

**MAYOR'S FUND TO ADVANCE NEW YORK CITY  
MEETING OF THE AUDIT AND FINANCE COMMITTEE: MINUTES  
June 23, 2015**

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**Members in attendance:** Henry Berger, Gabrielle Fialkoff, Maya Wiley

**Also in attendance:** Darren Bloch, Krystelle Carroll, Kevin Cummings, Gloria Noel, David Sheehan; Sarah Gillman (Fiscal Management Associates); Maura Keaney, Kimani Oliviera, Tom O'Donnell, and Greg Ifill (Amalgamated Bank); Joe Versace and Seth Masters (Alliance Bernstein); Holly Newman and Michael Foster (Neuberger Berman)

Darren Bloch opened the meeting and provided an overview of the agenda. Darren described that during the meeting, the three investment management teams would present their proposed strategies for the Mayor's Fund. Each team would have twenty minutes to present and answer questions about their proposals. At the end of the meeting, the directors would have an opportunity to discuss the presentations. Darren described that throughout the process of meeting with different groups and teams, the Mayor's Fund had hired a consultant from Fiscal Management Associates (FMA), Sarah Gillman, to help cull through and synthesize investment reports. Prior to the meeting, the directors had been sent a briefing and summary of each team and proposal.

Amalgamated Bank, represented by Maura Keaney, Kimani Oliviera, Tom O'Donnell, and Greg Ifill presented to the Directors first. Maura provided a history of the bank as a progressive institution, more recently working with the administration on affordable housing and the NYC municipal ID. She noted that the bank offered both banking and investment management services. Kimani provided an overview of the investment strategy offerings. At the end of the presentation, Darren asked the team to describe what distinguishes them from other firms. Maura presented two elements: (1) customer response – the bank is small enough to be flexible and truly responsible to customer needs and requests and (2) values aligned – the bank sees the relationship as a true partnership, not only as an investment manager, but as a community partner, specifically in how they would help the Fund move its goals to support the City and the administration.

Next, Alliance Bernstein, represented by Joe Versace and Seth Masters, presented the firm's investment strategy for the Mayor's Fund. Joe began by describing the role of the firm, noting that the managers' fiduciary responsibilities drive the conversation at the board level. Darren asked Joe and Seth to describe how they would counsel an organization like the Mayor's Fund to choose the best investment approach. Joe described that Alliance Bernstein would work with the Fund to analyze the use of each dollar to develop the full investment portfolio and diversify overall. Maya next asked about Alliance's fee structure. Joe presented three options for fees, based on the investment options: 30% of yield, .452% assets, and .438% assets. Joe described that the fees were such to account for the level of work and analysis of Alliance, the proprietary manager. Joe concluded by discussing what distinguishes Alliance Bernstein in the field: as a fiduciary institution whose sole purpose is to meet financial goals, the firm outranks others in terms of size and money management.

Finally, Neuberger Berman, represented by Holly Newman and Michael Foster, presented. Holly began by describing Neuberger as a pure asset management firm that pulls together many different money managers, individuals, and economists under one roof. Michael described that the team had put together a few options that would help the Mayor's Fund preserve capital and liquidity and maximize the rate of return,

with the long term goal of creating a sustainable investment framework. Darren asked Holly and Michael to describe what distinguishes their work at Neuberger Berman from other firms. Michael described that Neuberger Berman has a lot of experience working with short term duration and enhanced cash investments which were recommended to the Mayor's Fund. Holly noted that Neuberger would take the time to understand the needs of the Mayor's Fund and would take time to help create the best groundwork for opportunistic results.

In the last portion of the meeting, Darren and Krystelle opened the discussion up to the Directors. Maya commented that her remaining questions were about the initial process and how the Fund had identified which firms to speak with. Darren commented that the Fund had asked each firm about its values and policies on diversity. Gabrielle described that the initial review process was started by reaching out to members of the Mayor's Fund Board of Advisors, seeking out relationships, and consulting with the investment groups used by other funds, including the Fund for Public Schools and the Partnership for NYC, who both invest with Alliance Bernstein. In the end, the Mayor's Fund worked with Fiscal Management Associates (FMA) to review and analyze all proposals from the three firms.

Maya noted that the Fund carried out a comprehensive process, but with a small number of groups and recommended putting more MWBEs into the mix to carry out the commitment that the Mayor has made to the City to increase MWBE held contracts.

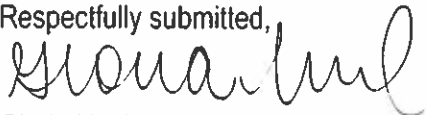
Gabrielle proposed the question of values and on which values the decision should be made – financial values, diversity, ownership, etc. The directors briefly discussed investing with one company short-term, but concluded that the fees and administrative burden of moving money around quickly and temporarily would not be worth it in the long run. Ultimately, the Fund would like to choose one investment firm and work with them closely on strategy, including the potential rethinking of the current investment policy which has not yet been adopted by the current Board of Directors.

Sarah Gillman of FMA proposed that if the Fund was interested in bringing more investment managers in to discuss their proposals, that it could also go back to the initial three firms to ask follow up questions about their diversity policies, ownership, and management. Sarah Gillman recommended setting a time horizon to make a decision and putting together a list of criteria to rank each firm to keep the process consistent.

Finally, Maya proposed that the Audit and Finance Committee meet at a time in the coming weeks to discuss the values behind the decision that would guide the rest of the search. Darren, Henry, and Gabrielle agreed to meet and solidify the next steps of the process.

Meeting adjourned.

Respectfully submitted,



Gloria Noel

*Special Assistant, Acting as Secretary in Leora Hanser's absence*