The President of the Board, Mr. Jonathan Kinney, called the meeting to order at 8:00 AM, in the Cherry/Dogwood Conference Room, 2100 Clarendon Boulevard, Arlington VA.

Voting Members Present: Mr. Jonathan Kinney, President  
Ms. Michelle Cowan, Treasurer  
Mr. Jimmie Barrett, Secretary  
Mr. William Ross, Assistant Treasurer  
Ms. Barbara Donnellan

Substitute Members Present: Mr. Brian Lynch  
Mr. Carl Newby

Voting Members Absent: Mr. Richard Alt  
Ms. Michael dharma-Irwin

Substitute Members Absent: Ms. Emily Hughes

Others Present: Mr. Daniel Zito, Executive Director  
Ms. Randee Stenroos, Assistant Director  
Ms. Katrina Milne, Analyst (via phone)  
Mr. Stephen Euell, Accountant  
Mr. Jim McGovern, Franklin Park  
Mr. Matt Castaldo, Franklin Park  
Mr. Vik Raina, BV Partners  
Ms. Maggie Carter, BV Partners  
Mr. Rob Gooderham, Windmark Investment Partners  
Mr. Garry Musto, Windmark Investment Partners

CONSENT LIST

A motion to approve the consent list, consisting of the December 5, 2019 meeting minutes was offered by Ms. Donnellan and seconded by Mr. Barrett. The motion passed by a vote of 6-0, with Ms. Irwin not present.
2020 PRIVATE EQUITY INVESTMENT PLAN

Messrs. McGovern and Castaldo reviewed the private equity pacing plan and sensitivity analysis for calendar year 2020. Consistent with prior years’ analysis, concludes ACERS pace of $40 - $45 million is appropriate to build exposure to the asset class while staying below the 15% illiquid cap under various hypothetical market scenarios. Mr. McGovern noted this pace was not an annual target and that investments are only recommended after extensive due diligence by Franklin Park and staff.

CLOSED SESSION

A motion was offered by Mr. Barrett, seconded by Ms. Cowan, and passed by a vote of 6-0, 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 analysis 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) & (39); §2.2-3705(24). The closed session began at 8:17 AM.

The Board returned to open session at 9:29 AM. On a motion by Ms. Barrett, and carried by a vote of 6-0, the voting recorded as follows:

<table>
<thead>
<tr>
<th>Member</th>
<th>Vote</th>
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<tbody>
<tr>
<td>Mr. Kinney</td>
<td>Aye</td>
</tr>
<tr>
<td>Mr. Newby</td>
<td>Aye</td>
</tr>
<tr>
<td>Ms. Cowan</td>
<td>Aye</td>
</tr>
<tr>
<td>Ms. Donnellan</td>
<td>Aye</td>
</tr>
<tr>
<td>Mr. Barrett</td>
<td>Aye</td>
</tr>
<tr>
<td>Mr. Ross</td>
<td>Aye</td>
</tr>
</tbody>
</table>

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 by the Board.

After the Board reentered open session, a motion was offered by Ms. Donnellan, seconded by Mr. Barrett, to approve a commitment of $15 million to BVIP Fund X, LP, 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 necessary to implement the investment. The motion passed by a vote of 6-0.
INVESTMENT REALLOCATION

Messrs. Gooderham and Musto with Windmark Investment Partners presented an investment reallocation recommendation to terminate the Loomis Sayles Full Discretion mandate and trim the T. Rowe Price Floating Rate fund and invest the proceeds to the Northern Trust Aggregate Bond Fund.

In discussing the recommendation, Mr. Gooderham noted that the late economic and credit cycle dynamics coupled with tight spreads favors US Government debt and investment grade credit over high yield and loans. Given this environment, the potential for active management to produce significant alpha, net of fees, is likely reduced; a concern further reinforced by changes in Loomis Sayles’ approach to the strategy. Finally, reducing exposure to the lower quality end of the credit spectrum should enhance the fund’s diversification in any potential downturn. The recommended changes would reduce fees by approximately $500,000 annually.

During the ensuing discussion, there were questions about other investable areas in the fixed income markets, including preferred stock. An education session on the topic was requested.

After the discussion, Mr. Barrett offered a motion to terminate Loomis Sayles and trim T. Rowe Price Floating Rate Fund by $25 million and to authorize staff to take the actions necessary. The motion was seconded by Ms. Donnellan and subsequently passed by a vote of 6-0. Mr. Barrett then offered a motion to move the proceeds to the Northern Trust Aggregate Bond Fund and to authorize staff to take the actions necessary. The motion was seconded by Mr. Ross and subsequently passed by a vote of 6-0.

KEY INITIATIVES

- Ms. Stenroos noted the Highclere Small Companies mandate was fully funded at the end of December 2019.
- Ms. Stenroos reviewed the 4Q19 office budget variance.
- Mr. Zito noted he and Mr. Kinney will be briefing the County Board members in February.
- Mr. Kinney requested an overview of the switch from LIBOR to SOFR at a future meeting.

ADJOURNMENT

Mr. Barrett, seconded by Mr. Newby, offered a motion to adjourn the meeting. The motion passed with a vote of 6-0. The meeting ended at 10:21 AM.

Respectfully Submitted,
Randee Stenroos
Assistant Director