

**ARLINGTON COUNTY VIRGINIA
EMPLOYEES' RETIREMENT SYSTEM**

**Board of Trustees
Meeting Minutes
October 3, 2019**

The Vice President of the Board, Mr. Rich Alt, called the meeting to order at 8:00 AM, in the Cherry/Dogwood Conference Room, 2100 Clarendon Boulevard, Arlington VA.

Voting Members Present: Mr. Rich Alt, Vice President
 Ms. Michelle Cowan, Treasurer
 Mr. Jimmie Barrett, Secretary
 Mr. William Ross, Assistant Treasurer
 Ms. Barbara Donnellan
 Ms. Michael-dharma Irwin

Substitute Members Present: Ms. Emily Hughes
 Mr. Brian Lynch
 Mr. Carl Newby

Voting Members Absent: Mr. Jonathan Kinney, President

Others Present: Mr. Daniel Zito, Executive Director
 Ms. Randee Stenroos, Assistant Director
 Ms. Katrina Milne, Investment Analyst (*via phone*)
 Mr. Stephen Euell, Accountant
 Mr. Garry Musto, Windmark Investment Partners
 Mr. Scott Berg, T. Rowe Price
 Ms. Jennifer Martin, T. Rowe Price
 Mr. Brad Meeker, T. Rowe Price
 Ms. Amy Rozier, Human Resources
 Mr. Kevin Woodrich, Cheiron
 Mr. Patrick Nelson, Cheiron

CONSENT LIST

Mr. Alt requested a clarification on page 3 of the September minutes. A motion to approve the consent list, consisting of the September 5, 2019 meeting minutes, as revised, was offered by Mr. Barrett and seconded by Ms. Cowan. The motion passed by a vote of 6-0, with Mr. Kinney not present.

T. ROWE PRICE GLOBAL GROWTH UPDATE

Messrs. Berg and Meeker and Ms. Martin with T. Rowe Price reviewed ACERS' \$197 million investment in the Global Growth equity strategy. Mr. Meeker provided an update on the firm. Ms. Martin reviewed the strategy highlighting that it is a best ideas portfolio across all geographies and sectors. Mr. Berg then detailed performance, noting stock selection remains the significant driver. Areas of focus for the portfolio and specific investments were also discussed. Finally, Mr. Berg shared his views of key risks facing the economy and capital markets. A discussion ensued.

DISABILITY ACTIVITY/SERVICE BUYBACK

Ms. Rozier with Human Resources reviewed the administrative process supporting service connected disability and ordinary disability applications, disability activity for fiscal year 2019 and the number of cases in the pipeline.

Next, Ms. Rozier briefed the Trustees on a new service buyback program being considered. The program would allow employees with military/government service to buy up to four years of service in the System based on the cost associated with their individual circumstances. A discussion ensued.

ACTUARIAL VALUATION STUDY

Messrs. Woodrich and Nelson with Cheiron presented the results of the FY19 Actuarial Valuation Study. The demographic assumptions based on the 5-year experience study, which were discussed in detail at the September Board meeting, were reviewed before turning to the annual discussion of the key economic assumptions.

Specifically, Mr. Woodrich discussed impact to the liability due to the demographic assumption changes, noting that improved mortality was the single largest driver of the change. Mr. Nelson gave a historical review of participation, assets and liabilities, funded status, contributions and cash flows. Mr. Woodrich discussed future trends regarding funded status and employer contributions.

After the presentation, Staff recommended accepting Cheiron's proposed demographic assumption modifications, and maintaining the current economic assumptions, including a discount rate of 6.75% including an inflation component of 3%. These changes would result in a funded ratio of 99.9% due to the new mortality assumptions, down from 104.8% assuming no changes were made. The resultant County contribution rate for FY 2021 would be 20.9%.

There was robust discussion amongst the Trustees regarding the discount rate with focus on the inflation assumption. Cheiron noted that economic assumptions are extremely long term in nature.

After the discussion, Mr. Alt offered a motion to accept the economic assumptions included in the June 30, 2019 Actuarial Valuation Analysis and, consistent with the study’s conclusions, recommend a 20.9% County contribution rate for FY 2021 to the County Board. The motion was seconded by Mr. Barrett and subsequently passed by a vote of 6-0, with Mr. Kinney not present.

ELECTION OF BOARD OFFICERS

In accordance with the Arlington County Code, the Board held its annual election of officers. Mr. Alt conducted the election process. The nominees, motion makers and votes, by officer position, were recorded as follows with nominees, if present, abstaining from voting for their respective position:

Position	Nominee	By	Second	Votes
President	Mr. Kinney	Mr. Alt	Mr. Ross	6-0
Vice President	Mr. Alt	Mr. Alt	Mr. Ross	5-0-1
Treasurer	Ms. Cowan	Mr. Alt	Mr. Ross	5-0-1
Asst. Treasurer	Mr. Ross	Mr. Alt	Mr. Ross	5-0-1
Secretary	Mr. Barrett	Mr. Alt	Mr. Ross	5-0-1

KEY INITIATIVES

- Ms. Stenroos provided an update of the FY19 audit.
- Mr. Musto provided an update on the portfolio manager at Loomis Sayles. Windmark and Staff will be following up with Loomis Sayles in the coming weeks.
- Mr. Zito noted a training session was held on October 3 focusing on national retirement issues.

ADJOURNMENT

Ms. Donnellan, seconded by Ms. Irwin, offered a motion to adjourn the meeting. The motion passed with a vote of 6-0, with Mr. Kinney not present. The meeting ended at 10:37 AM.

Respectfully Submitted,
 Randee Stenroos
 Assistant Director