

**MINUTES OF JUNE 12, 2025 CITY OF ALEXANDRIA
SUPPLEMENTAL RETIREMENT BOARD
JOINT DUE DILIGENCE MEETING**

PRESENT:

<u>Members</u>	<u>Others</u>
Laura Gates (Management)	Barry Bryant, Consultant - Dahab Associates
Julian Gonsalves (Management)	Kadira Coley, Staff
Kimberly Hurley (General Schedule)	Patrick Evans, Fire and Police Board
Katherine Key (Management)	Diana Fuentes, Staff
Jim Moore (General Schedule)	Hillary Goldberg, Wellington
Robert Stackhouse (General Schedule - Alternate)	Catisha Jackson, Staff
Darryl Stanton (Medic/Fire Marshal – Alternate)	Dylan Kemption, Fire and Police Board
Dana Wedeles (General Schedule – Alternate)	Ryan Klein, Fire and Police Board
Arthur Wicks (Management) – Secretary	Nicole LaPoint, Staff
	Arthur Lynch, Staff
	Shirl Mammarella, Fire and Police Board
	Dan Murry, UBS
	Rick Muse, Fire and Police Board
	Michael O’Brian, Wellington
	Julie Pierro, UBS

¹Technical Corrections and Plan Document Review Committee

²Vendor & Service Provider

Absent:

Cassandra Branch-Dibella (Deputy Sheriffs – Alternate)

Elizabeth (Honaker) Fox (Medic/Fire Marshal)

Robert Gilmore (Deputy Sheriffs) – Chair

Alethea Predeoux (Alternate- Management)

CALL TO ORDER

The meeting was called to order at 8:51 AM Thursday, June 12, 2025.

Everyone in the room introduced themselves to start the meeting.

MEETING RECORD

Meeting minutes were approved.

Ms. Key made a motion to:

Approve the April 2, 2025 minutes.

Mr. Moore seconded the motion. The motion was approved (6-0-1). Ms. Gates abstained.

- Mr. Bryant gave an overview of Wellington and the Plans’ investments with them.

- Wellington gave an overview of the company and their business model and explained their approach to selecting stocks.
 - Company's 4 key distinctions:
 - private partnership – helps to retain quality talent and align interests
 - Singularly focused on managing clients' assets
 - Organize assets – central research function
 - Culture – allows for diversity of thought
 - Overview of Emerging Markets Research
 - Team Managed Approach – 13 PMs
 - Sector Neutral – align to the benchmark
 - Style Neutral – what works best in the sector
 - Rebalance quarterly
- Wellington analysts' average experience is 25 years in the industry.
- Mr. Gonsalves asked about their private partnership approach.
 - A large part of the compensation for analysts is based on the 3-5 year returns which help align incentives and performance among the analysts for long-term success.
- Year to date Wellington has beath the benchmark but they acknowledge the long-term performance needs to improve.
- Wellington explained the two underperforming years for 2021 and 2022 and the changes they implemented in 2023 such as adding exposure in India and Tiwan and consolidating exposure in China which have increased their performance numbers since.
- Mr. Gonsalves asked about the possibility of China invading Taiwan and how that would affect returns.
 - Wellington explained that analysts have been asked to have contingency plans for such risks, but the risk is low.
- Mr. Bryant then asked to clarify that the chance of China invading Taiwan is low.
 - Yes, Wellington is prepared in case an invasion happens, but it is currently recognized as a low risk due to the information from analysts who have been in the countries talking to leaders.
- Ms. Key asked to clarify if the standard deviation on page 9 is correctly listed at 35%.
 - The standard deviation is correct. It is easier to determine which companies are the better pick when there is not a tight range of returns. Wellington noted there is a wide range of winners and losers.

MANAGER DUE DILIGENCE PRESENTATION UBS (Dan Murry, Julie Pierro)

- Mr. Bryant gave an overview of UBS and the Plans investments with them.
- UBS gave a high-level overview of the Fund. They noted that Jim McCandless retired on April 30th but he remains on their board and is still involved with the firm.
- The funds target composition is 60% commodity crops, 20% vegetable crops and 20% permanent crops. They noted the fund is geographically diversified across the US.
- UBS is one of the original four companies in the NCRIEF index which just had its first negative return since inception. They are one of nine companies currently in the benchmark.
- Mr. Stackhouse asked about water rights.
 - The water rights are tied to the acres which are acquired by UBS, it's a top priority of the underwriting process.

- Mr. Evans asked about the unused acres on the properties.
 - Every farm has unused acres for various reasons which is unavoidable, but UBS makes sure the farms acquired have minimal unused acres.
- Mr. Muse inquired about the negative return in the pacific west area.
 - The primary reason for the negative return is the weather effect on the nut market and UBS was able to still beat the benchmark even with a negative return which they look at as a good sign.
- Mr. Wicks asked if there are any thoughts on changing the weight distribution of crop types with the changing immigration policies.
 - UBS does not do any farming on its own, but they do keep in contact with the tenants who have not expressed any concerns. The tenants use the H2A program which allows them to be able to keep workers here and UBS has helped create housing that is up to code on the farms to secure the labor supply.

FINANCIAL & QUARTERLY REPORT REVIEW

- Mr. Bryant gave an overview of the current market and the returns in the first quarter of 2025.
- The Supplemental plan returned 0.3% and landed in the 47th percentile.
- Hardman Johnston's performance helped the fund's return.
- Champlain has been below the benchmark for the last few quarters but is still ahead of the benchmark for the 10-year return and since inception return.
- Ms. Mammarella asked if the Board should be focusing on the 5-year and less returns.
 - Mr. Bryant explained that typically the long-term numbers are looked at as a good interpretation of the company's success. Mr. Bryant recommended bringing Champlain in sooner rather than later to allow them to explain their performance.
- Mr. Gonsalves suggested looking at similar managers' long-term performance for comparison.
 - Mr. Bryant stated that Dahab can look at other managers and there is always going to be someone outperforming but you also must factor in costs and what it would take to jump to another manager.
- Ms. Wedeles noted that with the diversity the portfolio has, there is always going to be a manager that is underperforming at some point and if it is just one manager then the fund is in a good place.
- Economy numbers were good except for the GDP. GDP was negative due to accelerated imports ahead of the tariff deadlines. GDP is expected to balloon in the second quarter.

ADMINISTRATORS REPORTS

Regular Investment and Cash Flow Reports

The rebalancing report is not yet completed. Rebalancing will be executed once available.

Other Items

An updated education listing was provided.

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:

Investment Policy Statement

Mr. Bryant explained the changes made to the IPS, which include removing Polen and adding US Ag.

Ms. Hurley made a motion to:

Approve the updated IPS.

Ms. Wedeles seconded the motion. The motion was approved (7-0).

NEXT MEETINGS

- a. Thursday, July 10th at 8:45 AM – Annual Educational Retreat
- b. Wednesday, August 6th at 8:45 AM – Interim Meeting
- c. Thursday, September 11th at 8:45 Due Diligence Meeting

ADJOURNMENT

The meeting adjourned at 12:07 PM.

HANDOUTS

Distributed to Board members in the Board Packet:

Agenda
Minutes of Prior Meeting
Education Listing

Distributed to the Board members at the meeting:

Dahab Performance Review March 2025 (Specific to your plan)
UBS Presentation
Wellington Presentation
Investment Policy Statement