

Police Officers Retirement System Board of Trustees Meeting

May 11, 2022 01:30 PM



Agenda Topic	Presenter	Time	Page
1. SET AGENDA			1
2. Hybrid Meeting Motion	Jeff Weiler	01:30 PM-01:32 PM	3
3. Legal Matters			4
3.a Enter Closed Session - Legal Matters			4
3.d Exit Closed Session			53
3.e Motion Regarding Legal Matters (if needed)			
4. INVESTMENT MATTERS			54
4.a Enter Closed Session - Investment Matters	Jeff Weiler	01:32 PM-01:34 PM	54
4.i Exit Closed Session	Jeff Weiler	01:34 PM-01:35 PM	133
4.j Performance Snapshot	Katherine Molnar	01:35 PM-01:38 PM	134
4.k Upcoming Site Visits, Meetings, and Training Opportunities	Katherine Molnar	01:38 PM-01:41 PM	135
o Midwest (Chicago, Denver, Minneapolis): June 28-July 1			
o Marathon Investor Summit: New York, NY: September 20			
o Cohen & Steers: New York, NY: September 29			
o PIMCO Institute: Newport Beach, CA: July 18-21; November 7-10			
o BlackRock Educational Academy (various dates/topics)			
4.k.1 Blackrock Overview			135
5. ACTION ITEMS			142
5.a Approval of April 20, 2022, Minutes	Jeff Weiler	01:41 PM-01:43 PM	142
5.b MOTION: VanEck New Finance Income Fund	Katherine Molnar	01:43 PM-01:45 PM	147
5.c MOTION: Parataxis Digital Yield Fund	Katherine Molnar	01:45 PM-01:47 PM	148

5.d	MOTION - Rebalancing Recommendation			149
6.	Disability Re-evaluation	Jeff Weiler	01:47 PM-01:49 PM	150
7.	ADMINISTRATIVE AND BENEFIT MATTERS	Rich Barron		159
7.a	Personnel Matters	Jeff Weiler	01:49 PM-02:04 PM	159
7.a.1	Enter Closed Session - Personnel Matters			159
7.a.2	Exit Closed Session - Personnel Matters			160
7.a.3	Recognition			
7.b	Retirement & DROP Applications	Jeff Weiler	02:04 PM-02:06 PM	161
7.c	Revised Letter on Military Service Purchase			168
7.d	Board Requests and Follow-ups	Jeff Weiler	02:06 PM-02:11 PM	171
7.d.1	Open Requests		02:11 PM-02:14 PM	171
7.d.2	Completed Requests	Jeff Weiler	02:14 PM-02:15 PM	172

NEXT MEETING:

WEDNESDAY, JUNE 8, 2022, AT 1:30 PM

See Board Portal (www.bit.ly/fairfaxretirementboards) for conference and due diligence schedules and other items of interest.

POLICE OFFICERS RETIREMENT SYSTEM

Asset Allocation Breakdown

Plan Level Asset Detail April 30, 2022	Portfolio Totals	Portfolio MTD	Index MTD	Portfolio FYTD	Index FYTD
Global Equity					
US Small	\$ 362,869,384	-0.69%	-9.91%	19.62%	-18.62%
Int'l Developed	\$ 148,685,330	-5.71%	-6.38%	-9.95%	-9.70%
Int'l Emerging	\$ 27,301,691	-8.43%	-5.55%	-35.45%	-20.10%
Global Fixed Income					
Fixed Core	\$ 472,920,732	-2.71%	-3.79%	-10.84%	-9.45%
Fixed High Yield	\$ 69,152,622	-3.56%	-3.56%	6.29%	-6.75%
Global Real Assets	\$ 186,842,530	-3.35%	-2.95%	-35.45%	7.35%
Global Multi-Asset	\$ 224,433,492	-4.42%	-4.67%	-6.73%	2.17%
Absolute Return	\$ 350,094,622	4.67%	0.11%	17.46%	0.32%
Cash	\$ 30,666,985	0.04%		0.32%	
Total	\$ 1,872,967,386	-2.86%	-5.45%	5.23%	-5.24%
% of total	100.0%				
Target	100.0%				
Portfolio Value (6/30/2021)	\$ 1,823,764,720				

*The rate of return information included in this performance report has been calculated internally by Fairfax County Police Officers Retirement System.



