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**MINUTES OF OCTOBER 2, 2013 RETIREMENT BOARD
CITY OF ALEXANDRIA
SUPPLEMENTAL RETIREMENT PENSION PLAN
INTERIM MEETING**

PRESENT

<u>Members</u>	<u>Others</u>
Shane Cochran, Secretary (GS Representative)	Steven Bland, Retirement Administrator
Brenda D'Sylva (GS Alternate)	Bryan Capelli, Retirement Specialist
Bill Eger (GS Alternate)	Kadira Coley, Retirement Specialist
Tom Gates, Chairman (Management)	Valarie Wright, Deputy Sheriff
Robert Gilmore (Deputy Sheriff Alternate)	
Jean Kelleher (Management, Alternate)	
Marietta Robinson (GS Representative)	
Morgan Routt (Management)	
Laura Triggs (Management)	

Absent:

Nancy McFadden, (Medic, Representative)

Jarrod Overstreet, (Deputy Sheriff, Representative)

Nelsie Smith (Office Management & Budget, Representative)

CALL TO ORDER

The meeting was called to order at 8:36 AM on October 2, 2013.

MEETING RECORD

There was a motion by Ms. Triggs to:

Approve the September 12, 2013 minutes.

Mr. Routt seconded the motion.

The motion was unanimously approved (6 – 0).

ADMINISTRATOR'S REPORTS

Rebalancing is not required at this time. (Handout 2 (a) (i)). However, fixed income is underweighted by over \$2 million. Staff recommends rebalancing modestly using cash available in the Champlain (mid – cap) account and the highly liquid Glovista account.

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There was a motion by Mr. Cochran to:

Transfer \$125,000 from both the Champlain (mid cap) account and the Glovista (emerging markets) account to PIMCO Total Return Fund (domestic fixed income).

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

Ms. D’Sylva arrived at 8:37 AM.

The balance of the monthly reports were delivered and the status of the limited partnerships reviewed with limited discussion.

Mr. Eger arrived at 8:43 AM.

Staff discussed making authorization of reimbursement for educational expense standardized.

There was a motion by Mr. Gilmore to:

Any motion to authorize the board’s payment in advance or reimbursement for travel expense and course registration for education shall also include per diem at a maximum of the City’s authorized rate, if appropriate.

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

Ms. Kelleher arrived at 8:48 AM.

Staff presented an overview of short sales. With this as background staff then extended this to paired trades, of one long and one short investment. The final extension is to an entire portfolio of paired trades. John West of Research Affiliates will be asked to include a discussion of long short funds in his presentation to the board in November.

OLD BUSINESS

ICMA-RC Update

Members of the Supplemental Retirement Board had asked to receive updates on the transition to a new ICMA-RC investment menu for deferred compensation (457). Dates have been set for the transition, November 15 – 18. The first communications to employees should appear on Alexnet this week. A letter, from ICMA-RC will be mailed to participants on October 15 detailing the coming changes. Transition Information Meetings will be held around the City during the end of October and early November. At the information meetings employees can get more information on the transition and ask any questions they may have. Staff will continue to provide periodic progress reports on the transition.

Board Appointments

Staff introduced Valarie Wright. She had attended many meetings in the summer of 2012 in preparation for the creation of the Supplemental Retirement Board. Also, Jarod Overstreet had work commitments

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that created schedule conflicts with board meetings. Mr. Gilmore, the Deputy Sheriff alternate, has attended most meetings and been an engaged trustee. Staff recommended that Mr. Overstreet is removed from the Board, Mr. Gilmore is made representative, and Ms. Wright is made alternate representative. Mr. Gates asked if Mr. Gilmore had discussed this with Mr. Overstreet. Mr. Gilmore said that he had discussed this with Mr. Overstreet.

There was a motion by Ms. Robinson to:

Recommend to City Council Mr. Overstreet is removed from the Supplemental Retirement Board.

Ms. Triggs seconded the motion. The motion was unanimously approved (7 – 0).

There was a motion by Ms. Kelleher to:

Recommend to City Council that Mr. Gilmore is named the Deputy Sheriff representative to the Supplemental Retirement Board.

Mr. Routt seconded the motion. The motion was unanimously approved (7 – 0).

There was a motion by Mr. Cochran to:

Recommend to City Council that Ms. Wright is named the Deputy Sheriff alternate representative to the Supplemental Retirement Board.
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Ms. Kelleher seconded the motion. The motion was unanimously approved (7 – 0).

Diversification

Staff discussed diversification.

Page 16 of the board packet illustrates the performance of the Dow Jones industrial average over nearly 100 years. The historical perspective shows domestic equities are closer to the top of the range than to the bottom.

Page 17 is a write up on a National Association of State Retirement Administrators' asset allocation survey. The average state plan has 51.1% in publicly traded equities (excluding private equity). This number has come down over the last decade.

Page 18 demonstrates that risk is not proportional to allocation within a portfolio. Equities are responsible for more than their share of risk, and fixed income less.

Page 19 is a spreadsheet displaying the asset allocation of our peer public pension plans in Virginia. Averages are displayed for Dahab and non-Dahab clients. Staff stressed that asset allocation should reflect a plan's characteristics and not that of the investment consultant.

Page 20 had a typographical error. The 45% Domestic equity label should be 43%. This displays that most assets are somewhat highly correlated to domestic equities. The farmland and timber target

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allocations are helpful, but their weightings are modest. Page 21 displays some asset classes with low correlations to equities.

Pages 22 & 23 display the liquidity of various investments. There are a number of investment opportunities that are quite liquid.

Page 24 sites a recent study showing county and city pension plans are reducing exposure to domestic equities.

Pages 25 through 29 portray various portfolio mixes and how they might hold up in an adverse investment environment.

Page 30 proposes to phase in a more diversified portfolio with less emphasis on equities over a period of time. Page 31 is a collection of comments and disclosures

Ms. Kelleher suggests we consider the component parts of the equity holdings: domestic & international, large, is and small cap, growth and value, etc.

Mr. Gates asks if we should first strategize on the long term plan and then select individual mandates to diversify.

Mr. Gilmore and Mr. Eger posed questions about measuring risk.

NEXT MEETINGS

1. Sunday – Monday, October 20 – 21, Association of Municipal Retirement Systems of Virginia (AMRS-VA), Alexandria 4641 Kenmore Ave Alexandria, VA 22304, Sunday 1:00 PM until Monday noon
2. Thursday November 14th 8:30 at AM, Sister Cities 1101, Due Diligence Meeting
3. Wednesday, December 4th 8:30 AM, Sister Cities 1101, Interim Meeting

ADJOURNMENT

There was a motion by Ms. Triggs to:

Adjourn

Mr. Routt seconded the motion.

The meeting adjourned at 9:28 AM.

HANDOUTS

Distributed to Board members in the Board Packet:

1. Agenda
2. Minutes of Prior Meeting [1(a)]
3. Monthly Investment & Rebalancing Report [2(a)(i)]
4. Private Equity Report - Landmark [2(a)(ii)(1)]
5. Private Equity Report – Hamilton Lane [2(a)(ii)(2)]
6. Short Sales [2(b)(iii)(1)]
7. Recommended Motions [2(c)]
8. Diversification [3(c)]