



The Educational Employees' Supplementary
Retirement System of *Fairfax County*

MEETING MINUTES
Approved December 13, 2024

An in-person meeting of the ERFC Board of Trustees was held on October 18, 2024, in the ERFC conference room located at 3110 Fairview Park Drive, Suite 300, Falls Church, VA 22042.

Trustees present:

Kimberly Adams, *Chairperson and Trustee*
Kathie Pfeffer-Hahn, *Vice Chairperson and Trustee*
Ducchi Quan, *Trustee*
William Solomon, *Trustee*
Adam McConagha, *Trustee*

Trustee absent:

Leigh Burden, *Treasurer and Trustee*
Marty Smith, *Trustee*

Also present:

J. Ryk Tierney, *Executive Director*
Srikumar Bala, *Deputy Executive Director*
Melissa O'Neal, *Deputy Executive Director of Operations (Acting)*
Basil AlQudwa, *Investment Specialist*
Adolphus Tarty, *Functional Applications Specialist I*
Jenifer Cromwell, *Member, Bredhoff & Kaiser*
Ernest Zhu, *Associate, Bredhoff & Kaiser*
John Haggerty, *Managing Principal / Director of Private Market Investments,*
Meketa Investment Group
Balaj Singh, *Vice President / Senior Private Markets Analyst, Meketa Investment*
Group

Call to Order

Ms. Adams called the meeting to order at 9:04am.

Announcement of Agenda Changes

Ms. Adams announced that there were no changes to the agenda. Ms. Pfeffer-Hahn **moved to approve the agenda, as presented**. Mr. Quan seconded the motion. The Trustees voted unanimously to approve the agenda.

Consent Agenda

Approval of Minutes of the September 20, 2024, Board of Trustees Meeting

Mr. Quan **moved to approve the minutes of the September 20, 2024, Board of Trustees Meeting, as presented**. Mr. McConagha seconded the motion. The Trustees voted unanimously to approve the minutes as presented.

The September 20, 2024, Board of Trustees Meeting Minutes were posted to BoardDocs.

Old Business

Board Procedures, Board Education, and the Trustee Succession Planning Policies – Proposed Revisions

Ms. Cromwell reviewed the proposed revisions to the Board Procedures. Ms. Cromwell reported that additional changes were made based on the Board's request at the September 2024 Trustees meeting.

Ms. Cromwell also reviewed proposed revisions to the Board Education and the Trustee Succession Planning Policies. Ms. Cromwell reported that both policies were presented at the September 2024 Trustees meeting and only minor changes were made to both policies since then.

Ms. Cromwell and Mr. Tierney answered questions from the Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees approve the proposed revisions to the Board Procedures, the Board Education Policy, and the Trustee Succession Planning Policy**, as presented. Mr. Quan seconded the motion. The Trustees voted unanimously to approve the revised policies.

Ms. Cromwell also reviewed the Trustees Standard of Conduct, which was provided to the Trustees for signature at the meeting.

The proposed revised Board Procedures, Board Education Policy, and the Trustee Succession Planning Policy were posted to BoardDocs.

Investment Consultants

Investment Performance

Mr. Haggerty reviewed recent private market performance compared to public market performance. He noted that the relative performance of public and private markets tends to move in cycles, but over the long run, private equity has outperformed public equity. He also noted that private market returns typically lag those of public markets and private markets typically feel the effects of market downturns later than public markets and, conversely, are slower to show better performance during market upturns. He reviewed the J-curve impact on a sample private market fund, where during the invested period, private holdings are initially held at cost as management fees are a larger proportion of cash flows in early years and the during harvest period, holdings eventually become marked up and sold and the return of capital becomes a larger proportion of cash flows in later years. He answered questions from Trustees.

Mr. Haggerty also reviewed ERFC's private market portfolio breakdown by vintage year, noting that approximately two thirds of ERFC's total commitments are from the last five vintage years. He noted that ERFC's portfolio is diversified by vintage year, strategy type, sector, and geography, and that by investing directly in private market funds, ERFC avoids fees and carried interest of fund-of-funds. Mr. Haggerty and Mr. Singh reviewed the private market road maps and the reasons for commitments to certain funds, including access-constrained funds. They also reviewed private market fees for select fund managers, the main strengths and weaknesses of the direct private market program build out, and key initiatives that have been recently accomplished. They responded to questions from Trustees and staff.

Mr. Haggerty and Mr. Singh reviewed the private markets program, including commitments and cash flow, for the period ending September 30, 2024, and for the second quarter of 2024. Mr. Haggerty noted that patience is key to the success of private market investment programs, which take time to produce results. He reported that Meketa is pleased with the results of the ERFC program thus far.

Mr. Singh reported that the rate of return for ERFC's private equity investments since inception is 16.4%, and the rate of return for the private debt investments since inception is 11.6%. He noted that the private markets program is performing to expectations. Meketa also reviewed significant events, performance by vintage year, recent commitments, cash flows, and various other performance measures.

Mr. Haggerty reviewed recent a commitment to Linden Capital Partners VI, L.P., and Mr. Singh reviewed the CBRE U.S. Logistics Partners, L.P. investment.

Meketa's presentations, including the quarterly and monthly reports and investment memoranda, were posted to BoardDocs.

Ms. Pfeffer-Hahn **moved to receive and file the reports of the investment consultant**. Mr. Quan seconded the motion. The Trustees voted unanimously to receive and file the reports.

Staff Reports

Executive Updates

Mr. Tierney advised the Trustees that he will report quarterly on the progress of initiatives under the 2025-2027 Strategic Plan. He reviewed the projects undertaken and completed pursuant to the Strategic Plan, including the implementation of DROP. He discussed with the Trustees the tentative timeline of a Request for Proposal ("RFP") for investment consulting services, which RFP will be issued in the coming months. He provided updates on upcoming meetings of the Association of Municipal Retirement Systems, a group consisting of the executive directors/leaders of the cities, counties, and state retirement systems in Virginia.

IT & Finance Report

Mr. Bala reviewed the status of various IT updates and finance projects. He reported that online retirement functionality is integrated with FCPS Staff Connect, and is moving into production. He provided an update on the annual financial audit, noting that no issues were identified by the auditors. He also reported that ERFC is well within the approved IT budget in both FY 2024 and FY 2025. Mr. Tierney and Mr. Bala answered questions from Trustees.

Investment Report

Dr. AlQudwa reported that all managers are currently in compliance with ERFC's Investment Policy Statement. He also reviewed recent meetings held with the investment managers. Mr. Tierney and Dr. AlQudwa answered questions from the Trustees.

Operations and Communications Report

Ms. O'Neal reviewed retirements for September 2024, retirements by calendar year, retirement totals for the last three calendar years, and the number of DROP participants. She also reviewed recent communications to retirees regarding

critical shortage positions. Mr. Tierney and Ms. O’Neal answered questions from the Trustees.

Educational Resource List

Mr. Tierney reviewed the Educational Resource List.

The Educational Resource List was posted to BoardDocs.

The Staff Reports presentation was posted to BoardDocs.

Ms. Pfeffer-Hahn **moved to receive and file the reports of ERFC staff**. Mr. Quan seconded the motion. The Trustees voted unanimously to receive and file the reports.

Adjournment

Ms. Pfeffer-Hahn **moved to adjourn the meeting**. Mr. Solomon seconded the motion. The Trustees voted unanimously to adjourn the meeting at 11:53am.

Next Meeting – December 13, 2024 (in-person)