

**ARLINGTON COUNTY VIRGINIA
EMPLOYEES' RETIREMENT SYSTEM**

**Board of Trustees
Meeting Minutes
March 3, 2022**

The Vice President of the Board, Mr. Richard Alt, called the meeting to order at 8:35 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 (arrived 8:39 AM)
 Mr. Richard Alt, Vice President
 Ms. Michelle Cowan, Treasurer (left 8:58 AM)
 Mr. William Ross, Assistant Treasurer
 Ms. Michael-dharma Irwin, Secretary
 Mr. Brian Lynch

Voting Members Absent: Ms. Barbara Donnellan

Substitute Members Present: Mr. Carl Newby
 Ms. Emily Hughes
 Mr. Shaun Lewis (left 9:19 AM)

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. Jim McGovern, Franklin Park
 Mr. Matt Castaldo, Franklin Park
 Mr. Jason Winsten, Rubicon Partners
 Mr. Steve Carpenter, Rubicon Partners

CONSENT LIST

Mr. Alt called the meeting to order at 8:35 AM. A motion to approve the consent list, consisting of February 3, 2022, meeting minutes, was offered by Mr. Ross and seconded by Ms. Irwin. The motion passed by a vote of 5-0, with Ms. Donnellan and Mr. Kinney not present.

QUARTERLY PERFORMANCE REVIEW

Messrs. Gooderham and Musto of Windmark Investment Partners reviewed System investment performance for the quarter ended December 31, 2021. The ACERS portfolio held \$3.2 billion, at the end of December 2021, invested 64.3% public equity, 36% U.S., and 28.3% Non-U.S., while fixed income was 23.7%, cash 5.8%, and 6.2% to alternatives.

Fund returns for various periods were:

(%)	Quarter	1 Year	5 Years	10 Years	20 Years
Total Fund (Net) *	3.0	13.0	11.7	10.2	7.9
Policy Benchmark**	4.1	10.9	10.6	9.3	7.1
CPI + 3.75% Annualized	2.6	10.8	6.7	5,8	5.9

* Net 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

Over the past year, outperformance was driven by an overweighted allocation to strongly performing equity markets and robust gains from the non-traditional section. The fixed income section's shorter duration and tilt towards credit contributed to relative performance positively.

CLOSED SESSION

Ms. Irwin offered a motion, seconded by Mr. Ross, and passed by a vote of 5-0, with Ms. Cowan and Ms. Donnellan 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 9:41 AM.

The Board returned to the open session at 10:51 AM. On a motion by Ms. Irwin, and carried by a vote of 5-0, the voting recorded as follows:

<u>Member</u>	<u>Vote</u>
Mr. Kinney	Aye
Mr. Alt	Aye
Mr. Ross	Aye
Mr. Lynch	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. Alt, seconded by Ms. Irwin, offered a motion to commit \$15 million and up to \$25 million to Rubicon Partners Fund IV, 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 required to implement the investment. The motion passed by a vote of 5 – 0, with Ms. Cowan and Ms. Donnellan not present.

KEY INITIATIVES/OTHER BUSINESS

Mr. Alt presented an overview of the Governance subcommittee's views. They will be bringing items over the next several Board meeting for discussion and approval. Mr. Kinney requested that non-controversial items be on the consent agenda.

Ms. Milne reviewed the OPEB and Securities Lending for the year ending December 31, 2021.

The April Board meeting will be a hybrid meeting to include in-person and virtual options.

ADJOURNMENT

Mr. Alt, seconded by Ms. Irwin, 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 11:19 AM.