

9th ANNUAL NASP-NY TRUSTEE EDUCATION SEMINAR

By Clarence G. Williams, Jr.

A paradigm is defined as a model of how things should be done. The 9th Annual NASP-NY Trustee Education Seminar (TES), could be considered as such, as it provided informative and interactive workshops that plan sponsors from as far as the Virgin Islands could appreciate.



Paulette McKinney and Lois Jean Turner of the Public School Retirement System of the City of St. Louis, Raymond James of the Employees Retirement System of the Virgin Islands, Carol Stukes of the City of Philadelphia Board of Pensions & Retirement and Marlene Davis of the Public School Retirement System of the City of St. Louis.

LAST OCTOBER, APPROXIMATELY 200 ATTENDEES converged on the historic Sagamore in Bolton Landing, New York and participated in workshops with topics as far ranging as Marketing 101 for asset managers, to Corporate Governance and Alternative Investments for plan sponsors.

Conference Co-Chairs the Honorable **Randy Daniels**, chair of the investment committee for the **State University of New York**

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From the Editor

Keeping the Light Burning Brightly

Happy New Year!!! While 2005 is still fresh and illuminated in our minds, our mission in 2006 is to continue to provide programs that benefit our membership.

This year we will follow our tradition of excellence with the Wall Street of Fame event. The ceremony will be on Feb. 23, at the Millennium Hotel, where we will honor three noteworthy inductees: **Max L. Cazenave, II** of **Progress Investment Management**, **William F. Heitmann** of **Verizon** and **Jarvis V. Hollingsworth** of the **Teachers Retirement System of Texas**.

We hope you will join us. Registration forms and sponsorship packages are available on our Web site, www.nasp-ny.org.

Desiree Greene reports that NASP-NY's high school mentoring initiative—Finance and Scholastic Training program (FAST TRACK)—was off to a great start for the 2005-2006 calendar year.

A definite highlight for NASP-NY in 2005, was our holiday party in late December.

Despite the transit strike, which virtually crippled the city and made getting around Manhattan and the other boroughs a challenge, attendance for the holiday gathering was stellar.

The theme for the night may as well have been McFadden and Whitehead's *"Ain't No Stopping Us*

Now," because not even a transit strike could hinder the support for this festive event.

Special thanks to NASP-NY's President **Reggie Scantlebury** and member **Quintano Downes** for their efforts in making the party a success.

Speaking of success, we salute one of our newest NASP Chapters based in the City of Brotherly Love.

The Philadelphia chapter also held their first holiday event last December.

In closing, I would like to say thank you to our administrative team **Harmak**, for their efforts to keep the NASP-NY light burning brightly at our programs; the NASP-NY board for its leadership; and also our accountant, **Faye Cargill-Flores**.

On the subject of closure, I have been the Editor of this newsletter since 1997 and have enjoyed it immensely, however, it is time for me to pass the torch.

While I hope to be involved in subsequent publications, this will be my last one as Editor. It has been a pleasure serving you all over the years.

We look forward to a productive and enlightening 2006.

— Clarence G. Williams, Jr.

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NASP-NY Secretary Ronda Littleton-Johnson of Chaldon Associates, NASP-NY Treasurer Clarence Williams of Trust Company of the West, Treasurer Mel Aaronson of the United Federation of Teachers and NASP-NY President Reggie Scantlebury of Jackson Securities

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and Melvyn Aaronson, treasurer of the United Federation of Teachers and a trustee of the New York City Teachers Retirement System, certainly had reason to be pleased with the outcome.

The session titled the “Do’s and Don’ts of Marketing 101,” provided many tried and true tips to marketers and offered advice from representatives from two of New York’s largest public pension funds.

The workshop was moderated by Horatio Sparkes, deputy comptroller for the New York City pensions and panelists included James Celestine, investment officer of the \$131 billion New York State Common Fund and Marilyn Freeman of Capital Prospects—an emerging manager-of-managers consulting firm.

Marilyn advised that investment management professionals should constantly promote what makes their particular firm unique.

Horatio warned managers about the importance of thoroughly understanding the needs of



Serena Tenant of Emerald Advisors, Joanna Riley and Carol Stukes of the City of Philadelphia Board of Pensions and Retirement, Bruce Piatt of Chaldon Associates, Lois Jean Turner of the Public School Retirement System of the City of St. Louis and Mark Goerg of First Principle

the plan sponsor client.

James noted that his office—which has a major trading operation—preferred to do business with brokers that had state of the art cost measurement systems, such as Plexus.

Both Horatio and James discussed the various

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Serena Tenant of Emerald Advisors, Cheryl Marrow of MDL Capital and Treasurer Mel Aaronson of the United Federation of Teachers



Desiree Greene of New Amsterdam Partners, Lois Jean Turner of the Public School Retirement System of the City of St. Louis and Corwin Shropshire of New Amsterdam Partners



Jacqueline Tucker of NCM Capital and Marilyn Freeman of Capital Prospects

asset classes their respective funds were exploring, including an expansion into areas such as economically targeted investments in the case of New York City and absolute return strategies for New York State.

