

**MINUTES OF MARCH 13, 2025 CITY OF ALEXANDRIA
SUPPLEMENTAL RETIREMENT BOARD
JOINT DUE DILIGENCE MEETING**

PRESENT:

<u>Members</u>	<u>Others</u>
Robert Gilmore (Deputy Sheriffs) - Chair	Barry Bryant, Consultant – Dahab Associates
Julian Gonsalves (Management)	Joseph Cavanaugh (Police)
Kimberly Hurley, General Schedule	Kadira Coley, Staff
Katherine Key (Management)	Patrick Evans (Fire)
Jim Moore, Supplemental Board	Diana Fuentes, Staff
Alethea Predeoux (Alternate- Management)	Catisha Jackson, Staff
Robert Stackhouse, General Schedule	Richard Keenan, Hardmon Johnston
Kendel Taylor (Management)	Ryan Klein (Police)
Dana Wedeles, (General Schedule – Alternate)	Nicole LaPoint, Staff
	Arthur Lynch, Staff
	Rick Muse (Alternate – Fire)
	Jim Pontone, Hardmon Johnston
	Steven Roth, Dahab Associates
	Lawrence Taylor, Brandes

¹Technical Corrections and Plan Document Review Committee

²Vendor & Service Provider

Absent:

Cassandra Branch-Dibella (Deputy Sheriffs – Alternate)

Elizabeth (Honaker) Fox (Medic/Fire Marshal)

Darryl Stanton (Medic/Fire Marshal – Alternate)

Arthur Wicks (Management) - Secretary

Mr. Cavanaugh arrived at 8:55 AM. Mr. Muse arrived at 9:25 AM.

CALL TO ORDER

The meeting was called to order at 8:48 AM Thursday, March 13, 2025.

Everyone in the room introduced themselves to start the meeting.

MEETING RECORD

Meeting minutes were approved.

Mr. Moore made a motion to:

Approve the February 5, 2025 minutes.

Ms. Hurley seconded the motion. The motion was approved (5-0-1). Mr. Gonsalves abstained.

MANAGER DUE DILIGENCE PRESENTATION – HARDMAN JOHNSTON

(Richard Keenan and Jim Pontone)

- Mr. Bryant gave an overview of Hardman Johnston and the Plans' investments with them.
- Hardman Johnston is 100% employee owned with a concentrated growth focused strategy. They are a global/international equity manager.
- They only invest in companies they believe can grow at least 10% over their 3-5 year period.
- 2022 was a bad period for the Fund due to investments in China. Hardman Johnston thought China would pull out of the COVID decline like the US and other markets and that did not happen.
- Historically the Fund has outperformed the market due to their stock selection process.
- Mr. Klein asked if there is a cap limit in companies looked at.
 - Due to liquidity, they do not invest in companies less than 10B and they tend to invest in mid cap and large cap stocks.
- Mr. Moore asked for more details on their strategy and when they sell or buy.
 - When buying they look for growth stocks that have a competitive advantage and will continue to experience growth for the next 3-5 years.
 - If the growth falls in the next 3-5 years or the growth no longer justifies a high valuation they will sell.
- Mr. Klien asked how they manage the price of the dollar.
 - The dollar strength is dropping, which is good for the international market and companies.
- Ms. Coley asked them to explain their approach to sustainability.
 - Having good sustainability practices is a sign of a quality company. They look at the companies' ESG policies and how they are going to impact the company's earning potential and if so how when deciding to add a company to the portfolio.

MANAGER DUE DILIGENCE PRESENTATION BRANDES (Lawrence Taylor)

- Mr. Bryant gave an overview of Brandes and the Plans investments with them.
- Brandes is an emerging markets manager. They have 8 global sector teams with 25 analysts and 16 research associates searching for value companies and producing a report for review by the Security teams before decisions are made on what to invest in.
- The portfolio is concentrated heavily in large cap, but they will invest in all caps.
- Ms. Key asked about the weight in India.
 - There is nothing compelling enough in the valuation to invest there currently, Brandes had stocks there in previous years.
- Mr. Gonsalves asked about the positions over the last year.
 - Mexico has had concerns about tariffs, currency, and the US relationship which has allowed Brandes to invest in leading companies in Mexico at a depressed price and these companies are focused on growing in Mexico.
- Ms. Coley asked them to explain their approach to sustainability.
 - Brandes has had an ESG team since about 1999 that reviews companies. The team is focused on how the company's ESG values affect the risk of the stock and adjust their fair value accordingly to determine if they will invest but they do not exclude companies for ESG factors alone.

FINANCIAL & QUARTERLY REPORT REVIEW

- Mr. Bryant gave an overview of the current market and the fourth quarter of 2024 returns.
- The Supplemental plan returned -1.2% and landed in the 54th percentile.
- Currently the 1st quarter 2025 has done a complete reversal from 4th quarter trends.
- Unemployment and labor markets through the end of the year were strong.
- Markets did well domestically due to the strength of the dollar.
- Foreign markets were down.
- Public equity managers did better than the shadow index and the Plan also did better than the shadow index.
- Plan allocation is overweight in value and mid cap stocks. These two asset classes did not do as well as the large cap growth stocks. The foreign stock allocation also hurt the fund's return this quarter even though all the foreign managers beat the benchmark.
- The market is slowing down right now due to the uncertainty related to policies coming from the White House.
- Mr. Roth thinks that the back half of this year will be better once we get through this period of uncertainty.
- Mr. Gilmore asked about the large negative returns on the Plan the last couple years.
 - The active manager Polen did not help the numbers and contributed to a lot of those negative returns. They had strong returns when they were chosen but were not able to maintain them which is why the Plan has terminated them as a manager.

ADMINISTRATORS REPORTS

Regular Investment and Cash Flow Reports

The rebalancing report is not yet completed. Rebalancing will be facilitated soon.

Other Items

An updated education listing was provided.

Ms. Coley noted that for those who started the CAPPP program but did not finish before it was discontinued, a new class, the public plan trustee institute is now available and if completed by the end of 2026 you can still receive the CAPPP certification.

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

- Wednesday, April 2nd at 8:45 AM – Interim Meeting

- b. Wednesday, May 7th at 8:45 AM – Interim Meeting
- c. Thursday, June 12th at 8:45 Due Diligence Meeting

ADJOURNMENT

The meeting adjourned at 11.21 AM.

HANDOUTS

Distributed to Board members in the Board Packet:

Agenda
Minutes of Prior Meeting
Education Listing
Periodic Table of Investments
2025 COLA

Distributed to the Board members at the meeting:

Dahab Performance Review December 2024 (Specific to your plan)
Hardman Johnston Presentation
Brandes Presentation