ARLINGTON COUNTY EMPLOYEES' RETIREMENT SYSTEM

Board of Trustees June 6, 2024, Meeting Minutes

Voting Members:
Mr. Jonathan Kinney, President
Mr. Richard Alt, Vice President (via TEAMS)
Ms. Michelle Cowan, Treasurer (left at 10:55)
Ms. Michael-dharma Irwin, Secretary
Mr. William Ross, Assistant Treasurer
Ms. Barbara Donnellan
Mr. Brian Lynch

Substitute Members Absent:
Matthew Martin
Emily Hughes

Others Present:
Ms. Susie Ardeshir, Executive Director
Ms. Randee Stenroos, Assistant Director
Mr. Stephen Euell, Accountant
Ms. Katrina Milne, Analyst
Mr. Rob Gooderham, Windmark Investment Partners
Mr. Garry Musto, Windmark Investment Partners
Mr. Pat Paoli, Windmark Investment Partner
Ms. Virginia Sadler, CAO
Ms. Amy Rozier, HR/Benefits
Appellant

THE MEETING CONVENED AT 8:30 AM

The President of the Board, Mr. Jonathan Kinney, called the meeting to order. The meeting was held at 2100 Clarendon Boulevard, Room 311, electronically via Microsoft Teams, consistent with the Virginia General Assembly and Arlington County policies for electronic participation in meetings.

CONSENT LIST

A motion to approve the consent list, consisting of the meeting minutes from May 2, 2024, and the proposed Fiscal Year 2025 budget, was offered by Mr. Ross and seconded by Ms. Donnellan. The motion passed by a vote of 7 – 0.

KEY UPDATES AND INITIATIVES

Ms. Ardeshir discussed fiscal year returns as of May 31, 2024, for the pension and OPEB, as well as upcoming meetings and agenda items. It was noted that during the July agenda meeting, there will be an action item on using internal or external counsel to schedule a pending disability appeal.

An update on the Substitute retiree trustee nominations was provided, and no nominees received ten votes; the Retirement Office will work with Human Resources and the County to fill the position.

An update on conferences was provided by Mr. Ross, who attended the NCPERS Accredited Fiduciary Program in May, and Ms. Ardeshir at the annual Franklin Park conference in May.

CLOSED SESSION

Ms. Irwin offered a motion, seconded by Mr. Alt, and passed by a vote of 7-0 to enter into a closed session for discussion or consideration of medical records excluded from this chapter pursuant to Virginia Code §2.2-3705.5.

The closed session began at 8:43 AM.

The Board returned to open session at 9:12 AM. On a motion by Ms. Irwin, with a vote of 7-0.

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

A motion to grant the disability appeal was offered by Mr. Lynch and seconded by Ms. Irwin. The motion passed by a vote of 7 – 0.

INVESTMENTS

Messrs. Gooderham, Musto, and Paoli reviewed the quarterly performance as of March 31, 2024. They noted that the long-term returns are strong and exceeding the actuarial assumed rate of 6.75%. ACERS was up 11% as of the end of May 2024.

There was a request for action to change the vehicle type for the T. Rowe Price Floating Rate Strategy from the mutual fund to commingled trust, given the lower costs and savings of five basis points. A motion to move to the T. Rowe Price Floating Rate commingled vehicle from the mutual fund was offered by Mr. Ross and seconded by Ms. Irwin. The motion passed by a vote of 7 – 0.

Given the lack of conviction in adding value, Windmark Investment Partners recommended terminating the Kiltearn Global Equity strategy. A recommendation was made to terminate Kiltearn Global Equity and reallocate 35% to the existing Northern Trust Russell 1000 Value Index Fund and 65% to a new Northern Trust All Country World Index ex-US Fund.

A motion to accept the recommendation was made by Mr. Lynch and seconded by Ms. Irwin. The motion passed by a vote of 6 – 1, with Mr. Kinney dissenting. Mr. Kinney's objection was not to the recommendation but the belief that the action was two separate decisions before the Board: 1) the manager decision and 2) how to invest the money.

Windmark Investment Partners presented the annual fee analysis of the investment portfolio.

THE MEETING ADJOURNED AT 11:20 AM