

**MINUTES DECEMBER 9, 2021 RETIREMENT BOARD  
CITY OF ALEXANDRIA  
SUPPLEMENTAL RETIREMENT BOARD  
DUE DILIGENCE MEETING**

**PRESENT:**

<u>Members</u>	<u>Others</u>
Lynda Barbieri-Strain <sup>2</sup> , (General Schedule)	Barry Bryant, Dahab Associates
Jina Edwards (General Schedule)	Joe Caligiuri, Champlain
Robert Gilmore <sup>1</sup> (Deputy Sheriff)	Kadira Coley, Retirement Administrator
Jean Kelleher <sup>1</sup> (Management)	Patrick Evans, Fire and Police Board
James Mikell (Medic/Fire Marshal)	Angie Hollbrook, Champlain
Laura Triggs <sup>2</sup> (Management)	Dylan Kempton, Fire and Police Board
	Arthur Lynch, Retirement Specialist
	Shirl Mammarella, Fire and Police Board
	Ed Milner, Fire and Police Board
	Geoff Mullen, Landmark
	Rick Muse, Fire and Police Board
	Jason North, Fire and Police Board
	Theresa Nugent, Retirement Specialist
	Kathryn Regan, Landmark

<sup>1</sup>Technical Corrections and Plan Document Review Committee

<sup>2</sup>Vendor & Service Provider

**Absent:**

- Kelsea Bonkoski, (Medic/ Fire Marshal Alternate)
- Philip Pugh (Management – Alternate)
- Sharon Vaughan-Roach (Management)
- Lillian Vagnoni (General Schedule)
- Valarie Wright<sup>2</sup> (Deputy Sheriff- Alternate)

**CALL TO ORDER**

The meeting was called to order at 8:55 AM on Thursday, December 9, 2021 without a quorum.

**MEETING RECORD**

Meeting minutes were approved once a quorum was attained.

Ms. Barbieri-Strain made a motion to:

Approve the September 9, 2021 minutes.

Mr. Mikell seconded the motion. The motion was unanimously approved (6-0).

Ms. Barbieri-Strain made a motion to:

Elect Ms. Triggs to take over as secretary.
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Mr. Mikell seconded the motion. The motion was unanimously approved (6-0).

## **FINANCIAL & QUARTERLY REPORT REVIEW**

Dahab reviewed their quarterly report and went over the markets during the third quarter of 2021.

- Returns were relatively good for the quarter but there was not much return to be had.
- GDP was 2%, expected to be a lot better than that mostly due to supply chain concerns.
- 4<sup>th</sup> quarter GDP estimates are much higher, around 6%.
- Growth stocks and value stocks performed about the same.
- The fund had a 0.3% return ranking in the 27<sup>th</sup> percentile.
- Manager performance helped the Plans performance the markets return was -0.8%.
- Wellington and RAFI underperformed, Polen did well and Champlain did very well.
- The Plan is in the top 5% for the 1 year, 3 year, 5 year and 10 year returns.
- Mr. Bryant noted that the 2<sup>nd</sup> quarter return was reported as 5.2% and with the alternative assets added now, which were not available when reported, the Plan actually made a 5.8% return, raising the ranking from the 46<sup>th</sup> percentile to the 21<sup>st</sup> percentile.
- Mr. North asked if it is appropriate to have a large cap manager that is more defensive for down markets or should we have a more aggressive manager.
  - They should be both, if the market goes up they should capture most of it and be defensive on the downside.

The meeting was officially called to order at 9:50 AM when a quorum was attained.

- Polen has acquired an \$8 billion high yield firm.
  - Polen has performed well most quarters. The concern is that as companies get bigger they can become less effective. Given this Mr. Bryant expressed concern about this acquisition.

## **MANAGER PRESENTATION – LANDMARK (GEOFF MULLEN, KATHRYN REGAN)**

- Geoff Mullen introduced himself, his team, the nature of their business and experience and the secondaries market.
- Portfolios are diversified by strategy, geographic location, company, industry, and sector due to the many managers and companies included.
- Fund size is about \$2 billion, a mid-market fund size at the time it was raised.
- The City committed \$4.5 million to the fund and was fully invested in 2013.

