

**ARLINGTON COUNTY VIRGINIA
EMPLOYEES' RETIREMENT SYSTEM**

**Board of Trustees
Meeting Minutes
April 2, 2020**

The President of the Board, Mr. Jonathan Kinney, called the meeting to order at 8:00 AM. The meeting was held via Microsoft Teams, consistent with the County Board's emergency continuity of operations ordinance, for the purpose of reviewing ACERS investments and making any necessary adjustments related to the capital markets' reaction to the COVID-19 pandemic. All participants attended from their respective offices or homes. The meeting was open and available to the public via Teams.

Voting Members Present: Mr. Jonathan Kinney, President
 Mr. Richard 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

Others Present: Mr. Daniel Zito, Executive Director
 Ms. Randee Stenroos, Assistant Director
 Ms. Katrina Milne, Analyst
 Mr. Stephen Euell, Accountant
 Mr. Rob Gooderham, Windmark Investment Partners
 Mr. Garry Musto, Windmark Investment Partners
 Mr. Dan Barner, Windmark Investment Partners
 Mr. Roger Munter, County Manager's Office
 Mr. David Herlihy, Department of Technology Services

CONSENT LIST

A motion to approve the consent list, consisting of the March 5, 2020 meeting minutes was offered by Mr. Ross and seconded by Mr. Alt. The motion passed by a vote of 7-0.

CAPITAL MARKETS UPDATE

Messrs. Gooderham and Musto with Windmark Investment Partners reviewed the current status of the pandemic along with several possible outcomes and the likely related economic impacts. The extreme volatility in the capital markets was discussed.

Turning to the portfolio, Mr. Gooderham noted ACERS performance for the first quarter of 2020 and fiscal year to date as of March 31, 2020. Specifically, first quarter performance of -11.9% compares to benchmark performance of -12.3%. For the first nine months of fiscal year 2020, performance was -6.0% and -6.7%, respectively.

ASSET REALLOCATION RECOMMENDATION

Windmark offered a reallocation recommendation to reduce the Northern Trust Aggregate Bond Fund Index by \$125 million and reallocate the proceeds as follows:

\$70 million to the Vanguard 500 Index Fund
\$30 million to T. Rowe Price Asia Opportunities Fund
\$25 million to Cash/STIF

The recommendation noted that implementation should be considered in multiple tranches.

Staff concurred with the recommendation, noting that it recognized market volatility was likely to continue, leans into potential opportunities without sacrificing overall diversification and enhances the System's liquidity position by an additional 6 months.

Ms. Cowan made a motion to authorize staff to take the actions necessary to implement the recommendation as proposed, including discretion to do so in tranches, after consultation with Windmark Investment Partners. If not completed by May 7, 2020, reauthorization by the Board would be required. The motion was seconded by Mr. Barrett.

A robust discussion ensued. Mr. Kinney inquired if the trustees were comfortable with the opportunistic approach observing that the previously prevailing sentiment had been against actions driven by market timing considerations. Specifically, Mr. Kinney noted that some, or all, of the proposal, might not be implemented if markets quickly move away. In the individual trustee comments that followed, there was agreement to proceed with the motion with one modification—specifically, Mr. Alt offered a friendly amendment to the motion to redeem \$125 million of the Aggregate Bond Fund in one transaction as soon as practicable. This amendment was accepted by the makers and the amended motion passed by a vote of 7-0.

ADJOURNMENT

Mr. Alt, seconded by Ms. Irwin, offered a motion to adjourn the meeting. The motion passed by a vote of 7-0. The meeting ended at 9:34 AM.

Respectfully Submitted,
Randee Stenroos
Assistant Director