

**MINUTES OF DECEMBER 19, 2013 RETIREMENT BOARD
CITY OF ALEXANDRIA
FIREFIGHTERS AND POLICE OFFICERS PENSION PLAN
INTERIM MEETING**

PRESENT

<u>Members</u>	<u>Others</u>
Michael Cross, ² Secretary, (Fire)	Steven Bland, Retirement Administrator
Patrick Evans ¹ (Fire)	Bryan Capelli, Retirement Specialist
Tom Gates, ³ Chairman, (Management)	Kadira Coley, Retirement Specialist
Jean Kelleher ² (Management, Alternate)	Arthur Lynch, Retirement Specialist
Shirl Mammarella ³ (Police, Alternate)	Theresa Nugent, Communications Specialist
Ed Milner ¹ (Police)	
Nelsie Smith (Management)	
Al Tierney ² (Police)	
Laura Triggs ³ (Management)	

Absent:

Rick Muse ³ (Fire, Alternate)

Morgan Routt (Management)

Terms: 1/1/2014 – 12/31/2015

¹Purchase of Service Credit Committee

²Technical Corrections Committee

³Vendor & Service Provider

CALL TO ORDER

Mr. Gates called the meeting to order at 8:36 AM on December 19, 2013.

MEETING RECORD

There was a motion by Ms. Smith to approve the minutes of November 14, 2013. The motion was seconded by Ms. Triggs. Mr. Cross asked that approving the minutes be tabled because he was still reviewing the minutes. He did not indicate what was under review. Ms. Smith accepted an amendment to her motion to table the approval of the minutes at this time. Ms. Triggs accepted the change.

There was a motion was to

Table the approval of the November 14, 2013 minutes.
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The motion passed (6 – 0).

Mr. Evans arrived at 8:37 AM.

ADMINISTRATOR'S REPORTS

Regular Investment Reports

Staff explained how rebalancing was different for separate accounts and most comingled funds with monthly liquidity. The December Board meeting was held on the 19th, which is after most comingled funds cutoff for December 31 rebalancing. Staff referenced handout 2 (a) (i), the current recommended rebalancing is restricted to those funds with separate accounts. A follow-up on the rebalancing recommendation will be made in January.

Mr. Cross made a motion to

In the Pension component to sell \$1.4 million of Herndon – large cap value and buy \$1.4 million of PIMCO Total Return Fund – domestic fixed income.

Ms. Triggs seconded the motion. The motion passed (7 – 0).

Staff recommended a standing order permitting staff to rebalance up to 1% of the fund per month with the signature of the CFO (Ms. Triggs) required.

Mr. Cross made a motion to

Table the standing rebalancing motion until January's meeting to allow time to research previous motions on rebalancing.
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Ms. Triggs seconded the motion.

DISCUSSION: Board members expressed concern that the motion as written was too broad. It was requested that a new motion be drafted to include the following items:

- Purpose of rebalancing would be to correct an imbalance.
- Rebalancing could occur if Board is unable to meet to allow enough time for the rebalancing to occur.

The motion passed (7 – 0).

Handout 2 (a) (iii) on private equity was mentioned as initial calling of funds has occurred at a somewhat rapid pace.

Other Items

Handout 2 (b) was presented to address the claim that farmland prices never decline. Actually, they do, but the last significant decline was in the 1980s.

Handout 2 (b) (ii) (1) on risk metrics was requested by Bill Eger of the Supplemental Retirement Board.

Ms. Mammarella made a motion to

Authorize the use of pension funds to reimburse expenses for Bryan Capelli to travel to and attend the IFEBP investment conference in March. Expenses are to be shared on a pro-rata basis with other City retirement plans based on plan assets.

Mr. Evans seconded the motion. The motion passed (7 – 0).

Ms. Kelleher arrived at 8:48 AM.

OLD BUSINESS

2014 Calendar

Ms. Triggs made a motion to

Hold the annual Board Retreat on June 12th

Mr. Cross seconded the motion. The motion passed (8 – 0).

Global Tactical Asset Allocation

At the November meeting the investment consultant suggested a tactical asset allocation search. The consensus of the Board was to request an RFP. Dahab is posting the RFP on December 19th. The search could capture performance data through September 30 and definitely be ready by the February 13 meeting. If it captures data through December 31, 2013, then it might be completed by the February meeting. In the absence of a motion, staff's instructions to the consultant was to use their discretion.

ICMA-RC Transition Update

Staff reported on the administrative transition from Prudential to ICMA-RC for the defined contribution platform. The transition was very smooth. There were a limited number of issues that did arise, and they were all fixed very quickly. Now that the transition is over the focus of the next phase will be on employee communication and education.

NEW BUSINESS

Projects for 2014

Chairman Gates and staff reviewed a list of potential topics. After reviewing the list the Chair sought comments.

Mr. Tierney requested a discussion of active versus passive management.

He then raised a question about the Gainful Employment section in the plan document. Ms. Triggs said that had been addressed by the October 22, 2013 legislation. Mr. Triggs noted that she and the Plan Attorney are reviewing the disability re-certification process and she will keep the Board updated as they work through the process.

Mr. Tierney then asked about the administration of pension benefits. Ms. Triggs and staff discussed the past RFI for third party administrators. Currently the Pension Division is considering either directly issuing an RFP for Pension software to facilitate in house administration, or the extended process of first issuing an RFP for an I.T. consultant to facilitate the next step, the RFP for a pension administration software package. Staff is asked to give periodic updates of the process.

Mr. Cross requested a list of each vendor, their contract expiration date, the term of their contract, and the extension provisions.