- Mr. Bryant asked how Landmark measures private equity returns in a way that makes them comparable to the public market.
  - There is a measurement called Public Market Equivalent, it looks at the return you would have received investing in the public market (S&P 500 Index fund) at the same amount and time as you did in the private equity fund, and you can compare that the private equity return you received.
  - Landmark's goal is beat the Private Market Index by 4-5 percent.
- Landmark noted that they are currently raising money for their Fund 17.
- Mr. Bryant asked for an explanation of infrastructure as a bond substitute.
  - Only about 60% of the total return comes from capital appreciation, 40% comes from income. The higher income component makes it more bond like than private equity.
- Ms. Coley asked about the firms approach to sustainability and ESG.
  - ESG is a very important part of the investment process. Landmark's ability to directly influence the ESG policies of companies is limited but they can measure the policies of the companies they are investing in, so they make sure they have strong grasp of the policies when deciding what to invest in. For current companies they re-evaluate annually.

## **MANAGER PRESENTATION – CHAMPLAIN (JOE CALIGIURI, ANGIE HOLLBROOK)**

- Angie Hollbrook introduced herself, her team, the nature of their business, and experience.
- Mr. Bryant inquired about the 1-year return number which was their worst return ranking in the 46<sup>th</sup> percentile with a 40% return. He wanted to know what managers at the top do to get such a high return.
  - Most managers look for companies they look for quantitative factors and we look for qualitative factors. Our starting pool of companies gets narrowed down right away to about two thirds of the market. Results can lag so we focus on the 3-year return rate and market performance.
- Ms. Kelleher asked how much of the software companies involve artificial intelligence.
  - We don't own any companies specifically in artificial intelligence, but some companies we have do have artificial intelligence components incorporated in them.
- Mr. Bryant asked what their view on inflation is.
  - Champlain has no firm view on inflation. Mr. Caligiuri views certain components of inflation such as labor and wages as remaining constant and higher but other parts are transitory due to the time period that we are in.
- Ms. Triggs asked about the firms approach to sustainability and ESG.
  - Making a big push in 2022 to communicate better what Champlain's process is regarding ESG. Most of the companies we invest in have high ESG ratings naturally due to the 5 industries we focus on in our selection process.
  - Ms. Triggs asked what the difference is in not being an activist in ESG but being honest and insightful.
    - This big difference is that we don't make written statements or demands but offer our opinion.

## **ADMINISTRATORS REPORTS**

### *Regular Investment Reports*

Reports were included in the Board Packet

### *Cash Flows Reports*

Reports were included in the Board Packet.

### *Other Items*

Reports were included in the Board Packet.

### *Other Items*

Education, seminars, conferences & training

- Upcoming virtual and in-person training opportunities were included in the packet.

Ms. Barbieri-Strain made a motion to:

Approve travel to training listed on the education list for the 2022 year.
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Mr. Mikell seconded the motion. The motion was unanimously approved (6-0).

Calendar for 2022

- Calendar for 2022 included in the Board Packet.

## **OLD BUSINESS**

None

## **NEW BUSINESS**

None

## **NEXT MEETINGS**

- a. Wed. January 5<sup>th</sup> at 8:45 AM – Interim Meeting, Sister Cities 1101
- b. Wed February 2<sup>nd</sup> at 8:45 AM – Interim Meeting, Sister Cities 1101
- c. Thur. March 10<sup>th</sup> at 8:45 AM – Joint Due Diligence Meeting, Sister Cities 1101

## **ADJOURNMENT**

The meeting adjourned at 10:58 AM.

## **HANDOUTS**

### **Distributed to Board members in the Board Packet:**

Agenda
Minutes of Prior Meeting

Monthly Investment & Rebalancing Report
Volatility Report
Private Equity Cash Flow Reports
Real Estate Cash Flow Report
Timber Cash Flow Report
Upcoming Education Sessions
Calendar 2022

**Distributed to Board members at the meeting:**

Dahab Performance Review September 2021
Landmark Due Diligence Presentation
Champlain Due Diligence Presentation