Minutes for Police Officers Retirement System Board of Trustees Meeting

4/20/2022 | 12:12 pm – 2:37 pm - Eastern Time (US and Canada)

Attendees

Board

In-Person: Chris Pietsch, Jay Jupiter (arrived 1:03pm), Ed O'Carroll (left 1:48 pm), Jim Bitner; James Dooley, James Krause

Absent: Rich Barron, Brendan Harold

Staff

In-Person: Jeff Weiler, Katherine Molnar, Andy Spellar (arrived 12:32 pm), Brian Morales, Yuko Ando, Tony Vu, Amy Bain

Guests: Katelyn Gallagher and Erica Harriton from BlackRock (arrived 12:55 pm, departed 1:17 pm)

Set Agenda

Mr. Krause called the meeting to order at 12:12 PM

CLOSED SESSION – LEGAL MATTERS

Mr. Krause moved:

Motion to Go into Closed Session – Legal Matters

THAT THE FAIRFAX COUNTY POLICE OFFICERS RETIREMENT BOARD OF TRUSTEES GO INTO CLOSED SESSION FOR CONSULTATION WITH LEGAL COUNSEL AND BRIEFINGS BY STAFF MEMBERS OR CONSULTANTS PERTAINING TO ACTION OR PROBABLY LITIGATION AND CONSULTATION WITH LEGAL COUNSEL ON SPECIFIC LEGAL MATTERS REQUIRING LEGAL ADVICE BY COUNSEL PURSUANT TO VIRGINIA CODE SECTION 2.2.3711(A) (7) (8)

Mr. Dooley seconded the motion and the motion passed unanimously.

The Board entered closed session at 12:13 p.m.

Mr. Krause moved:

Cleansing Motion Coming Out of Closed Session:

CHAIR: IN ACCORDANCE WITH VIRGINIA CODE SECTION 2.2-3712, I MOVE THAT THE FAIRFAX COUNTY POLICE OFFICERS RETIREMENT BOARD OF TRUSTEES MEMBERS CERTIFY THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE VIRGINIA FREEDOM OF INFORMATION ACT AND ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED SESSION WAS CONVENED WERE HEARD, DISCUSSED, OR CONSIDERED IN CLOSED SESSION.

Mr. Bitner seconded the motion and the motion passed unanimously.

The Board exited closed session at 12:49 p.m.

Investment Matters

Mr. Krause moved, Mr. Dooley seconded the motion, and the motion passed to enter closed Session at 12:50 p.m.

Motion to Go into Closed Session - Virginia Code Section 2.2-3711(A)(8):

CHAIR: I MOVE THAT THE FAIRFAX COUNTY POLICE OFFICERS RETIREMENT BOARD OF TRUSTEES GO INTO CLOSED SESSION, PURSUANT TO VIRGINIA CODE SECTION 2.2-3711(A)(20), FOR DISCUSSION REGARDING THE ACQUISITION, HOLDING OR DISPOSITION OF A SECURITY OR OTHER OWNERSHIP INTEREST IN AN ENTITY. THE SECURITY OR OWNERSHIP INTEREST IS NOT TRADED ON A GOVERNMENTALLY REGULATED SECURITIES EXCHANGE. THE DISCUSSION: CONCERNS CONFIDENTIAL ANALYSES PREPARED FOR THE BOARD OF TRUSTEES, AND WAS PROVIDED TO THE BOARD OF TRUSTEES UNDER A PROMISE OF CONFIDENTIALITY OF THE FUTURE VALUE OF SUCH OWNERSHIP INTEREST OR THE FUTURE FINANCIAL PERFORMANCE OF THE ENTITY, WOULD HAVE AN ADVERSE EFFECT ON THE VALUE OF THE INVESTMENT TO BE ACQUIRED, HELD, OR DISPOSED OF BY FAIRFAX COUNTY POLICE OFFICERS RETIREMENT BOARD OF TRUSTEES SPECIFICALLY RELATES TO:

