

**MINUTES OF JANUARY 7, 2008, RETIREMENT BOARD
CITY OF ALEXANDRIA FIREFIGHTERS AND POLICE OFFICERS
PENSION PLAN
INTERIM MEETING**

PRESENT

<u>Members</u>	<u>Others</u>
Michael Cross, Chair	Steven Bland, Retirement Administrator
Michele Evans, Secretary	Theresa Nugent, Communications Specialist
Pat Evans (Alternate)	Barry Bryant, Dahab Associates
Henry Howard	Joseph Seskey
Mark Jinks	Donald Webber, Firefighter
Bruce Johnson (Alternate)	
Chris Lockwood	
Shirl Mammarella (Alternate)	
Edward Milner	
Albert Tierney	
Laura Triggs	

CALL TO ORDER

The meeting was called to order at 8:40 A.M. on January 7, 2008.

ELECTING OFFICERS

There was a motion by Ms. Mammarella and seconded by Ms. Triggs to nominate Michael Cross as Chairman.

Staff pointed out the plan document does not specify the term of the chairmanship and recommend the nominating motion include the desired term. The motion was amended to be a three-year term.

There were no other nominations. The motion was unanimously approved (8-0) Mr. Johnson voted in place of Ms. Evans.

Ms. Evans arrived.

There was a motion by Mr. Jinks and seconded by Mr. Tierney to nominate Ms. Evans as Secretary.

There were no other nominations. The motion was unanimously approved (8-0).

MINUTES

There was a motion by Mr. Jinks and seconded by Ms. Triggs to approve the November 7, 2007 minutes. The motion was unanimously approved (8-0).

PRESENTATION OF PLAQUE

Mr. Seskey was presented a plaque in appreciation for his significant service to his department, colleagues, and City. Mr. Cross and Ms. Evans spoke in praise and appreciation for the work Mr. Seskey, Mr. Lawhorne, and Mr. Shiftic did for the Pension Plan. Several board members echoed the praise. Staff is directed to deliver a plaque to former Chairman Lawhorne.

FOLLOW UP ITEMS

Staff reported the purchase of approximately \$3.7 million real estate had been completed. This completes a motion made and passed at the November 7, 2007 meeting.

Staff reported the maximum transfer of funds from the Guaranteed Deposit account to PIMCO without incurring a fee was completed. This completes a motion made and passed at the November 7, 2007 meeting.

Until recently the City's procedure had been to wire employer and employee contributions to Prudential monthly. The board requested this be changed to biweekly. This was initiated in October. A handout was distributed showing typical biweekly wire transfer instructions.

Mr. Tierney asked about the cost of wire transfers. Ms. Triggs indicated there was not a charge per wire as it was included in a packaged deal.

Staff discussed the Sudan Accountability and Divestment Act of 2007 (SADA 2007) signed by President Bush December 31, 2007. A handout distinguishing separate accounts from commingled funds was distributed. Staff discussed these and then used them to help explain options with the SADA 2007 law. Prudential uses a pooled approach. The Fire and Police Pension Plan is but one participant in the pool and therefore neither the board nor City Council can direct the investments of the pool. Trusco (equities) and Seix Advisors (fixed income) do use separate accounts. Therefore it is possible to direct these investment managers to divest or to invest.

Trusco indicated that at present they do not hold any investments that were on a list of prohibited securities with respect to Sudan. Trusco invests in large Cap domestic equities. Most prohibited companies were small cap or foreign based. The one concern was Royal Dutch Shell. It is a foreign-based company that trades on the New York Stock Exchange. Trusco has invested in this company in the past and may do so in the future. Presently it does not own any Royal Dutch Shell. Mr. Jinks asked staff to ask the same questions of Seix Advisors and Prudential, as well as

VRS; do they own any shares of companies on a prohibited list of companies doing business in Sudan?

Ms. Evans asked staff to place on all future agendas the topic of Prudential's administrative performance. She would like to know ongoing issues with Prudential and also any things they are doing well.

Chairman Cross discussed committee assignments. The Valuation and Technical Corrections Committee should continue its work on:

- Election procedures not made clear in the plan document
- Fair Labor Standards Act – definitions of Firefighters' pay
- Typographical errors and other plan document clean up.

