

**MINUTES OF AUGUST 12, 2013 RETIREMENT BOARD
CITY OF ALEXANDRIA
SUPPLEMENTAL RETIRMENT PLAN**

1(a) 09/12/2013

PRESENT

<u>Members</u>	<u>Others</u>
Shane Cochran, Secretary (General Schedule)	Steven Bland, Retirement Administrator
Brenda D'Sylva, (General Schedule)	Bryan Capelli, Retirement Specialist
Bill Eger, (General Schedule, Alternate)	Kadira Coley, Retirement Specialist
Tom Gates, Chairman (Management)	Arthur Lynch, Retirement Specialist
Jean Kelleher (Management, Alternate)	Theresa Nugent, Communications Specialist
Nancy McFadden, (Medic)	
Marietta Robinson, (General Schedule, Alternate)	
Nelsie Smith, (Management)	
Laura Triggs (Management)	

Absent:

Bob Gilmore, (Deputy Sheriff, Alternate)
Jarrod Overstreet (Deputy Sheriff)
Morgan Routt (Management)

CALL TO ORDER

The meeting was called to order at 2:00 PM on August 12, 2013.

MEETING RECORD

There was a motion by Ms. Triggs to:

Approve the June 13, 2013 minutes.

Ms. Smith seconded the motion.

The motion was unanimously approved 6 – 0.

SECURITIES LENDING

Staff provided a recap of prior securities lending discussions at board meetings. Staff recommended:

- 1) Approve a securities lending program with Comerica,
- 2) The collateral should be of the highest quality,
- 3) The collateral should be of shortest duration possible, and
- 4) Staff, the investment consultant, and/or Comerica should report on the securities lending program annually.

Ms. Kelleher arrived at 2:02 PM.

There was a motion by Mr. Cochran to:

Approve a securities lending program with Comerica. The collateral should be of the highest quality and shortest duration possible.

Ms. Kelleher seconded the motion.

The motion was unanimously approved 7 – 0.

UPDATE on DEFERRED COMPENSATION

Ms. Triggs introduced the topic of the RFP for a Third Party Administrator (TPA) for the City’s Deferred Compensation and Defined Contribution plans. The authority falls with the City Manager and not the Supplemental Board, so the report is informational.

Staff provided some background. In 2012, an RFP to search for a new TPA was completed by Dahab. There was need to go out to bid to ensure the City is being charged competitive fees, to review the investment platform and to seek efficiency by combining the administration of the defined contribution and deferred compensation plan. Following the RFP a decision was made to have ICMA-RC administer the plans. A contract has been signed by the City & ICMA-RC for the deferred compensation plan but not the defined contribution plan.

The format for paying fees will change. The fee for the administrator (ICMA-RC) is currently bundled with the fees for the investment manager (Fidelity, T. Rowe Price, Janus, etc.). Fees will be reduced and will be unbundled. Also, the administrative fee will change from a percentage of assets to a flat dollar amount.

The investment platform will be enhanced. There will be less redundancy and more asset classes available. The majority of funds will be passive index funds.

ICMA-RC will be administering the new VRS hybrid plan. The City’s transition to the new platform could be delayed until 2014 if the decision to move forward with ICMA-RC is delayed.

Two ways of transitioning assets to the new platform was discussed, mapping like to like and mapping to target date funds. The Board also discussed the fees associated with each mapping alternative. The transfer of assets from the existing investment platform to the proposed platform will involve a like to like transfer. This is specified in the RFP. An excerpt from the RFP was included in the packet.

Mr. Cochran asked that results from the Alexnet survey about deferred compensation and defined contribution plans be shared with the Board.

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Mr. Cochran asked that results of the final decision be announced. He also supported the notion of a like to like transfer with modest fees and an improved platform.

ADMINISTRATOR'S REPORT

Staff discussed the administrator's report.

There was a motion by Mr. Cochran to:

The Plan sells \$1.3 million of midcap domestic equity (Champlain) and \$.4 million of PIMCO Small Cap Stock Plus. The Plan purchase \$.5 million developed market equities (Johnston), \$.8 million emerging markets (RAFI) and \$.4 million fixed income.

Ms. Smith seconded the motion.

DISCUSSION: Ms. Kelleher asked what costs were involved in rebalancing. Staff said there was a \$20 or \$25 wire fee.

The motion passed (7-0).

Staff discussed the balance of the Administrator's Report:

- Cash flow remains positive, but variable.
- Private Equity with Landmark is now 100% committed.
- Real estate provides an income of 4% annually plus growth potential. This, on average, usually will beat fixed income.
- PRISA's CEO is retiring. Promotions have been from within. The leadership transition should be seamless.
- NewSouth's management team has bought out one of its investors.

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.

NEXT MEETINGS

1. Thursday - September 12th 8:30 at AM, Sister Cities 1101, Due Diligence – joint meeting
2. Wednesday - October 2nd 8:30 at AM, Sister Cities 1101, Interim Meeting

- 3. Sunday – Monday, October 20 – 21, Association of Municipal Retirement Systems of Virginia (AMRS-VA).

ADJOURNMENT

There was a motion by Ms. Smith to:

Adjourn

Ms. Triggs seconded the motion.

The meeting adjourned at 2:43 PM.

HANDOUTS

Distributed to Board members in the Board Packet:

Agenda
Minutes of Prior Meeting [1(a)]
ICMA-RC Contract [3]
ICMA-RC Update [3-Exhibit 2]
Administrator’s Report [4]
Monthly Investment & Rebalancing Report [4(a)(i)]
Cash Flow Report [4(a)(iii)]
Private Equity Report Cash Flows [4(a)(iv)]
Real Estate Report Cash Flows [4(a)(v)]
Administrator’s Follow-Up Items Report [4(b)(iii)]
Recommended Motions [4(c)]

Distributed at the meeting:

- 1. Cheiron’s July1, 2012 Actuarial Valuation Report
- 2. Excerpt from Dahab’s RFP for Third Party Administrator