INVESTMENT MANAGER PRESENTATIONS

- i. Recommendations
- ii. Portfolio Updates and actions
- iii. Market Value Report
- iv. Manager Reports
- v. Closed Session Notes

The closed session was ended upon completion of closed session business.

Cleansing Motion Coming Out of Closed Session:

CHAIR: IN ACCORDANCE WITH VIRGINIA CODE SECTION 2.2-3712, I MOVE THAT THE FAIRFAX COUNTY POLICE OFFICERS RETIREMENT BOARD OF TRUSTEES MEMBERS CERTIFY THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE VIRGINIA FREEDOM OF INFORMATION ACT AND ONLY SUCH PUBLIC BUSINESS MATTERS

AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED SESSION WAS CONVENED WERE HEARD, DISCUSSED, OR CONSIDERED IN CLOSED SESSION.

Mr. Dooley moved, Mr. Bitner seconded the motion, and the motion passed unanimously to exit closed Session at 1:40 p.m.

Performance Snapshot

The Performance Snapshot was noted for the record.

Action Items

Approval of Minutes

Mr. O'Carroll moved:

APPROVE THE MARCH 2022 BOARD MEETING MINUTES

Mr. Bitner seconded the motion and the motion passed unanimously.

Mr. O'Carroll moved:

TO COMMIT \$25 MILLION TO CRESTLINE OPPORTUNITY FUND V WHICH REPRESENTS 125% OF A 1% TARGET POSITION SIZE.

Mr. Bitner seconded the motion, and the motion passed unanimously.

Mr. O'Carroll moved:

TO COMMIT \$13MM (67 BP) TO SECTION CAPITAL FUND V AND \$6MM (33 BP) TO SECTION VENTURES FUND II WHICH REPRESENT A 1% TARGET FUND SIZE IN AGGREGATE.

Mr. Bitner seconded the motion, and the motion passed unanimously.

Mr. Dooley moved:

THAT THE BOARD CONTINUE THE DISABILITY BENEFIT OF SM.

Mr. Bitner seconded the motion and the motion passed unanimously.

CLOSED SESSION – LEGAL MATTERS

Mr. Krause moved:

Motion to Go into Closed Session – Legal Matters

THAT THE FAIRFAX COUNTY POLICE OFFICERS RETIREMENT BOARD OF TRUSTEES GO INTO CLOSED SESSION FOR CONSULTATION WITH LEGAL COUNSEL AND BRIEFINGS BY STAFF MEMBERS OR CONSULTANTS PERTAINING TO ACTION OR PROBABLY LITIGATION AND CONSULTATION WITH LEGAL COUNSEL ON SPECIFIC LEGAL MATTERS REQUIRING LEGAL ADVICE BY COUNSEL PURSUANT TO VIRGINIA CODE SECTION 2.2.3711(A)1

Mr. Dooley seconded the motion and the motion passed unanimously.

Mr. Krause moved:

Cleansing Motion Coming Out of Closed Session:

CHAIR: IN ACCORDANCE WITH VIRGINIA CODE SECTION 2.2-3712, I MOVE THAT THE FAIRFAX COUNTY POLICE OFFICERS RETIREMENT BOARD OF TRUSTEES MEMBERS CERTIFY THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE VIRGINIA FREEDOM OF INFORMATION ACT AND ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED SESSION WAS CONVENED WERE HEARD, DISCUSSED, OR CONSIDERED IN CLOSED SESSION.

Mr. Dooley seconded the motion and the motion passed unanimously.

Personnel Matters

Personnel Matters were deferred to May 11, 2022.

