



Ms. Kelleher made a motion to:

Elect Ms. Triggs to take over as secretary for the 2021-2022 year.
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Mr. Evans seconded the motion. The motion was unanimously approved (5–0).

## **Financial & Quarterly Report Review**

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

Dahab: Barry Bryant

- Returns were relatively good for the quarter but there was not much to be made for anyone.
- 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.
- Growth stocks and value stocks performed about the same.
- The fund had a 0.3% return ranking in the 29<sup>th</sup> percentile.
  - The ranking is lower than the Supplemental Plan due to rounding.
- Manager performance helped the Plans performance the markets return was -0.8%.
- Manager differences between the Fire and Police and Supplemental Plan
  - FP have the London Company instead of Brandywine in large cap value
  - FP have Brandes instead of RAFI in emerging markets.
  - Champlain and Polen performed very well.
  - The London Company did not perform as well as Brandywine.
- This fund is more aggressive than Supplemental which accounts for the outperformance.
- Champlain and a stronger midcap allocation helped the performance this quarter.
- A trustee asked if there are any concerns with The London Company's performance.
  - Mr. Bryant answered that to see how a manager is doing you need to look at the net of fees page performance since inception.
  - The London Company's net of fees return since inception is 24.9% compared to the 32.8% benchmark but they haven't been with the Plan very long.
  - The London Company did very well during the pandemic quarter, the Plan did not have them in the portfolio at that time.
  - A manager should be held for at least 5 years before making a judgment about their performance.
- 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*

Education, seminars, conferences & training

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

Mr. Evans made a motion to:

Approve travel to training listed on the education list for the 2022 year.
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Ms. Kelleher seconded the motion. The motion was unanimously approved (5–0).

Calendar for 2022

- Calendar for 2022 included in the Board Packet.

## **COMMITTEE REPORTS**

### *Technical Corrections and Plan Document Review Committee*

No report was given.

### *Vendor & Service Provider Review Committee*

No report was given

## **OLD BUSINESS**

None

## **NEW BUSINESS**

None

## **NEXT MEETINGS**

- a. Thur. January 13<sup>th</sup> at 8:45 AM – Interim Meeting, Sister Cities 1101
- b. Thur. February 10<sup>th</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