

Alexandria City Public Schools

Supplemental Retirement Plan

Investment Advisory Board

December 11, 2019

Meeting Minutes

Board Members Present: Dawn Lucas, Judy Mcconville, Dominic Turner, Stephen Wilkins

Others Present: Barry Bryant (Dahab Associates),
Steve Geadelmann (Principal Financial)
Jorge Garcia, Mike Carlson and Tom Auen via Phone (Principal Financial)
Michael Covington (Accounting), ThuHang Nguyen (Human Resources)

Plan Investment Review – Dahab Associates

- Mr. Bryant reviewed the Plan investment for the quarter ending September 30, 2019. Plan assets quarter return was 0.7%. He commented that the US economy is not that strong. Gross domestic product has fallen over time but most likely there will not be any recession. The Federal Reserve may raise interest rate one more time this year. Bonds did better than stocks and large caps did better than small caps this quarter.
- Dahab Associates has begun to publish a monthly Market Highlights and will send these monthly updates to board members if interested. Monthly Market Highlights will be sent to board members who are interested.

Investment Review - The Principal Financial Group

- Mr. Geadelmann commented that the Plan asset has exceeded \$130 million for the first time due to positive news regarding the trade war. International stocks outpaced valued stocks. The market value of the Plan as of December 2019 is \$130.9 million. Assets are targeted at 45% fixed income, 45% equity, and 10% real estate. Foreign equity is actively managed by private fund managers while US equity is mostly in indexed funds. Total portfolio return year to date is 13%, above expected 6% return. Average rate of return in the past 10 year is about 7%.
- Regarding portfolio allocation: Diversified International Account was added this quarter. Year to date, overseas beat expectation. The Plan assets are targeted at 50/50 fixed/equity.
- The Benefit Index as of November 30, 2019 was 84.8% compared to 85.4% last quarter. The lower the Benefit Index, the more flexibility the Plan can have in terms of investments. If Benefit Index heads toward 90%, Principal Financial will send a warning to ACPS.

Actuarial Review – The Principal Financial Group

- Mr. Carlson, Principal Actuary, stated that ideally contributions to the Plan should be about \$4.5 million this year. Current employee contribution of 1.5% of salary is about \$2.6 million per year.
- Mr. Auen, Principal Plan Administrator, said that participants will receive email notice to log online and review plan statement by middle of January.
- Mr. Turner mentioned that the proposed FY 2021 budget contained a 0.25% employer contribution to the Plan. This is in addition to the 1.5% contributions from the employees.
- Ms. McConville commented that new teachers will not receive the same type of pension benefits that current long time retirees have. New teachers have to pay so much more to their pension plans and if there was anything that can be done about this.
- Dr. Wilkins asked if future meetings can be done via Skype and what type of education or resources are available to participants with regards to total compensation.

Future Meeting Dates:

Wednesday, March 13, 2020 at 10 AM

Wednesday, June 10, 2020 at 10 AM

Wednesday, September 9, 2020 at 10 AM

Contact information:

- Dawn Lucas – dawn.lucas@acps.k12.va.us
- Judy Mcconville – judy.mcconville@gmail.com
- Dominic Turner – dominic.turner@acps.k12.va.us
- Stephen Wilkins – stephen.wilkins@acps.k12.va.us
- ThuHang Nguyen – thuhang.nguyen@acps.k12.va.us
- Michael Covington – michael.covington@acps.k12.va.us

- Barry Bryant – barry@dehab.com
- Jorge Garcia – garcia.jorge@principal.com
- Steve Geadelmann – geadelmann.steve@principal.com