



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

**MEETING MINUTES**  
Approved September 20, 2024

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The ERFC Board of Trustees held its annual Board Retreat on June 27, 2024, in the conference room on the main floor of the building located at 3110 Fairview Park Drive, Falls Church, VA 22042. An in-person meeting of the ERFC Board of Trustees was held on June 28, 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*  
Leigh Burden, *Treasurer and Trustee*  
Ducchi Quan, *Trustee*  
Marty Smith, *Trustee*  
Adam McConagha, *Trustee*

Also present:

J. Ryk Tierney, *Executive Director*  
Srikumar Bala, *Deputy Executive Director of IT/Finance*  
Wendy Zhi, *Senior Manager II, Finance*  
Melissa O'Neal, *Senior Manager II, Operations & Communications*  
Basil AlQudwa, *Investment Specialist*  
Mussie Hagos, *Senior Functional Applications Specialist*  
Adolphus Tarty, *Functional Applications Specialist I (June 27 only)*  
William Solomon, *Chief Human Resources Officer, FCPS (arrived on June 28 at 9:16am)*  
Jenifer Cromwell, *Member, Bredhoff & Kaiser*  
Ernest Zhu, *Associate, Bredhoff & Kaiser*  
Kevin Spanier, *Principal, Buck, A Gallagher Company (June 27 only)*  
Elizabeth Wiley, *Senior Actuarial Consultant, Buck, A Gallagher Company (June 27 only)*  
Rosemary Elly Guillette, *Senior Vice President and Senior Consultant, Segal Marco Advisors (departed on June 28 at 11:51am)*

John Ross, *Senior Vice President, ALM and Risk, Segal Marco Advisors (June 27 only)*

Christian Sevier, *Vice President and Senior Consultant, Segal Marco Advisors (departed on June 28 at 11:51am)*

John Haggerty, *Managing Principal / Director of Private Market Investments, Meketa Investment Group (departed on June 28 at 11:51am)*

Balaj Singh, *Vice President / Senior Private Markets Analyst, Meketa Investment Group (departed on June 28 at 11:51am)*

Sabrina Ciampa, *Private Markets Analyst, Meketa Investment Group (departed on June 28 at 11:51am)*

Sean Conaton, *Strategy Compass LLC (June 27 only)*

Jim Stockmal, *Strategy Compass LLC (June 27 only)*

Gabriela Santos, *J.P. Morgan Asset Management (June 27 only)*

Katie Hammond, *J.P. Morgan Asset Management (June 27 only)*

Douglas Kryscio, *William Blair (June 27 only)*

Frank Sposato, *Lazard (June 27 only)*

Kristin Shofner, *Fidelity (June 27 only)*

Kenneth Johnson, *Loomis, Sayles, & Company (June 27 only)*

Christine Chun, *Doubleline (June 27 only)*

## **ERFC Board of Trustees Meeting and Annual Retreat – June 27-28, 2024**

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### **Thursday – June 27, 2024 – Annual Retreat**

The Annual Retreat was called to order at 9:00am. Mr. Tierney welcomed the Board of Trustees, and thanked Lazard, Fidelity, and other service providers for their help on the Annual Retreat. He reviewed the agenda and introduced Gabriela Santos from JP Morgan Asset Management.

### **Keynote Address**

**Gabriela Santos, Managing Director, JP Morgan Asset Management**

Ms. Santos reviewed the macro market economic outlook and the implications for investments.

Ms. Santos' presentation was posted to BoardDocs.

### **The Infrastructure Market Today**

**John Haggerty, Managing Principal / Director of Private Market Investments, Meketa Investment Group**

**Balaj Singh, Vice President / Senior Private Markets Analyst, Meketa Investment Group**

**Sabrina Ciampa, Private Markets Analyst, Meketa Investment Group**

Mr. Haggerty reviewed the state of the infrastructure market, including that infrastructure strategies have fared better than equities during major market downturns over the last 15 or so years.

Ms. Ciampa reviewed recent commitments in the infrastructure sector. Mr. Singh reviewed onsite visits to infrastructure projects.

Meketa's presentation was posted to BoardDocs.

### **Private Market Fee Structure**

**John Haggerty, Managing Principal / Director of Private Market Investments, Meketa Investment Group**

**Balaj Singh, Vice President / Senior Private Markets Analyst, Meketa Investment Group**

Mr. Haggerty reviewed the private market fee structure, noting that the generally higher fees for private market vehicles are affected by the supply and demand

and reflect the highly active nature of the investments. He noted further that although private equity fees are higher than fees for public investments, the higher fees are usually offset by higher returns, and that ERFC's private equity investments have fees that are appropriate with respect to the risk and returns for the investments.

Mr. Singh reviewed case studies for private equity manager fees, and Mr. Haggerty reported that Meketa negotiates with private equity managers, which results in ERFC management fees generally being lower than base management fees.

Meketa's presentation was posted to BoardDocs.