The COLA

Mr. Weiler responded to Mr. Dooley's prior request to look into how the CPI increase is calculated. Mr. Dooley indicated that he had found documentation on the Bureau of Labor Statistics website that answered his question.

Retirement & DROP Applications

Retirements and DROP entries were noted for the record. Mr. Krause ask that the list of all current DROP participants be provided in the future. Mr. Weiler confirmed that this will be added.

Board Requests and Follow-ups

Mr. Weiler referred the Board to the lists of open and completed Board requests..

Adjournment

Mr. Dooley moved to

ADJOURN

Mr. Bitner seconded the motion and the motion passed unanimously.

The meeting adjourned at 2:37 p.m.

Rich Barron, President

FOOTNOTE: This information has been prepared by Fairfax County and has not been provided or approved by the General Partners, Investment Managers, or the Funds.

Motion

- INVEST \$10 MILLION (50 BP TARGET SIZE) IN THE VANECK NEW FINANCE INCOME FUND TO BE FUNDED BY REDUCING LOOMIS SAYLES HIGH YIELD BY 50 BP.

Motion

- INVEST \$10 MILLION (50 BP TARGET SIZE) IN THE PARATAXIS DIGITAL YIELD FUND TO BE FUNDED BY REDUCING LOOMIS SAYLES HIGH YIELD BY 50 BP.

Motion

- APPROVE STAFF'S REBALANCING RECOMMENDATIONS. GRANT STAFF THE AUTHORITY TO AMEND THIS EXPOSURE AS NEEDED.

Open Items - Police

Title	Board	Details	DueDate	Requestor	Meeting Date	Status Indicator	Status Notes	Completed Date	Priority	Staff Member Responsible	Item Type
Find and present background on when the PORS Board lost the ability to award ad-hoc COLAs until	Police Officers		5/11/2022	Jim Dooley	4/20/2022	In Process			High	Weiler, Jeffrey	Item
Have Cheiron update the 2013 estimates for the cost of military service purchases and place it on a future agenda for discussion.	Police Officers		5/11/2022		4/14/2021	Awaiting Input	- Emailed Cheiron on 4/28/22 - the pointed out that the number of members with military service is/was unknown		High	Weiler, Jeffrey	Item
How many times has the County Attorney waived Morgan Lewis's conflict of interest?	Police Officers	When Morgan Lewis represents the other side in investment contract reviews	4/20/2022	James Bitner	3/10/2021	Awaiting Input	Requested County Attorney provide a response on March 11, 2021. Having no response, followed up on April 13, 2021. County Attorney said she was still reviewing this question. As of		Critical	Jacewicz, Benjamin	Item
Look into feasibility of mirroring spousal options	Police Officers		6/24/2022	Ed O'Carroll	7/8/2020	Awaiting Input	Need to be presented to BOS Personnell		High	Weiler, Jeffrey	Item
Some of the items on the list are old. Requesting that staff make these a priority to complete ASAP.	Police Officers		4/30/2022	James Krause	2/9/2022	In Process			Critical	Weiler, Jeffrey	Item