Committee Composition & Assignments

PURCHASE OF SERVICE CREDIT COMMITTEE

Mr. Milner made a motion to:

Appoint Mr. Milner, Mr. Evans, and Mr. Bland to the Purchase of Service Credit Committee. The task of the committee is to design a potential plan amendment for a permanent open window for purchase of service credit. The committee will disband at the earlier of December 31, 2015 or at the completion of the project.

Mr. Tierney seconded the motion.

DISCUSSION: It was asked if there should or has to be a management representative. The plan's Policies and Procedures do not require a management representative. Staff indicated that should a proposal have any provisions that were not straight forward, or had any hidden costs, he would make it known.

The motion passed (8 – 0).

TECHNICAL CORRECTIONS AND PLAN DOCUMENT REVIEW COMMITTEE

Ms. Mammarella made a motion to:

Assign Mr. Cross, Ms. Kelleher, and Mr. Tierney to the Technical Corrections and Plan Document Review Committee to a term ending December 31, 2015.

Mr. Evans seconded the motion. The motion passed (8 – 0).

TRAINING OPPORTUNITIES COMMITTEE/POLICES & PROCEDURES

Staff referenced a recommended motion that would eliminate the Training Opportunities Committee and that would restate the plan's Policies and Procedures to reflect the change in the committee structure.

Mr. Tierney made a motion to:

1. Eliminate the standing committee - Training Opportunities Committee.

Section X, Subsection A will now read:

A. Establishing Standing Committees

The Board may establish two standing committees: 1) Technical Corrections and Plan Document Review Committee, 2) Vendor & Service Provider Review Committee. The selection of the composition of the committee shall be set forth in a motion. At the committee's first meeting it shall select a chair.

2. Amend the purpose of the Technical Corrections and Plan Document Committee and the Vendor & Service Provider Review Committee.
3. Re-title and renumber - Section X – subsection D-F to be subsection D a. & b.

Section X, Subsection D will now read:

D. Purpose

a. Technical Corrections and Plan Document Review Committee

The purpose of the Technical Corrections and Plan Document Review Committee is to review any proposed changes to the Plan Document, **including, but not limited to: compliance, scrivener's errors, and consistency**. The committee may be asked to initiate a review of any cost neutral change to the plan document. It may also review proposed changes to the Plan Document that are suggested by an ad hoc committee (whether or not they are cost neutral).

b. Vendor & Service Provider Review Committee

The purpose of the Vendor & Service Provider Review Committee is to review the contract, terms, services of the Board's outside vendors and internal staff. This would include the actuary, attorney, **custodial bank**, investment consultant, and employees of the Pension Administration Division. **The committee will also survey trustees and staff annually to evaluate performance.**

Ms. Mammarella seconded the motion.

DISCUSSION:

The board has a need to be kept apprised of seminars, classes, certification programs, speakers, books, articles, websites, webinars, or topics that would enhance the trustee's knowledge in Board related topics. This is best served by a cooperative effort of the board members themselves (many of whom receive regular communications from the IEFBP and other pension & investment related organizations) and staff.

The motion passed 8-0.

VENDOR & SERVICE PROVIDER REVIEW COMMITTEE

Mr. Tierney made a motion to:

Assign Mr. Gates, Ms. Mammarella, Mr. Muse, and Ms. Triggs to the Vendor & Service Provider Review Committee to a term ending December 31, 2015.

Ms. Mammarella seconded the motion.

DISCUSSION: It was asked why the committee should be staffed at this time if there are no current RFPs. Staff indicated the basic question of “Does the vendor continue to provide service of a quality and price that merits continuing the contract?” should not wait until the end of the contract. A simple annual email survey might highlight concerns much earlier than contract end.

The motion passed 8-0.

ADJUSTMENT MECHANISM COMMITTEE & DISABILITY COMMITTEE

Staff suggested the Disability Committee and the Adjustment Mechanism Committees be disbanded. Their work was complete and reports on topics relating to their former tasks should be delivered to the full board.

Mr. Milner made a motion to:

Disband the Adjustment Mechanism Committee and the Disability Committee.

Ms. Triggs seconded the motion.

The motion passed (7 – 1).

In favor:

Mr. Cross
Mr. Evans
Mr. Gates
Ms. Kelleher
Ms. Mammarella
Mr. Milner
Ms. Smith
Ms. Triggs

Opposed:

Mr. Tierney

CAPPP Classes

There was a motion by Mr. Tierney:

To authorize the fund reimbursing the expenses of Mr. Evans, Mr. Milner, and Mr. Tierney taking the CAPPP II class in Boston in October.

Ms. Triggs seconded the motion.

DISCUSSION: Ms. Mammarella suggested members demonstrate they actually attended the class. Ms. Triggs suggested that is best served by the trustees providing the highlights of what they learned at the conference

The motion passed (8 – 0).

NEXT MEETINGS

1. Thurs., January 9th 8:30 AM, Council Workroom, Interim Meeting, **NOTE LOCATION**
2. Thurs., February 13th 8:30 AM Council Workroom, Joint Due Diligence Meeting, **NOTE LOCATION**
3. Thurs., March 13th 8:30 AM, Sister Cities Room 1101, Interim Meeting

ADJOURNMENT

The meeting adjourned at 9:29 AM.

HANDOUTS

Distributed to Board members in the Board Packet:

Agenda
Minutes of Prior Meeting [1(a)]
Monthly Investment & Rebalancing Report [2(a)(i)]
Private Equity Report Cash Flows [2(a)(iii)]
Iowa Farmland [2(b)]
Administrator's Follow-Up Items [2(b)(i)]
Quick Guide to Risk Metrics [2(b)(ii)(1)]
Recommended Motions & Action Items [2(c)]
Board Meeting Calendar [3(a)]
Projects for 2014 [4(a)]
Committee Review [4(b)]
Rules of Procedure (dated 10/11/2012) [4(c)]