### **Liquidity Review**

**Rosemary Elly Guillette, Senior VP and Senior Consultant, Segal Marco Advisors**

**Christian Sevier, VP and Senior Consultant, Segal Marco Advisors**

**John Ross, Senior Vice President, ALM and Risk, Segal Marco Advisors**

Ms. Guillette, Mr. Sevier, and Mr. Ross reviewed the liquidity and liability analysis for ERFC and reported that ERFC is well diversified from a liquidity standpoint.

Segal Marco's presentation was posted to BoardDocs.

### **Educational Game**

**Rosemary Elly Guillette, Senior VP and Senior Consultant, Segal Marco Advisors**

**Christian Sevier, VP and Senior Consultant, Segal Marco Advisors**

**John Ross, Senior Vice President, ALM and Risk, Segal Marco Advisors**

Ms. Guillette, Mr. Sevier, and Mr. Ross hosted an educational game regarding key investment terms.

Segal Marco's materials were posted to BoardDocs.

### **Asset Allocation Review**

**Rosemary Elly Guillette, Senior Vice President and Senior Consultant, Segal Marco Advisors**

**Christian Sevier, VP and Senior Consultant, Segal Marco Advisors**

**John Ross, Senior Vice President, ALM and Risk, Segal Marco Advisors**

Mr. Ross and Mr. Sevier reviewed the asset allocation process, including the considerations and decisions relevant to asset allocation design. Mr. Sevier reviewed three possible mixes for ERFC's asset allocation, each of which reflects

only modest changes from the current asset allocation. Segal Marco responded to questions from the Trustees.

Segal Marco's presentation was posted to BoardDocs.

### **Funding of Pension Plans and the Application of ERFC Funding Policy**

**Kevin Spanier, Principal, Buck, A Gallagher Company**  
**Elizabeth Wiley, Senior Actuarial Consultant, Buck, A Gallagher Company**

Mr. Spanier and Ms. Wiley reviewed the goals of, and the process for, ERFC's actuarial valuation. They reviewed ERFC's funded status and funding policy.

Buck's presentation was posted to BoardDocs.

### **Draft Strategic Plan for FY2025 to 2027**

**Sean Conaton, Principal Consultant, Strategy Compass, LLC,**  
**Jim Stockmal, Senior Fellow, Strategy Compass, LLC**  
**Ryk Tierney, Executive Director, ERFC**

Mr. Conaton, Mr. Stockmal, and Mr. Tierney presented the overview of the draft Strategic Plan for FY2025 to 2027.

Strategy Compass's presentation and the draft Strategic Plan for FY2025 to 2027 were posted to BoardDocs.

### **Retreat Review**

**Ryk Tierney, Executive Director, ERFC**

Mr. Tierney asked the Trustees to provide their feedback on the retreat.

The meeting recessed for the day at 3:55pm.

## **Friday – June 28, 2024 – Regular Meeting of the ERFC Board of Trustees**

### **Call to Order**

Ms. Adams called the meeting to order at 9:01am. Ms. Adams, on behalf of the Trustees, thanked the presenters and staff for their work on the retreat.

### **Announcement of Agenda Changes**

Ms. Adams announced that there would not be a Closed Session, and there were no other changes to the agenda. The agenda was changed without objection.

## **Consent Agenda**

### **Approval of Minutes of the May 17, 2024, Board of Trustees Meeting**

Mr. Quan **moved to approve the minutes of the May 17, 2024, Board of Trustees Meeting, as presented**. Ms. Pfeffer-Hahn seconded the motion. The Trustees voted unanimously to approve the minutes as presented. The May 17, 2024, Board of Trustees Meeting Minutes were posted to BoardDocs.

Mr. Tierney reported that Ms. Adams was recently re-elected as an ERFC Trustee. Mr. Tierney also reported that at the FCPS School Board meeting on June 27, the School Board approved the re-appointment of Mr. McConagha as the individual Trustee for ERFC, the continuing appointment of Mr. Smith and Ms. Burden as ERFC Trustees, and the appointment of Mr. William Solomon as a new ERFC Trustee effective July 1, 2024. Mr. Tierney also reported that the School Board adopted the proposed plan restatements, as recommended by the ERFC Trustees.

## **Old Business**

### **Meeting Dates**

Mr. Tierney presented the proposed Fiscal Year 2025 ERFC Board of Trustees meeting dates. The Trustees discussed the proposed meeting dates. Mr. Tierney and Ms. Cromwell responded to questions from the Trustees.

Ms. Burden **moved that the Board of Trustees approve the Fiscal Year 2025 ERFC Board of Trustees meeting dates, as presented**. Mr. Quan seconded the motion. Ms. Pfeffer-Hahn abstained from the vote. The remaining Trustees voted unanimously to approve the meeting dates, as presented.

The meeting dates were posted on BoardDocs.

Ms. Adams introduced Mr. Solomon, the incoming ERFC Trustee.

## **New Business**

### **Asset Allocation Changes**

Ms. Guillette introduced the asset allocation discussion and reviewed ERFC's current asset allocation and three possible revised asset allocations. Mix 2 was recommended by Segal Marco and presented for discussion. Ms. Guillette and Mr. Sevier responded to questions from the Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees adopt the revised asset allocation under Mix 2, as recommended by Segal Marco Advisors**. Mr. Quan seconded the motion. The Trustees voted unanimously to adopt the revised asset allocation (Mix 2), as presented.

