

MINUTES OF SEPTEMBER 09, 2021 CITY OF ALEXANDRIA FIREFIGHTERS AND POLICE OFFICERS PENSION BOARD DUE DILIGENCE MEETING

PRESENT:

<u>Members</u>	<u>Others</u>
Shari Davidson, Secretary (Management)	Lauren Albanese, Public
Patrick Evans ¹ (Fire)	John Kevin Balaod, Public
Jean Kelleher ¹ (Management)	Lynda Barbieri-Strain, Supplemental Retirement Board
Dylan Kempton (Fire)	Adriana Bradford, Retirement Specialist
Shirl Mammarella ² (Alternate – Police)	Barry Bryant, Dahab Associates
Ed Milner, Chair (Police)	Kadira Coley, Retirement Administrator
Rick Muse ² (Alternate – Fire)	Debra Collins, OPEB
Jason North (Police)	Kevin Condry, Dahab Associates
Philip Pugh (Management – Alternate)	Marl DeVaul, London Company
Sharon Vaughan-Roach (Management)	Jina Edwards, Supplemental Retirement Board
	David Elive, Pageant Media
	Michael Fleisher, Brandywine
	Robert Gilmore, Supplemental Retirement Board
	Jeff Kuchta, &Co Consulting
	Nicole LaPoint, Pension Accountant
	Arthur Lynch, Retirement Specialist
	James Mikell, Supplemental Retirement Board
	Theresa Nugent, Retirement Specialist
	Brian Power, Polen Capital
	Steve Roth, Dahab
	Elizabeth Stevko, Brandywine
	Kendel Taylor, OPEB
	Andrew Tuite, London Company
	Anthony Xuereb, Polen Capital

¹Technical Corrections and Plan Document Review Committee

²Vendor & Service Provider

Absent:

Laura Triggs² (Management)

CALL TO ORDER

The meeting was called to order at 8:47 AM Thursday, September 9, 2021.

This meeting was held jointly with the Supplemental Retirement Board and the Other Post-Employment Benefits Trust Board. The following statement was read aloud.

Due to the COVID-19 Pandemic emergency, the September 09, 2021 meeting of the Firefighters and Police Officers Pension Board, Supplemental Retirement Board, and Other Post Employment Benefit Trust Board are being held electronically pursuant to Virginia Code Section 2.2- 3708.2(A)(3), the Continuity of Government ordinance adopted by the City Council on June 20, 2020 or Section 4-0.01(g) in HB29 and HB30, enacted by the 2020 Virginia General Assembly (Virginia Acts of Assembly Ch. 1283 and 1289), to undertake essential business. All of the members of the Board and staff are participating from remote locations through a video conference. This meeting is being held electronically, unless a determination is made that it is safe enough to be held in person in the City Council Chamber at 301 King Street, Alexandria, VA. Electronic access will be provided in either event. The meeting can be accessed by the public through this https://alexandria.granicus.com/player/clip/5177?view_id=29&redirect=true. No public comment will be received at the meeting but you can email retirement@alexandriava.gov with any comments or questions.

MEETING RECORD

Mr. North made a motion to:

Approve the June 10, 2021 minutes.

Ms. Davis seconded the motion. The motion was unanimously approved (8–0).

Financial & Quarterly Report Review

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

Dahab: Barry Bryant, Kevin Condy and Steve Roth

- GDP was up 6.5%.
- The economy and the market are continuing recovery.
- The S&P index is up.
- Growth stocks did better than value stocks and large cap did better than small cap.
- The fund had a 6.2% return ranking in the 13th percentile.
- This fund is more aggressive than Supplemental which accounts for the outperformance.
- Champlain and a stronger midcap allocation helped the performance this quarter.

MANAGER PRESENTATION – THE LONDON COMPANY (ANDREW TUITE, MARK DEVAUL)

- Andrew Tuite introduced himself, his team, and the nature of their business and experience.
- The company's goal is to outperform the Russell 1000 index, they look for companies they can hold for 5 or more years.
- The company has \$35 billion in assets.
- They perform better during flat or down markets while hoping to catch 85-90% of up markets.
- Mr. Condy inquired about the Apple stock London holds since Berkshire also holds a large portion of Apple.
 - Mr. DeVaul stated that they have recently trimmed back their apple position a few times this year to make sure they don't have too many double stocks.
- Ms. Coley asked about the sale of their Coca-Cola stock.
 - They had held the Coca-Cola stock for 15-20 years and felt the stock was overvalued so they sold to look for better options in other businesses.

