

**MINUTES OF JANUARY 16, 2013 RETIREMENT BOARD
CITY OF ALEXANDRIA SUPPLEMENTAL RETIREMENT PLAN
INTERIM MEETING**

PRESENT

<u>Members</u>	<u>Others</u>
Shane Cochran (General Schedule)	Steven Bland, Retirement Administrator
Brenda D’Sylva (General Schedule, Alternate)	Bryan Capelli, Retirement Specialist
Bill Eger (General Schedule, Alternate)	Kadira Coley, Retirement Specialist
Tom Gates (Management)	Arthur Lynch, Retirement Specialist
Robert Gilmore (Deputy Sheriff, Alternate)	
Nancy McFadden (Medic/Fire Marshall)	
Marietta Robinson (General Schedule)	
Morgan Routt (Management)	
Laura Triggs (Management)	

Absent: Jean Niebauer, Jarrod Overstreet

CALL TO ORDER

The meeting was called to order at 8:07 AM on January 16, 2013.

SWEARING IN OF BOARD MEMBERS

Staff handed out the Supplemental Retirement Plan Board Accept Appointment or Election as Board Member form and a description of fiduciary responsibility to each Board Member. Board Members signed the forms.

ADMINISTRATOR’S REPORT

FARMLAND – Staff reviewed the steps taken to date. The Farmland RFP was issued in February 2012. There was initial interest in Hancock’s partnership. Staff expressed concern that the partnership had not raised sufficient commitments and there would be inadequate diversification. The decision was made to invest \$2 million with UBS/Agrivest. The contract was signed but no money called. That is expected in roughly two quarters, but is subject to change. What remains is a review of the Investment Policy Statement (IPS) to determine where the \$2 million should come from. This should be on the February meeting agenda.

Once a Farmland investment is decided upon the Board will have to revise the Investment Policy Statement’s target asset allocation.

REBALANCING & INVESTMENT REPORT

Staff recommended rebalancing. Rebalance.

There was a motion by Mr. Gates to:

Sell \$600,000 midcap with Champlain and \$400,000 small cap from the PIMCO small cap account. Buy \$800,000 in fixed income and \$200,000 Research Affiliates Emerging Markets Fund.

Mr. Cochran seconded the motion.

The motion passed (6-0).

Ms. Triggs arrived at 8:17 AM.

VOLATILITY REPORT

Staff distributed and briefly discussed the volatility report.

CASH FLOW SUMMARY REPORT

The report was revised. Part 1 displays the current month's contributions less benefits and expenses. Most cash flows are at Prudential which handles monthly benefits. Part 2 incorporates this information along with cash flows to and from illiquid investments such as timber, private equity, and real estate. This information will be important if illiquid investments are considered at the February meeting. Staff will expand Part 2 to include a summary prior years. Staff believes the plan was cash flow positive in all years through 2011 absent contributions to illiquid investments. When illiquid investments are considered the plan was cash flow positive in most years, but not all.

ADMINISTRATION – DATA TO THE ACTUARY

Data has been sent to the actuary months earlier than in previous years. This should simplify the CAFR processing and we can expect actuarial valuation results earlier.

AMRS-VA – RESCHEDULED OCTOBER MEETING

Staff provided a report from the recently attended AMRS-VA conference that was rescheduled from October. Staff pointed out that page 3 of the report talks about the new GASB rules. Staff will request to have the actuary present the new (GASB 67 & 68) in parallel with the old results (GASB 25 & 27) to aid in the understanding of the impact of the change.

Staff noted that increased volatility helps those plans with positive cash flows. The Plan is immature so we have positive cash flow. When the market is down positive cash flow helps to buy more shares at the lower price. Likewise when the market is at the top we will buy fewer shares at the higher rate. Thus we will have bought more shares at the lower rate. This is similar to dollar cost averaging. The plan can gain now but the same will not be true 10 years from now when the Plan is not cash flow positive.