Social Security Revisited

On day two of the conference, Mel Aaronson gave an interesting and informative presentation on Social Security.

Mel provided the historical background for Social Security and traced its roots to an insurance program started in 1935. He also addressed how Social Security has continued to be a relevant and important part of retirement income for Americans—since only 7% of private employers are covered by defined benefit plans. He also discussed the current plight of defined benefit plans—being replaced with defined contribution plans.

Mel, through the workshop and other factual antidotes, presented a compelling case for why we

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The Honorable Alan Hevesi, New York State Comptroller and Payne Brown of Comcast

need Social Security now more than ever.

On the topic of Corporate Governance, **Ken Sylvester**, representing the New York City Comptroller's Office, did a magnificent job highlighting several pertinent issues emanating from corporate governance provisions in the landmark legislation of Sarbanes-Oxley. He discussed how the Comptroller's office, along with other pension funds around the country, have weighed in on numerous issues including proxy access for shareholders.

Payne Brown of **Comcast** said that the media/cable firm placed a premium on "ethical leadership." Payne added that Comcast's board of directors were independent and noted that the firm has instituted internal controls over financial reporting.



Marie Martin, Dottie Pass-Hovington and Kathy Gaynor of Harmak Business Systems



NASP Chair Cheryl Marrow of MDL Capital with Marlene Davis of the Retirement System of the St. Louis Public Schools

The workshop on "*Changing Trends in Alternative Investments*," moderated by **Arnold West** of **ING Investment Management**, proved to be extremely informative.

Panelists—**Bradley Atkins** of **Franklin Park**, **Orim Graves** of **FIS**, **Doug Lawrence** of **JP Morgan**

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Raymond James of the Employees Retirement System of the Virgin Islands, Aileen Rappaport of Loomis Sayles and NASP-NY Board Member Arthur McClearin of Williams Capital



Treasurer Mel Aaronson of the New York Teachers Federation with Keith Graham of Lynmar Capital

Chase and Steven Weddle of ING Investment Management—shared their perspectives about the state of alternative investments.

Doug touted real estate as a very attractive portfolio diversifier for pension funds, since it is not correlated to traditional assets, such as stocks and bonds. He estimated that approximately \$5.5 trillion is invested in real estate and noted that if an individual invested in this asset class in 1978, the individual would not have had a losing return. Doug also discussed “traditional,” versus “non-traditional” real estate vehicles, such as hotels and assisted living facilities.

Brad then discussed three trends in alternative investments; institutionalization, globalization and mega buy-out funds.

Regarding the topic of institutionalization, Brad noted that more funds are being auctioned. On the topic of globalization, he added that more funds were focusing on Western Europe and Asia. He also noted that it is still an open question of

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whether mega buy-out funds could generate above market returns.

Steve said that nearly 40% of the \$1 trillion under management in alternatives is in fund-of-fund vehicles. He added that the assets expected to flow into the alternatives asset class would increase six-fold by 2016.

Steve views consolidation as a driving force in the alternative space. Regarding the issue of fees, he predicted a bifurcated process where alpha-generating managers would command higher fees than their lower performing competitors. He added that risk management, in the hedge fund industry in particular, would continue to grow and cited several recent blow-ups at firms in this area as evidence.

It is also worth noting that in addition to the educational quality of the TES, there were several awards presented to some remarkable attendees:

New York State Comptroller, the Honorable **Alan Hevesi**, received the Big Apple Institutional Investor Award; **Geraldine Gallashaw** from the Bank of New York, received the Pathfinder Award; and **Marlene Davis**, trustee of the \$1 billion Public School Retirement System of the City of St. Louis, was the 2005 recipient of the Trustee of the Year Award.

In addition to awards, attendees were treated to a gala dinner and golf outing. It is fair to say that this year's attendees left the Lake George area renewed and more directed in a paradigm-like fashion.

Special Thanks

Thanks are in order to **Chris Owens** for providing an enriching last minute Legislative session.

Of course, none of this would have been possible without our sponsors, who all deserve a hearty thanks.

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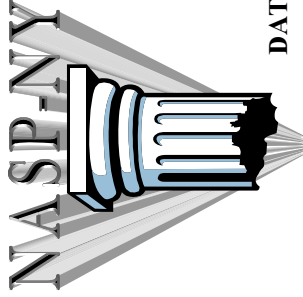
Clarence G. Williams, Jr.
Editor-in-Chief

Arnella J. Forde
Copy Editor

Yohanna Willheim
Graphic Designer

Harmak
Photographer

NASP-NY Hotline: 212-807-5620
Send Newsletter submissions to:
NASP-NY, P.O. Box 647,
JAF Station, New York, NY 10116
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