

**ARLINGTON COUNTY VIRGINIA
EMPLOYEES' RETIREMENT SYSTEM**

**Board of Trustees
Meeting Minutes
February 4, 2021**

The Vice President of the Board, Mr. Richard Alt, called the meeting to order at 8:00 AM.

The meeting was held electronically via Microsoft Teams, consistent with the Virginia General Assembly and Arlington County rules allowing such electronic meetings during the COVID-19 pandemic.

All participants attended from their respective offices or homes. The open meeting sessions were available to the public via Microsoft Teams.

Voting Members Present: Mr. Jonathan Kinney, President (arrived 8:02)
 Mr. Richard Alt, Vice President
 Ms. Michelle Cowan, Treasurer (left at 10:00 AM)
 Mr. Jimmie Barrett, Secretary
 Mr. William Ross, Assistant Treasurer
 Ms. Barbara Donnellan (left at 11:30AM)
 Ms. Michael-dharma Irwin

Substitute Members Present: Mr. Brian Lynch

Substitute Members Not Present: Ms. Emily Hughes
 Mr. Carl Newby

Others Present: Mr. Daniel Zito, Executive Director
 Ms. Rande Stenroos, Assistant Director
 Ms. Katrina Milne, Analyst
 Mr. Stephen Euell, Accountant
 Mr. Rob Gooderham, Windmark Investment Partners
 Mr. Garry Musto, Windmark Investment Partners
 Mr. Drew Dinger, Windmark Investment Partners
 Mr. Seth Yablonovitz, Windmark Investment Partners
 Mr. Jim McGovern, Franklin Park
 Mr. Matt Castaldo, Franklin Park
 Mr. Reuben Munger, Vision Ridge
 Mr. Justin Goerke, Vision Ridge
 Ms. Carolyn Fiuza, Vision Ridge
 Mr. Graeme Foster, Orbis
 Ms. Seema Dala, Orbis

CONSENT LIST

A motion to approve the consent list, consisting of the December 3, 2020 meeting minutes was offered by Ms. Donnellan and seconded by Mr. Barrett. The motion passed by a vote of 6-0, with Mr. Kinney not yet present.

PRIVATE EQUITY PROGRAM REVIEW AND PLAN

Messrs. McGovern and Castaldo of Franklin Park reviewed the System's private equity investments and presented a pacing plan for calendar year 2021. Mr. McGovern noted that as of January 2021 private investments, including commitments, accounted for 8.6% of the Fund. Current projections estimate private investments to account for 8.5% - 12.0% of the Fund over the next decade provided underlying assumptions are achieved.

Mr. Castaldo reviewed the current private equity market. He noted that in the buyout space purchase prices and leverage were down from prior years due to the pandemic. He also noted this was not true in the venture capital space.

CLOSED SESSION

A motion was offered by Mr. Barrett, seconded by Ms. Irwin, and passed by a vote of 7-0, to enter into closed session for discussion by the Board regarding the acquisition, holding or disposition of a security or other ownership interest in an entity, where such security or ownership interest is not traded on a governmentally regulated securities exchange, to the extent that such discussion (i) concerns confidential analyses prepared for the board under a promise of confidentiality, of the future value of such ownership interest or the future financial performance of the entity, and (ii) would have an adverse effect on the value of the investment to be acquired, held, or disposed of by the retirement system pursuant to Virginia Code sections §2.2-3711 A (20) & (38) and §2.2-3705.7 (24). The closed session began at 8:32AM.

The Board returned to open session at 10:18 AM. On a motion by Mr. Barrett, and carried by a vote of 6-0, with Ms. Cowan not present, the voting recorded as follows:

<u>Member</u>	<u>Vote</u>
Mr. Kinney	Aye
Mr. Alt	Aye
Ms. Donnellan	Aye
Mr. Barrett	Aye
Mr. Ross	Aye
Ms. Irwin	Aye

The Board certified that only public matters lawfully exempted from open meeting requirement by Virginia law and identified in the motion convening the closed session were heard, discussed or considered by the Board.

Upon returning to open session, Ms. Irwin, seconded by Mr. Ross, made a motion to approve a commitment of \$15 million to Vision Ridge Sustainable Asset Fund III, LP, subject to satisfactory negotiation of documentation, to be funded via the Northern Trust Short Term Investment Fund or the

Vanguard 500 Index Fund, as necessary, at staff's discretion, and authorize staff to take the actions necessary to implement the investment. The motion passed by a vote of 6-0, with Ms. Cowan no longer in attendance.

ORBIS INTERNATIONAL EQUITY STRATEGY REVIEW

Mr. Forster and Ms. Dala with Orbis Partners reviewed the ACERS \$98.5 million investment in the firm's International Equity strategy. Mr. Forster emphasized the strategy's contrarian, stock picking approach while noting a broader value headwind in the markets reversed in the fourth quarter, improving performance.

Mr. Musto with Windmark Investment Partners noted Orbis is executing as expected. Windmark Investment Partners will continue to monitor over the next six to twelve months. The System pays a performance-based fee for the strategy and has banked an offset to future fees.

INVESTMENT MARKET OUTLOOK

Messrs. Yablonovitz and Gooderham presented an updated investment market outlook. Mr. Yablonovitz noted that Windmark is advising clients to take an above benchmark risk posture in the near term. Summarizing, they noted equities remain attractively valued relative to bonds. Within equities, US and Asia ex Japan appear attractive while Value and US Small Cap equities should benefit in the near term. From a fixed income perspective, the possibility of higher interest rates and inflation warrant an underweight to duration.

ADJOURNMENT

Mr. Alt, seconded by Mr. Ross, offered a motion to adjourn the meeting. The motion passed by a vote of 5-0, with Ms. Cowan and Ms. Donnellan not present. The meeting ended at 11:59 AM.

Respectfully Submitted,
Randee Stenroos
Assistant Director