



## Minutes for Employees' Retirement System Board of Trustees

6/15/2022 | 3:31 p.m. – 6:13 p.m. - Eastern Time (US and Canada)  
Hybrid Meeting

### Attendees

**Board:** Jon Miskell (out 5:15; in 5:18); Dave Swan (out 4:49; in 5:00); Anthony Griffin (out 3:59; in 4:00); John Yeatman; Ricky Brown; Terry Kellogg; Catherine Spage

**Virtual:** Bob Carlson; Ricky Brown; Chris Pietsch (in 3:37)

**Absent:** Kevin North

**Staff:** Andy Spellar; Katherine Molnar (out 4:51); Brian Morales (out 5:15; in 5:20); Jeff Weiler; Amy Bain (out 5:00; in 5:15)

**Virtual:** Jennifer Snyder (in 3:54)

**Guests:** Daniel McGraw (FCPS); Ben Hunt (in 3:56; out 5:20) (Second Foundation Partners)

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### Set Agenda

Mr. Carlson called the meeting to order at 3:31 p.m.

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### PERSONNEL MATTERS

Mr. Yeatman moved, Mr. Griffin seconded the motion, Mr. Swan voted no, and the motion passed eight to one:

THAT THE FAIRFAX COUNTY EMPLOYEES' RETIREMENT BOARD OF TRUSTEES GO INTO CLOSED SESSION FOR DISCUSSION, CONSIDERATION, OR INTERVIEWS OF PROSPECTIVE CANDIDATES FOR EMPLOYMENT; ASSIGNMENT, APPOINTMENT, PROMOTION, PERFORMANCE, DEMOTION, SALARIES, DISCIPLINING, OR RESIGNATION OF SPECIFIC PUBLIC OFFICERS, APPOINTEES, OR EMPLOYEES OF ANY PUBLIC BODY PURSUANT TO VIRGINIA CODE SECTION 2.2.37(A) 1

The Board entered closed session at 3:33 p.m.

Mr. Miskell moved, Mr. Griffin seconded the motion, Mr. Swan abstained, and the motion carried:

**Exit Closed Session:**

IN ACCORDANCE WITH VIRGINIA CODE SECTION 2.2-3712, I MOVE THAT THE FAIRFAX COUNTY EMPLOYEES' 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

The Board exited closed session at 3:52 p.m.

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**INVESTMENT MATTERS**

Mr. Miskell moved, Mr. Griffin seconded the motion, Mr. Swan voted no, and the motion passed eight to one:

**Enter Closed Session:**

THAT THE FAIRFAX COUNTY EMPLOYEES' 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:

- (i) 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,
- (ii) 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
- (iii) SPECIFICALLY RELATES TO
  - Investment Manager Presentations
  - Recommendations
  - Portfolio Updates and actions
  - Market Value Report
  - Manager Quarterly Reports
  - Closed Session Notes

The Board entered closed session at 3:53 p.m.

Mr. Miskell moved, Mr. Griffin seconded the motion, Mr. Swan abstained, and the motion carried to:

### **Exit Closed Session:**

IN ACCORDANCE WITH VIRGINIA CODE SECTION 2.2-3712, I MOVE THAT THE FAIRFAX COUNTY EMPLOYEES' 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

The Board exited closed session at 5:46 p.m.

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### **MOTIONS**

Mr. Swan moved

TO INVEST 0.50% OF PLAN ASSETS (\$25 MILLION) IN THE SECOND FOUNDATION RADIANT FUND, FUNDING TO COME FROM A REBALANCING OF ALPHASIMPLEX TREND BACK TO ITS TARGET.

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

Mr. Swan moved to

- **BRING CREDIT FULLY BACK TO THE STRATEGIC TARGET OF 12.5% OF PLAN ASSETS.**
  - BUY CREDIT PROTECTION VIA \$125M IN HIGH YIELD CDX.
- **REDUCE CORE BONDS BY A FURTHER 2.5% OF PLAN ASSETS.**
  - SELL SHORT \$125M IN INT'L DEVELOPED 10YR BOND DERIVATIVES.
  - INCREASE CORE BOND ALLOCATION TO INFLATION-LINKED BONDS BY 3% VIA:
    - REDUCING LAZARD EMD, BRANDYWINE GLOBAL & DOUBLELINE SMBS BY 1% EACH.
    - INCREASING BRIDGEWATER 3X LEVERAGE INFLATION-LINKED BONDS BY 1% IN CASH (3% NOTIONAL).
    - RESULTS IN A NET INCREASE OF CASH & SHORT-TERM OF 2% DUE TO BRIDGEWATER LEVERAGE
- **REDUCE US EQUITY EXPOSURE BY 2.5% OF PLAN ASSETS.**
  - TERMINATE CAPSTONE (~\$40M) INTO CASH TO FACILITATE PE CAPITAL CALLS.
  - SELL \$50M OF THE EXISTING RUSSELL 2000 FUTURES POSITION.
  - SELL \$35M OF THE EXISTING S&P 500 FUTURES POSITION.

