

**MINUTES OF DECEMBER 14, 2023 CITY OF ALEXANDRIA
FIREFIGHTERS AND POLICE OFFICERS PENSION BOARD
JOINT DUE DILIGENCE MEETING**

PRESENT:

<u>Members</u>	<u>Others</u>
Patrick Evans, (Fire)	Corey Bronner, Investment Manager
Julian Gonsalves (Management)	Barry Bryant, Consultant
Jean Kelleher ¹ (Management)	Kadira Coley, Staff
Katherine Key (Management)	Denise Cummings, Staff
Shirl Mammarella, (Police)	Angie Holbrook, Investment Manager
Kendel Taylor (Management)	Catisha Jackson, Staff
	Nicole LaPoint, Staff
	Arthur Lynch, Staff
	Jim Moore, Supplemental Board
	Steve Roth, Consultant
	Dana Wedeles, Supplemental Board

¹Technical Corrections and Plan Document Review Committee

²Vendor & Service Provider

Absent:

Jesse Maines (Management - Alternate)

Virtual:

Dylan Kempton, (Fire)

Ryan Klein, (Police -Alternate)

Rick Muse (Fire- Alternate)

Jason North (Police)

CALL TO ORDER

The meeting was called to order at 8:50 AM Thursday, December 14, 2023.

MEETING RECORD

Meeting minutes were approved.

Ms. Key made a motion to:

Approve the September 14, 2023, minutes.

Mr. Evans seconded the motion. The motion was approved (6-0).

MANAGER PRESENTATION – Champlain (Corey Bronner and Angie Holbrook)

- Mr. Bryant gave an overview of Champlain, its recent performance and introduced the speakers.
- Champlain gave an overview of the company and provided a review of their performance.
- Champlain believes the primary cause of recent low returns is the stimulus given during the pandemic causing spending trends to change.

- Champlain owned stock in Silicon Valley Bank and stated it was the biggest mistake the company made not selling immediately but it was a good learning opportunity and not a total loss for the Plan due to selling many of the stocks when they were at an all time high.
- Champlain stated they are working to move cash into investments more quickly.
- Historically healthcare is an area that outperforms in down markets but last year it did not, managers are looking forward to seeing how changing trends will affect what industry leads.
- Ms. Kelleher asked if telehealth and other innovations in healthcare that help increase preventative care change Champlain's viewpoint on how healthcare will perform?
 - Champlain owned a telehealth company prior to COVID and during COVID that industry surged but now people are going back into the office for visits. It is very hard to predict how healthcare will perform in the changing environment.
- Ms. Mammarella asked what part of healthcare Champlain is investing in (products, pharmaceuticals)?
 - The two areas invested in are savvy technology like wearable diabetic glucose monitors as well as lifestyle and tools companies that sell complicated innovated machines. They do not directly invest in pharmaceuticals.
- Champlain focuses on three-year periods and while this three-year period is low, they are already focused on making sure the next three-year period has favorable returns.
- Ms. Coley asked Champlain to explain their approach to sustainability.
 - Champlain documents their sustainability view, creates a formal sustainability report each year and has applied sustainability values to their business model when looking at companies to invest in. They subscribe to SASB but do not claim to be ESG focused.

FINANCIAL & QUARTERLY REPORT REVIEW

- Economic Overview
 - GDP was up 4.9%.
 - This was a bad quarter, nothing had positive returns.
- Pension fund return was -3.2% ranked in the 64th percentile.
- Bond managers did well, which kept the equity returns from hurting the fund more than they did.
- The fourth quarter should wipe out the loss of this quarter.
- Ms. Wedeles stated that after reading the book recommended by Mr. Bryant, she has questions about why the fund is 100% actively managed.
 - Mr. Gonzales input that he also read a different book recommended by Mr. Bryant and suggested that the active management is doing well for many of our asset allocations but some asset classes we may want to consider passive management such as with Polen.
 - Mr. Bryant stated that he believes Polen will perform well this year with falling interest rates, large cap is the hardest area to make money and indexing that asset class is not a bad idea. At any point a Board member can make a motion to go passive and the Board can vote on it. The Board has had several discussions on active vs passive in the past.
- The Board had an extensive discussion on active versus passive management and came to a consensus to move large cap growth to be passively managed in 2024. Dahab recommends the Board continue to watch Polen's performance with a bias towards eliminating that position and incrementally moving towards eliminating that position.

ADMINISTRATORS REPORTS

Regular Investment and Cash Flow Reports

Rebalancing report was included in the packet.

Other Items

An updated education listing was provided.

Mr. Gonsalves made a motion to:

Approve travel for the 2024 calendar year.

Ms. Key seconded the motion. The motion was approved (6–0).

- Ms. Mammarella asked if there are any vendor RFP's coming in 2024.
 - The actuary RFP is the priority due to the need for an experience study.

Mr. Evans made a motion to

Move into an executive session for the purposes of discussing confidential vendor matters.

Ms. Key seconded the motion. The motion was approved (6–0).

The Board entered executive session at 10:50 AM; The Board exited the executive session at 11:08AM

Mr. Evans made a motion to:

Miss Chairman, I move that the Board adopt the following resolution:

WHEREAS, the Alexandria City Firefighters and Police Pension Board has this 14th day of December 2023, recessed into closed executive session pursuant to a motion made and adopted in accordance with the Virginia Freedom of Information Act; and WHEREAS, § 2.2-3712 of the Code of Virginia requires a certification by the Board that such closed executive session was conducted in accordance with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Board does hereby certify that, to the best of each member's knowledge, only public business matters that were identified in the motion by which the closed executive session was convened, and that are lawfully exempted by the Freedom of Information Act from the Act's open meeting requirements, were heard, discussed or considered by the board during the closed executive session.

Mr. Gonsalves seconded the motion. The motion was approved (6-0).

COMMITTEE REPORTS

Technical Corrections and Plan Document Review Committee

No report was given.

Vendor & Service Provider Review Committee

No report was given.

OLD BUSINESS:

None.

NEW BUSINESS:

None.

NEXT MEETINGS

- a. Thur. January 11th at 8:45 AM – Interim Meeting
- b. Thur. February 8th at 8:45 – Interim Meeting
- c. Thur. March 14th at 8:45 AM – Joint Due Diligence Meeting

ADJOURNMENT

The meeting adjourned at 11:11 AM.

HANDOUTS

Distributed to Board members in the Board Packet:

Agenda
Minutes of Prior Meeting
Monthly Investment & Rebalancing Report
Education Listing
2024 Meeting Calendar

Distributed to Board members at the meeting:

Dahab Performance Review September 2023
Champlain Presentation