Mr. Cross said that Ken Hoffman had suggested changes to disability provisions for those hired late in their career. Currently the plan provides this person the same disability benefits as a person who is hired at a very young age.

There was a motion by Mr. Jinks and seconded by Ms. Evans to create a committee to review the disability benefits for those hired as a second career or hired at older ages.

Discussion: Ms. Mammarella asked if the committees should be combined. Mr. Cross indicated one committee's tasks involved cost neutral technical corrections and the other changes in benefit structure.

The motion passed unanimously (8-0).

Chairman Cross appointed Mr. Howard, Mr. Evans, Mr. Tierney, and Mr. Milner to the committee to review the disability provisions provided to those hired at older ages. The Pension Division will provide staff support for the committee.

Ms. Triggs asked who was on the Technical Corrections Committee. Chairman Cross appointed Ms. Triggs, Mr. Howard, Ms. Mammarella, and Mr. Cross to the Valuations and Technical Corrections Committee.

Mr. Cross asked for a motion to create a committee to make recommendations to the board on training opportunities.

A motion was made by Ms. Triggs and seconded by Ms. Evans to create a Training Opportunities Committee.

The motion passed unanimously (8-0).

Chairman Cross appointed Mr. Evans, Mr. Lockwood, Ms. Mammarella, and Ms. Triggs to the Training Opportunities Committee.

Mr. Lockwood brought a member's question to the board. The member would like the plan to offer a Joint and Survivor 25% option or a 33 1/3% option. Staff said this would first require a

plan amendment as the options are specifically listed in the plan document. There would be a cost for the actuary to provide the option factors. Next, the general idea was to encourage “spousal protection” – to assure a surviving spouse had some resources following the retiree’s death. Staff raised the concern, would more spouses receive 25% who would otherwise have received 0%, or would more spouses receive 25% who would otherwise have received 50% of the member’s benefit. Also, how many retirees would take this option? Mr. Tierney asked Mr. Lockwood to work with the member who raised this question to determine what sort of demand there was among plan members for a Joint and Survivor 25% option. Staff said if the member participated in Deferred Compensation he might create his own Joint and Survivor 25% annuity by blending a life annuity from the pension plan and a Joint and Survivor annuity from ICMARC. Ms. Evans recommended Mr. Lockwood ask the member to contact staff to go over this in greater detail. Mr. Tierney asked Mr. Lockwood to ask the participant how many participants would be interested in such an option.

Chairman Cross discussed Prudential’s display of share values for the defined contribution plan (Retirement Income Plan) on the employee section of the website. Previously he could see share value out to four decimal places. Now the display shows only two decimal places. Staff was asked to contact Prudential to determine if the share values were rounded for display or truncated.

Mr. Tierney asked about Prudential’s display of defined benefit plan data on the website. The website indicated data was current through September 30. Staff said that salary data was current through that date but service credit was current through December 31 of the prior year. Staff was asked to contact Prudential.

SEMINARS

Staff reported on the December 6th and 7th seminars. These were the first seminars geared entirely towards participants in the defined contribution plans (Retirement Income Plans). The response of those attending was overwhelmingly positive. However, the turnout was modest. Staff indicated there would be a few more such seminars and hoped that word of mouth and additional advertising would increase participation.

ADJOURNMENT

A motion was made by Mr. Lockwood and seconded by Mr. Milner to adjourn. The meeting was adjourned at 9:58 AM.

NEXT MEETING

The next meeting will be February 21, 2008, at 8:30 AM in the Sister Cities Conference Room (1101).

HANDOUTS

Distributed in advance:

- Agenda
- Schedule of the 2008 Pension Board meetings
- Draft of the November 7, 2007 minutes
- Monthly Investment Reports
- Follow Up Items/Old Business
- Sample biweekly wire transfer instructions (Employee and employer contributions)
- Summary of Activity 2007
- Letters dated December 2007 from Prudential reporting interest rates for the Guaranteed Deposit Account for the period January 1, 2008 through June 30, 2008.

Distributed During the Meeting:

- Investment Management Business Models
- Five-year report card for PIMCO (from Barry Bryant)