Ms. Kellogg seconded the motion and the motion passed unanimously.

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### **ADMINISTRATION/BENEFIT MATTERS**

#### **Recognition**

Mr. Weiler recognized Mr. Swan for six years of service to the board and congratulated him on his retirement and presented him with a plaque honoring his service.

#### **Deputy Director/Chief Operating Officer**

Mr. Weiler reviewed the current organizational chart for the Retirement Systems office and shared a proposed organizational chart that includes the new Deputy Director/Chief Operating Officer position. Mr. Weiler shared a job description which would promote better communications and technology. He provided an estimated timeline that includes a potential start date in October. Mr. Weiler asked for initial input as well as a request that a member from each of the three retirement systems' boards be on the interview panel.

#### **Possible Spousal Nomenclature Change**

Mr. Weiler explained that the Police Board of Trustees has requested a code change regarding the spousal selection as beneficiary, specifically to allow designate any person (with some restrictions) for the benefit. This is both due to how things are evolving and to be consistent with other plans (like VRS). He requested input on whether the Board thought this would be a good change for the Employees' system too.

#### **New Hybrid Board Meeting Policy**

Mr. Weiler discussed the updated policy regarding hybrid meetings. The changes noted are based on state requirements and endorsed by the County Attorney.

Mr. Griffin moved

TO ADOPT THE HYBRID MEETING POLICY AS PRESENTED

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

#### **Retirement Applications**

Retirement applications were noted for the record.

#### **Approval of May 2022 Minutes**

For the record, both Mr. Griffin and Mr. Yeatman repeatedly tried to join the meeting, but technology issues prevented them from doing so.

Mr. Swan moved:

TO APPROVE THE MAY 2022 MEETING MINUTES

Mr. Miskell seconded the motion, Mr. Griffin and Mr. Yeatman abstained and the motion carried.

Mr. Miskell moved, Mr. Swan seconded the motion and the motion passed unanimously:

#### **Closed Session for Discussion of Disability Cases**

THAT THE BOARD GO INTO CLOSED SESSION FOR: (1) DISCUSSION OR CONSIDERATION OF MEDICAL AND MENTAL RECORDS EXCLUDED FROM THIS CHAPTER PURSUANT TO SUBDIVISION 1 OF 2.2-3705.5 PURSUANT TO VIRGINIA CODE SECTION 2.2.3711(A)15 REGARDING DISABILITY BENEFITS

The Board entered closed session at 6:06 p.m.

Mr. Miskell moved, Ms. Kellogg seconded the motion, and the motion passed unanimously:

#### **Exit Closed Session:**

IN ACCORDANCE WITH VIRGINIA CODE SECTION 2.2-3712, I MOVE THAT THE FAIRFAX COUNTY EMPLOYEES' 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.

The Board exited closed session at 6:12 p.m.

Mr. Miskell moved:

THAT BASED ON THE DISCUSSION DURING CLOSED SESSION AND THE RESULTS OF THE REVIEWS CONDUCTED BY THE MEB AND THE RECOMMENDATIONS OF STAFF, TO APPROVE SERVICE-CONNECTED DISABILITY FOR [REDACTED] AND TO APPROVE TH REEVALUATION FOR [REDACTED].

Ms. Spage seconded the motion. Ms. Kellogg opposed the motion and the motion passed eight to one.

**Adjourn**

Ms. Spage moved:


TO ADJOURN

Ms. Kellogg seconded the motion and the motion passed unanimously.

The meeting adjourned at 6:13 p.m.

DocuSigned by:  
  
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Robert C. Carlson, Chairman

DocuSigned by:  
  
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Jeffrey K. Weiler, Executive Director

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.