ELECTION OF CHAIRMAN AND SECRETARY

Staff explained that the Board needed to elect officers (Chair and Secretary). The length of the term for the newly elected officers is not defined by the plan document. Long term it would make sense to put the term of office in the Policies and Procedures. In the short term the board should make nominating motions that include a term of office.

There was a motion by Ms. Triggs to:

Nominate Tom Gates as Chairman.

Mr. Routt seconded the motion.

Discussion: The motion should specify a term ending December 31, 2013. Ms. Triggs and Mr. Routt accepted the friendly amendment.

Mr. Gilmore suggested a friendly amendment to nominate Shane Cochran as Secretary. Ms. Triggs and Mr. Routt accepted the friendly amendment.

Restated Motion:

Nominate Tom Gates as Chairman and Shane Cochran as Secretary through December 31, 2013.

The motion was unanimously approved 7 - 0.

Mr. Routt left at 8:43 AM.

NEW BUSINESS

NEWSOUTH

Staff suggested a policy to have at least one asset manager attend each due diligence meeting. Staff recommended the Board to have NewSouth (small cap investment manager) to come to the February 14, 2013 Board meeting. They noted that investment manager presentation would take 30 to 45 minutes depending upon the number of questions. The other small cap manager is PIMCO for the enhanced index product. Staff recommends the board have a primer on enhanced index products and futures first, and then have PIMCO out. Also, the PIMCO representative could cover other fixed income topics.

TIMBER

Staff noted that the actual allocation to Timber is below target. The pension fund has grown significantly since our first commitment in 2010. Dahab Associates is doing an RFP for PEBT so they will have complete data. Staff sought guidance from the Board as to whether to have Timber investment

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managers come to the February 14th Board meeting or to have Barry Bryant and Staff bring a summary or proposal to the meeting.

Staff said liquidity is a concern of timber partnerships, so, the cash flow reports will be expanded and be a part of discussions of any potential new illiquid partnership.

Chairman Gates noted that the City had seen at least half of timber managers in the past.

Chairman Gates summarized that the board would like to have Barry Bryant prepare a summary proposal and recommendation for a potential timber commitment to be shared at the February 14th Board Meeting.

PRIVATE EQUITY

Staff noted that the actual allocations to Private Equity are below target. Staff also noted that all Private Equity has a finite life, secondary shorter than primary, so we have to periodically replenish. Staff sought guidance from the Board on the type of presentation that should be included in the February agenda.

Chairman Gates summarized that the Board would like to have Barry Bryant prepare a summary proposal and recommendation for a potential Private Equity commitment to be shared at the February 14th Board Meeting.

Mr. Eger arrived at 9:00 AM.

OLD BUSINESS

There is no old business.

NEXT MEETINGS

Thursday, February 14, 2013, Sister Cities Room 1101, Due Diligence Meeting - jointly with the Fire and Police Pension Board

Wednesday, March 6, 2013, Sister Cities Room 1101, Interim Meeting

ADJOURNMENT

There was a motion by Mr. Cochran to:

Adjourn.

Ms. Triggs seconded the motion.

The motion was unanimously approved 6 – 0. The meeting adjourned at 9:03 AM.

HANDOUTS

Distributed in advance to Board members

1. Agenda
2. Accept Appointment or Election of a Board Member and Fiduciary Duty
3. Meeting your Fiduciary Responsibilities [1(a)]
4. Investment & Rebalancing Report [3(b)(i)]
5. Volatility Report [3(b)(ii)]
6. Cash Flow Reports [3(b)(iii)]
7. Private Equity Report [3(b)(iv)]
8. Timber Report [3(b)(v)]

Distributed during the meeting:

1. Cash Flow Reports [3b)(iii) – REVISED]
2. AMRS-VA – Williamsburg meeting report
3. 2013 Employee Benefit Education Catalog, International Foundation of Employee Benefit Plans