

**ARLINGTON COUNTY VIRGINIA
EMPLOYEES' RETIREMENT SYSTEM**

**Board of Trustees
Meeting Minutes
June 3, 2021**

The Vice President of the Board, Mr. Richard Alt, called the meeting to order at 8:01 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
 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: Mr. Brian Lynch
 Mr. Carl Newby
 Ms. Emily Hughes

Others Present: 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. Hugh Watters, Vanguard
 Ms. Elizabeth Lange, Vanguard
 Ms. Diane Koch, Vanguard
 Ms. Ashley Harman Alson, Northern Trust
 Mr. Brent Reeder, Northern Trust
 Mr. Dave Alongi, Northern Trust
 Ms. Virginia Sadler, CAO
 Ms. Minh Chau Corr, CAO

CONSENT LIST

Mr. Alt called the meeting to order at 8:01 AM. A motion to approve the consent list, consisting of the May 6, 2021 meeting minutes and the FY 2022 Proposed Budget was offered by Mr. Ross and seconded by Ms. Donnellan. The motion passed by a vote of 6-0, with Mr. Kinney not present.

QUARTERLY PERFORMANCE REVIEW

Messrs. Gooderham and Musto of Windmark Investment Partners reviewed System investment performance for the quarter ended March 31, 2021. Fund returns for various time periods were:

(%)	Quarter	1 Year	5 Years	10 Years
Total Fund (Gross)	3.6	37.3	11.5	9.0
Total Fund (Net) *	3.5	37.1	11.3	8.7
Policy Benchmark**	1.9	32.5	10.0	8.1
CPI + 3.5% Annualized	2.6	6.4	5.9	5.4

* Gross returns adjusted downwards for current annual fee rate per annual fee review and analysis, assuming all fees deducted quarterly.

** 40% Ru3000, 17.5% MSCI ACWI ex-US, 39% BC Universal, 1.5% Barclays TIPS, 2% T-Bills

Relative outperformance versus the benchmark over the past year was driven by an overweighted allocation to equities, along with strong relative results of both the public equity and fixed income sections.

Relative to the TUCS universe of public plans, ACERS' performance was in the 24th, 13th and 32nd percentile on a one, five and ten-year basis, respectively. WIP estimates the fund's diversified risk level at March 31, 2021 was 64.5. This compares to WIP's estimated Fund benchmark risk of 54 and the top of the policy risk band at 65.

VANGUARD STRATEGIES REVIEW

Ms. Lange and Mr. Watters reviewed ACERS' investments in the Dividend Growth, 500 Index and 600 Index funds. Ms. Lange updated the Board on changes at Vanguard including the hiring of a Global Diversity Officer. Mr. Watters noted that the Dividend Growth fund had been underperforming the benchmark due to the more defensive position of the fund.

The 500 Index and S&P 600 index funds were discussed. A discussion ensued regarding fees. The trustees requested a more in depth look at Vanguard fees at the July Board meeting.

NORTHERN TRUST INDEX STRATEGIES REVIEW

Ms. Alson and Messrs. Reeder and Alongi reviewed ACERS' investments in the Aggregate Bond Index, TIPS Index and Russell 1000 Value Index. Ms. Alson noted growth in the global equity space and noted that the minority broker program had increased over the last year.

There was a discussion concerning ransomware attacks. Ms. Alson will follow up with staff regarding Northern Trust's security process. Fees were also discussed and trustees requested a more in depth look at Northern Trust fees at the July Board meeting.

CLOSED SESSION

A motion was offered by Mr. Barrett, seconded by Ms. Irwin, and passed by a vote of 6-0, with Ms. Cowan not present, to enter into closed session for consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such

counsel. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter pursuant to Virginia Code section §2.2-3711 A(8). The closed session began at 10:03 AM.

The Board returned to open session at 10:55 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.

ELECTION OF BOARD SECRETARY

In accordance with the Arlington County Code, the Board held an election for Board Secretary. Mr. Barrett conducted the election process. The nominee, motion makers and votes, were recorded as follows with the nominee abstaining from voting for their respective position:

Position	Nominee	By	Second	Votes
Secretary	Ms. Irwin	Ms. Donnellan	Mr. Ross	4-0-1

KEY INITIATIVES

- Ms. Stenroos noted the consultant review results and comments and noted they were shared with Windmark Investment Partners and Franklin Park.
- Ms. Stenroos noted the July 8, 2021 Board meeting will be held in person in the County Board room.
- Ms. Donnellan, on behalf of the Board, presented Mr. Barrett with a plaque commemorating his tenure with the System.

ADJOURNMENT

Mr. Barrett, seconded by Mr. Ross, offered a motion to adjourn the meeting. The motion passed by a vote of 6-0, with Ms. Cowan not present. The meeting ended at 11:09 AM.

Respectfully Submitted,
Ranee Stenroos
Assistant Director