

**ARLINGTON COUNTY VIRGINIA  
EMPLOYEES' RETIREMENT SYSTEM**

**Board of Trustees  
Meeting Minutes  
October 7, 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. Michael-dharma Irwin, Secretary  
  Mr. William Ross, Assistant Treasurer  
  Ms. Barbara Donnellan  
  Mr. Brian Lynch

Voting Members Absent:           Ms. Michelle Cowan, Treasurer

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

Others Present:                    Ms. Susie Ardeshir, 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. Drew Dinger, Windmark Investment Partners  
  Mr. Howard Mandel, Peppertree Capital Partners  
  Mr. Ryan Lepene, Peppertree Capital Partners

**CONSENT LIST**

Mr. Kinney called the meeting to order at 9:00 AM. A motion to approve the consent list, consisting of the September 2, 2021 meeting minutes, FY21 Actuarial Valuation Report, DoubleLine Amendment, Highclere Fee Revision, and JFL Equity Amendment and Transaction Consent, was offered by Mr. Ross and seconded by Mr. Alt. The motion passed by a vote of 6-0, with Ms. Cowan not present.

**WINDMARK INVESTMENT PARTNERS RISK LIMITS AND GUIDELINES**

Messrs. Gooderham, Musto, and Barner of Windmark Investment Partners (WIP) reviewed the System's risk benchmark and risk bands currently used. Historical risk positioning and factors influencing risk were discussed.

The reasoning for and against raising the benchmark risk level included: funded status, county bond rating, actuarial smoothing, and historical risk posture. WIP recommended moving the benchmark risk level up to 60 from its current position at 55, shifting the downside risk banks from 45 – 65 up to 50 – 70.

A motion to approve moving the benchmark risk level up to 60 and the downside risk bands up to 50 -70 was offered by Mr. Alt and seconded by Mr. Ross. The motion passed by a vote of 6 – 0, with Ms. Cowan not present. The investment policy statements would be brought forward at the following meetings to reflect the benchmark risk.

## **CLOSED SESSION**

Ms. Irwin offered a motion, seconded by Mr. Ross. Motion passed by a vote of 6-0, with Ms. Cowan not present, to enter into a 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 §2.2-3711 A (20) & (38); 2.2-3705.7 (24).

The closed session began at 10:00 AM.

The Board returned to the open session at 10:30 AM. On a motion by Mr. Irwin, 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. Lynch	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.

Upon returning to the open session, Mr. Ross, seconded by Mr. Lynch, made a motion to approve a commitment of \$15 million to Peppertree Capital Fund IX, LP, subject to satisfactory negotiation of documentation and authorized staff to take the actions necessary to implement the investment. Capital calls funded via the Northern Trust Short Term Investment Fund or the Vanguard 500 Index Fund, as necessary, at staff's discretion. The motion passed by a vote of 6-0, with Ms. Cowan not present.

## **KEY INITIATIVES/OTHER BUSINESS**

Ms. Ardeshir discussed the January 2022 offsite meeting. She noted it would be held virtually pending any changes in the County's directive. For the upcoming meetings, Ms. Ardeshir reviewed potential investments and strategic topics such as governance, private investing, and liquidity management.

## **ADJOURNMENT**

Ms. Irwin, seconded by Mr. Lynch, 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 10:47 AM.