% of total aggregate fund commitments in Fairview Private Markets Fund IV, L.P. (the "Fund"), contingent on the Fund raising a minimum of \$50 million within a year and subject to a maximum MERF commitment of \$10 million.

Vista Equity Partners Fund VI, L.P. Phase I Review

Chairman Stevens introduced the item and stated that executive session would be required for the purpose of discussing commercial or financial information given to the MERF in confidence, and not required by statute.

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

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

A motion was made, seconded and unanimously adopted to authorize the Secretary to instruct Pension Consulting Alliance to perform Phase II Due Diligence on Vista Equity Partners Fund VI, L.P.

IV. General Consultant Update

Large Capitalization Growth Equity Search

Chairman Stevens introduced the item. Secretary Cloud asked the representatives from NEPC to report to the Commission. Mr. Forde provided detail on NEPC's research process and development of its Large Cap Growth Focused Placement List ("FPL"). He discussed the initial phase of universe screening from two major databases: eVestment Alliance and Morningstar. Additionally, he detailed NEPC's internal quantitative scoring of products through its proprietary performance analytics software. Mr. Forde then described NEPC's Due Diligence Committee which ultimately votes on products being added to or removed from NEPC's FPL. He concluded the segment on process by noting that, specific to the MERF, NEPC refined its FPL into a short list of potential candidates that included two emerging firms NEPC felt were worthy of consideration. The finalists were then selected based on their appropriateness and variety. Discussion ensued.

Mr. Moseley then provided NEPC's recommendation, which, he noted, concurred with that of the Secretary and investment staff. This recommendation was that Edgewood

Management LLC, Holland Capital Management LLC, Wells Capital Management, Inc. and T. Rowe Price Group, Inc. be considered large cap growth equity finalist candidates for the MERF. Discussion ensued.

A motion was made, seconded and unanimously adopted to authorize the Secretary to set up interviews with Edgewood Management LLC, Holland Capital Management LLC, Wells Capital Management, Inc. and T. Rowe Price Group, Inc. for the MERF large cap growth equity manager mandate.

Road Map Update

Mr. Moseley noted that the road map is being followed and that NEPC stands ready to work with the MERF to prioritize future road map objectives in the coming months.

The Commission accepted the report for advice.

V. Deferred Compensation Plan Update

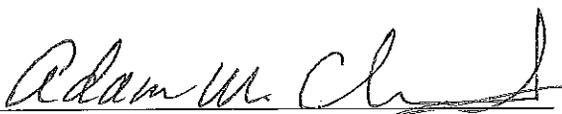
Chairman Stevens introduced the item. Secretary Cloud asked Gary Draghi, the MERF's Director of Investments, to address the Commission. Mr. Draghi stated that the deferred compensation committee had recently met to discuss making manager changes in various asset classes as well as changes to the investment policy statement. He went on to add that staff was working with Retirement Plan Advisors, the City of Hartford's deferred compensation plan investment consultant, on these matters and hoped to have recommendations ready for Pension Commission consideration at a subsequent meeting. Discussion ensued.

The Commission accepted the report for advice.

VI. Other Business

Chairman Stevens introduced the item. Secretary Cloud stated that there was no other business.

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

ATTEST: 
Adam M. Cloud, Secretary