

**ARLINGTON COUNTY VIRGINIA
EMPLOYEES' RETIREMENT SYSTEM**

**Board of Trustees
Meeting Minutes
September 2, 2021**

The President of the Board, Mr. Jonathan Kinney, called the meeting to order at 9:00 AM.

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

Voting Members Present: Mr. Jonathan Kinney, President
 Mr. Richard Alt, Vice President
 Ms. Michelle Cowan, Treasurer
 Ms. Michael-dharma Irwin, Secretary
 Mr. William Ross, Assistant Treasurer
 Ms. Barbara Donnellan
 Mr. Brian Lynch

Substitute Members Present: Mr. Shaun Lewis
 Mr. Carl Newby
 Ms. Emily Hughes

Others Present: Ms. Susie Ardeshir, Executive Director
 Ms. Rande Stenroos, Assistant Director
 Ms. Katrina Milne, Analyst
 Mr. Stephen Euell, Accountant
 Mr. Gene Kalwarski, Cheiron
 Mr. Kevin Woodrich, Cheiron
 Mr. Patrick Nelson, Cheiron
 Mr. Rob Gooderham, Windmark Investment Partners
 Mr. Garry Musto, Windmark Investment Partners

CONSENT LIST

Mr. Kinney called the meeting to order at 9:00 AM. A motion to approve the consent list, consisting of the August 5, 2021 meeting minutes, was offered by Mr. Ross and seconded by Mr. Newby. The motion passed by a vote of 7-0.

ACTUARIAL VALUATION STUDY REVIEW

Messrs. Kalwarski, Woodrich, and Nelson with Cheiron presented the results of the FY21 Actuarial Valuation Study.

Mr. Nelson gave a historical review of participation, assets and liabilities, funded status, contributions, and cash flows. Mr. Woodrich discussed future trends regarding the funded status and employer contributions, and risk metrics used by Cheiron. Based on the report, ACERS funded ratio improved to 108.4% from 101.2% on an actuarial basis. The resultant FY 2023 County contribution would be 20.8%,

up from 20.6% in the current fiscal year. Mr. Kalwarski noted some plans are considering moving the AVA towards the MVA based on this fiscal year's earnings.

The Board had a robust discussion on the long-term economic assumptions. Cheiron presented the impact on County contributions by varying future investment results. Windmark Investment Partners discussed their expected investment returns across multiple horizons.

After the discussion, Mr. Alt offered a motion to accept the economic assumptions included on June 30, 2021, Actuarial Valuation Analysis and, consistent with the study's conclusions, recommend a 20.8% County contribution rate to the county board FY 2023. The motion was seconded by Ms. Donnellan and subsequently passed by a vote of 7-0.

QUARTERLY PERFORMANCE REVIEW

Messrs. Gooderham and Musto of Windmark Investment Partners (WIP) reviewed System investment performance for the quarter and fiscal year ended June 30, 2021. Fund returns for various periods were:

(%)	Quarter	1 Year	5 Years	10 Years	20 Years
Total Fund (Gross)	6.3	28.5	12.3	9.5	8.0
Total Fund (Net) *	6.3	28.3	12.2	9.3	7.7
Policy Benchmark**	5.1	23.2	10.7	8.5	6.8
CPI + 3.5% Annualized	3.5	9.1	6.2	5.5	5.7

* 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

An overweight to equities drove relative outperformance versus the benchmark over the quarter and the past year and strong relative results within the equity portfolio. The credit tilt of fixed income positively impacted performance over the trailing year. Gains from the non-traditional portfolio also contributed to results.

Relative to the TUCS universe of public plans, ACERS' performance was in the 29th, 17th, and 31st percentile, respectively, on a one, five, and ten-year basis. WIP measures the fund's diversified risk level at June 30, 2021, was 65.9, compared to the benchmark risk of 53.9 and above the top of the upper-risk band at 65.

KEY INITIATIVES/OTHER BUSINESS

Ms. Ardeshir noted their maybe potential reallocation recommendations at the October Board meeting in addition to an update on the disability appeal. The start time of Board meetings was discussed, and depending on the length of the agenda meeting will begin at either 8 AM or 9 AM to keep on track to end by Noon.

ADJOURNMENT

Ms. Donnellan, seconded by Mr. Ross, offered a motion to adjourn the meeting. The motion passed by a vote of 7-0. The meeting ended at 11:11 AM.