MANAGER PRESENTATION – POLEN (BRIAN POWER, ANTHONY XUERE)

- Anthony Xuereb introduced himself, his team, the nature of their business, and experience.
- The company is 71% owed by employees, 9% by the Polen Family Trust and 20% by the iM global partner.
- The company has \$73 billion total assets, which grew from \$2 billion when the Board hired them.
- The portfolio aims to add balance during tough times but also stays competitive during good markets.
- Five year return rate of 25.16% exceeding the Russell 100 growth index.
- Mr. Condy questioned the full sale of Dollar General stocks.
 - The stocks were sold because while they held the stock for a number of years the business

has reached the point where new growth is limited, new stores would lead to market saturation. They believe business was artificially boosted during the pandemic while they were the only stores open and it was a good time to sell and look for new opportunities.

- Ms. Coley asked about the firm's approach to sustainability and ESG.
 - Since they plan to hold companies for long term, when deciding companies to invest in they pay a lot of attention to how the companies treat ESG.

MANAGER PRESENTATION - BRANDYWINE (MICHAEL FLEISHER, ELIZABETH STEVKO)

- Elizabeth Stevko introduced herself, her team, the nature of their business, and experience.
- Brandywine looks for stocks that cheap, high quality and will be increasing in price.
- Mr. Bryant inquired why the fund was underweight in industrials.
 - The industrial category could be better but they are finding that it is expensive.
- Mr. Condy asked if the one year performance return has held steady through the end August.
 - The year to date number looks flat right now mostly due to the COVID 19 Delta variant.

ADMINISTRATORS REPORTS

Regular Investment Reports

- Rebalancing back to target recommended.

Ms. Mammarella made a motion to:

Rebalance to target based on Staff recommendation to sell \$5M Polen, \$5M Champlain and buy \$8M Prudential Cash and \$2M Standish for Fire and Police Pension Plan.

Mr. Kempton seconded the motion. The motion was unanimously approved (8–0).

Ms. Mammarella made a motion to:

Rebalance to target based on Staff recommendation to sell \$400K Polen, \$2M Champlain and buy \$400K PIMCO Fixed Income and \$2M Prudential Cash for the Fire and Police Disability Plan.
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Mr. Pugh seconded the motion. The motion was unanimously approved (8–0).

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.
 - The City has not updated its travel policy since it suspended out of state travel last year.
 - IFEBP has updated their upcoming trainings to include some online options.

Vendor Updates

- & Co Consulting Introduction – Jeff Kutchta

- Ms. Coley announced the winner of the Defined Contribution Consultant contract and introduced Mr. Kutchta to the Board.
- Mr. Kutchta gave a brief overview of the company, their team, and how they operate.
- Empower/ Prudential Transition
 - Empower has grown to be the second largest company in the Defined Contribution business and has recently acquired the investment part of Prudential.
 - They are interested in the City's portfolio since they have not been involved in the Defined Benefit side of retirement.
 - Processes will not be converted until about July and they have asserted nothing will change.
- MissionSquare (ICMA-RC) with SS&C
 - ICMA-RC has rebranded and changed their name to MissionSquare.
 - The back office has changed hands to SS&C so Staff will be working with an SS&C member instead of MissionSquare.
- Comerica
 - Is converting their accounting platform.
- VRS
 - Is moving to allow on-line retirement processing.

Hybrid Meeting Policy

Ms. Mammarella made a motion to:

Accept the hybrid meeting policy document.

Ms. Davidson seconded the motion. The motion was unanimously approved (8–0).

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

Coca-Cola – Mario Alba, RGRD

- Mr. Alba was not present, the Board no longer owns Coca-Cola stock and is no longer eligible to be a lead plaintiff.

NEXT MEETINGS

- a. Thursday, October 14th at 8:45 AM – Interim Meeting
- b. Thursday, November 11th at 8:45 AM – Interim Meeting

c. Thursday, December 9th at 8:45 AM – Joint Due Diligence Meeting

ADJOURNMENT

The meeting adjourned at 11:42 AM.

HANDOUTS

Distributed to Board members in the Board Packet:

Agenda
Minutes of Prior Meeting
Monthly Investment & Rebalancing Report
Private Equity Cash Flow Reports
Timber Cash Flow Report
Upcoming Education Sessions
Electronic Participation Policy
Letter from Mario Alba

Distributed to Board members via SharePoint:

Dahab Performance Review June 2021
Dahab's Deferred Compensation, Defined Contributions & ROTH IRA Performance Review
Brandywine Presentation
London Presentation
Polen Presentation