Segal Marco's presentation was posted to BoardDocs.

## **Investment Consultants**

### **Investment Performance**

Ms. Guillette reviewed the quarterly investment performance for the period ending March 31, 2024. She reported that ERFC's assets grew from approximately \$3.1 billion as of January 1, 2024, to approximately \$3.2 billion as of March 31, 2024. She noted that all asset classes are within long-term ranges, except for hedge funds and private equity. She reported that ERFC's total return for the first quarter of 2024, was 2.2% compared to the interim policy benchmark return of 2.5% for the same period. Ms. Guillette reviewed the fee analysis for the public market investment managers. She noted that ERFC is paying less than the universe median fee for its investments and the overall all-in fee for ERFC's public market investments is 39 basis points, which she observed is a very good and low overall fee. She responded to questions from the Trustees.

Mr. Sevier reviewed current market conditions, the preliminary flash report on portfolio performance, and asset allocations for the period ending May 31, 2024. He reported that ERFC's total return for the one month ending May 31, 2024, was 2.0% compared to the interim policy benchmark return of 2.2% for the same period. ERFC's total return for the fiscal year-to-date was 5.0% compared to the interim policy benchmark return of 6.6% for the same period, and the one-year return was 7.5% compared to the benchmark return of 9.5% for the same period.

Segal Marco's Monthly Report and Quarterly Investment Report were posted to BoardDocs.

### **Private Market Performance Report**

Mr. Haggerty, Mr. Singh, and Ms. Ciampa reviewed the private markets program, including commitments and cash flow, for the period ending May 31, 2024, and for the fourth quarter of 2023.

They reported that the rate of return for ERFC's Private Market investments since inception is 17.2%, compared to the return of 10.3% for public market equivalents during the same period. Mr. Singh reported that the private market program is performing to expectations. They also reviewed significant events,

performance by vintage year, recent commitments, and various other performance measures.

Meketa's quarterly and monthly reports were posted to BoardDocs.

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

## **Staff Reports**

### **Executive Updates**

Mr. Tierney presented the revised draft Strategic Plan for FY 2025-2027, which included the changes requested by the Trustees at the retreat.

Ms. Pfeffer-Hahn **moved that the Board of Trustees adopt the Strategic Plan for FY 2025-2027, as presented**. Mr. Quan seconded the motion. The Trustees voted unanimously to adopt the Strategic Plan for FY 2025-2027, as presented.

Mr. Tierney updated the Trustees on the status of Request for Information for the investment consultant and reflections after attending the NCPERS Annual Conference & Exhibition (ACE) 2024 and the CEO summit.

The revised draft Strategic Plan for FY 2025-2027 was posted to BoardDocs.

### **IT & Finance Report**

Mr. Bala reported on the status of the IT update and expenses related to system updates required as a result of the recent amendments to the Plan, including DROP. Mr. Bala also reported that effective July 1, 2024, due to improvements in operational efficiency, the ERFC Finance team changed the processing calendar and will issue refund checks every month.

### **Investment Report**

Dr. AlQudwa reported that all managers are currently in compliance with ERFC's Investment Policy Statement.

### **Operations and Communications Report**

Ms. O'Neal reviewed retirements for May 2024, retirements by calendar year, retirement totals for the last three calendar years, upcoming DROP participants, and members in critical shortage positions.



The Retirement Summary Report and WAR Summary Report were posted to BoardDocs.

### **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.

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

### **Election of Officers**

#### **Election of Officers – Chairperson**

Ms. Cromwell summarized the responsibilities of the Board Chairperson. She opened the floor to nominations for the Board Chairperson. Ms. Pfeffer-Hahn nominated Kimberly Adams to serve as the Chairperson for FY 2025. With no further nominations offered, Ms. Cromwell called for a vote. The Trustees voted unanimously to elect Ms. Adams as Board Chairperson. Ms. Adams assumed leadership of the meeting following the vote.

#### **Election of Officers – Vice-Chairperson**

Ms. Adams summarized the responsibilities of the Board Vice Chairperson. Ms. Adams opened the floor to nominations for the Board Vice Chairperson. Mr. Quan nominated Kathie Pfeffer-Hahn to serve as the Vice Chairperson for FY 2025. With no further nominations offered, Ms. Adams called for a vote. The Trustees voted unanimously to elect Ms. Pfeffer-Hahn as Vice Chairperson.

#### **Election of Officers – Treasurer**

Ms. Adams summarized the responsibilities of the Board Treasurer. Ms. Adams opened the floor to nominations for the Board Treasurer. Ms. Pfeffer-Hahn nominated Leigh Burden to serve as the Treasurer for FY 2025. With no further nominations offered, Ms. Adams called for a vote. The Trustees voted unanimously to elect Ms. Burden as Treasurer.

### **Adjournment**

Ms. Pfeffer-Hahn **moved to adjourn the meeting**. The meeting was adjourned without objection at 12:33pm.

**Next Meeting – August 16, 2024 (in-person)**