Completed Items - Police

Title	Board	Details	Requestor	Meeting Date	Status Indicator	Status Notes	Completed Date	Priority	Staff Member Responsible
Scope of Board's authority to delegate to staff	Police Officers	Relating to memo from Ben Jacewicz dated October 19, 2019	James Bitner	6/10/2020	Completed	In discussions with the County Attorney and staff over many months, it is there position that the bylaws be fairly brief and that Board Policies be developed to define and document delegation of authority and other high level areas (budget and payments, board meeting guidelines, etc.)	12/3/2021	Medium	
Investigate possibility of having one-time 18 month window for officers to buy service credit	Police Officers	For Police Officers who were unaware they could when hired or were told they could not	Ed O'Carroll	7/8/2020	Completed	Per discussions with County Attorney's Office, this will require a Code change. Also, it will have to be evaluated by County leadership as to precedence for other systems.		Medium	Weiler, Jeffrey
Why can the Board NOT hire outside counsel?	Police Officers	They had outside counsel before, from McClandish and Lillard, and believe they can still do so.	Jim Dooley	9/9/2020	Completed	Based on discussion by the Board at their February 10, 2021 meeting, Jeff will request that the County Attorney put in writing why the Police Board does not have this authority. The Board met with the County Attorney on December 3, 2021 and this was discussed but not resolved.<div> </div><div>Subsequently the County Attorney has not provided additional information or opinions. </div>	3/9/2022	Critical	
Provide a list of members who entered DROP since 6/30/20	Police Officers		James Krause	1/13/2021	Completed	List provided in Board agenda in February 10 2021 meeting	2/10/2021	Medium	
Why must volunteer Board members fill out Statements of Economic Interest forms?	Police Officers		Brendan Harold	1/13/2021	Completed	At February 2021 Board meeting, the County Attorney referenced the State Code and guidelines, with no explanation	2/10/2021	Medium	
Would like a list of goals and board requests	Police Officers	Requested that a list of requests and followups to Board agenda be created	James Krause	1/13/2021	Completed	In Board agenda for February 10, 2021 meeting	2/10/2021	High	Weiler, Jeffrey
Present the draft new bylaws to the Board	Police Officers		James Krause	2/10/2021	Completed	Included in April 2021 Board agenda, along with comparison (redline) with new draft prepared by the County Attorney	4/14/2021	High	
Provide the Board with the current bylaws	Police Officers		James Krause	2/10/2021	Completed	Jeff emailed them to the Board on Februry 10, 2021 	2/10/2021	Medium	
What is the status of staff & the Board's request that additional investment counsel firms be engaged?	Police Officers			2/10/2021	Completed	Discussed with County Attorney on December 3, 2021. The costs of legal reviews, going forward, will be paid for from the County's General Fund and not from the Police Retirement Systems' assets.	12/3/2021	Critical	
Hire Brent Baber to advise on Board's legal authority and to review bylaws	Police Officers		Rich Barron	5/12/2021	Completed			Critical	
Contact other Virginia retirement systems to see if they have outside counsel and if they attend Board meetings.	Police Officers		James Bitner	12/3/2021	Completed	List emailed to Board Members on 12/22/21	12/22/2021	High	
Prepare a memo to County Attorney as followup from the December 3, 2021 meeting with her	Police Officers	Thank her for coming, asking for a timely response to questions raised, and reiterating that the Board insists on hiring outside counsel.	James Bitner	12/3/2021	Completed	Memo emailed to County Attorney on 12/16/21	12/16/2021	Critical	
Produce and send out notes from meetings, talking points, and minutes out at lease 1 week prior to each meeting	Police Officers		Brendan Harold	12/3/2021	Completed		12/22/2021	High	
Provide Board with list of legal firms that have experience working for retirement systems and could serve the PORS Board in a similar manner	Police Officers		Brendan Harold	12/3/2021	Completed	Memo from BJ PORS BOT not a body corporate 122221	12/22/2021	Critical	
Send out meeting invitations for all 2022 meetings before the end of December,2021	Police Officers		James Krause	12/3/2021	Completed		12/15/2021	Medium	
CPI calculation clarification	Police Officers	Mr. Dooley believes that the way that COLA is the is not correct, based on Code. He believes that it should be the average of all 12 months.	Jim Dooley	2/9/2022	Completed		4/18/2022	High	Weiler, Jeffrey
Communicate to HR that the PORS Board requested that the health insurance subsidy should kick in at retirement, not at age 55 as it currently is.	Police Officers		Ed O'Carroll	4/20/2022	Completed	Memo signed by Vice President Krause and sent to HR on 4/29/22	4/29/2022	Medium	
Include running list of DROP participants, in addition to list of new DROP entries	Police Officers		James Krause	4/20/2022	Completed		5/11/2022	Medium	Little, Larry