

**ARLINGTON COUNTY VIRGINIA  
EMPLOYEES' RETIREMENT SYSTEM**

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

The President of the Board, Mr. Jonathan Kinney, called the meeting to order at 8:30 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 (arrived 9:02 AM)  
  Ms. Michael-dharma Irwin, Secretary  
  Ms. Barbara Donnellan  
  Mr. Brian Lynch

Voting Members Absent:           Mr. William Ross, Assistant Treasurer

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

Others Present:                    Ms. Susie Ardeshir, Executive Director  
  Ms. Rande Stenroos, Assistant Director  
  Ms. Katrina Milne, Analyst  
  Mr. Stephen Euell, Accountant  
  Ms. Krista Edoff, Cherry Bekaert  
  Mr. Rob Gooderham, Windmark Investment Partners  
  Mr. Garry Musto, Windmark Investment Partners  
  Mr. Jim McGovern, Franklin Park  
  Mr. Matt Castaldo, Franklin Park  
  Mr. Peter MacDonald, Bison Capital Partners  
  Mr. Andreas Hildebrand, Bison Capital Partners

**CONSENT LIST**

Mr. Kinney called the meeting to order at 8:30 AM. A motion to approve the consent list, consisting of the November 4, 2021 meeting minutes, was offered by Ms. Donnellan and seconded by Mr. Alt. The motion passed by a vote of 5-0, with Ms. Cowan and Mr. Ross not present.

**INTEREST RATE ON MEMBER CONTRIBUTIONS**

Staff recommended an interest rate of 0.654%, calculated per policy established by the Retirement Board of Trustees in February 2015, be applied to member contribution balances.

A motion to approve the crediting interest rate of 0.654% was offered by Ms. Donnellan and seconded by Mr. Alt. The motion passed with a vote of 4-0-1, with Mr. Lynch abstaining and Ms. Cowan and Mr. Ross not present.

## FY 2021 AUDIT FINDINGS AND ACFR SUBMISSION

Ms. Edoff presented Cherry 'Bekaert's report on the 'ACERS' financial statements audit for the fiscal year ended June 30, 2021. Cherry Bekaert issued an unmodified opinion that the financial statements are presented fairly, in all material respects, and in conformity with the U.S. Generally Accepted Accounting Principles. She also noted that management was very cooperative and professional during the audit process.

Ms. Edoff reviewed 'FY21's financial highlights. Ms. Edoff noted that an understanding of internal controls is part of the audit and discussed which sections of the ACFR are subject to the entire audit and were reviewed for consistency.

After the ensuing discussion, a motion was offered by Ms. Donnellan and seconded by Mr. Alt to approve the 2021 Annual Comprehensive Financial Report (ACFR) as submitted. This motion passed by a vote of 5-0, with Ms. Cowan and Mr. Ross not present.

## QUARTERLY INVESTMENT PERFORMANCE REVIEW

Messrs. Gooderham and Musto of Windmark Investment Partners reviewed System investment performance for the quarter ended September 30, 2021. Fund returns for various periods were:

(%)	Quarter	1 Year	5 Years	10 Years	20 Years
Total Fund (Gross)	-0.3	20.3	11.4	10.7	8.5
Total Fund (Net) *	-0.3	20.0	11.3	10.5	8.1
Policy Benchmark**	-0.5	16.5	9.8	9.5	7.2
CPI + 3.5% Annualized	1.9	9.1	6.5	5.6	5.8

\* 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

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

Relative to the TUCS universe of public plans, 'ACERS' performance was in the 68<sup>th</sup>, 28<sup>th</sup>, and 34<sup>th</sup> percentile on a one, five, and ten-year basis, respectively.

## PEER GROUP COMPARISON

Mr. Gooderham with Windmark Investment Partners presented a peer group comparison using Investor Metrics and Wilshire Trust Universe Comparison Services (TUCS). It was noted that Investor Metrics has a much larger peer group than Wilshire TUCS and flexibility to customize data sets.

The Board requested staff to look at the cost of TUCS and notification timing to cancel. Mr. Gooderham noted Windmark Investment Partners already subscribe to the platform, so there would be no additional charge. He also noted data on asset allocation is available on the Investor Metrics platform.

Windmark Investment Partners recommend that the Fund consider investment Metrics peer groups as either a supplement or an alternative to Wilshire TUCS.

**CLOSED SESSION**

Ms. Irwin offered a motion, seconded by Mr. Lynch, and passed by a vote of 6-0, with Mr. Ross not present to enter into 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 9:30 AM.

The Board returned to the open session at 10:46 AM. On a motion by Ms. Irwin, and carried by a vote of 6-0, the voting recorded as follows:

<u>Member</u>	<u>Vote</u>
Mr. Kinney	Aye
Mr. Alt	Aye
Ms. Cowan	Aye
Ms. Donnellan	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, Ms. Donnellan, seconded by Ms. Irwin, offered a motion to commit \$15 million to Bison Capital Partners Fund VI with the provision to increase the commitment amount on February 3, 2022 Board meeting. The motion passed by a vote of 6 – 0, with Mr. Ross not present.

**KEY INITIATIVES/OTHER BUSINESS**

Ms. Ardeshir discussed the January 2022 offsite meeting. The offsite meeting will be held via Microsoft Teams.

Ms. Ardeshir also noted Ms. Milne was working on the new website.

**ADJOURNMENT**

Ms. Irwin, seconded by Mr. Lynch, offered a motion to adjourn the meeting. The motion passed by a vote of 6-0, with Mr. Ross not present. The meeting ended at 10:50 AM.