



MEETING MINUTES

Approved June 28, 2024

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

An in-person meeting of the ERFC Board of Trustees was held on May 17, 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*
Marty Smith, *Trustee (arrived 11:45am)*
Leigh Burden, *Treasurer and Trustee*
Adam McConagha, *Trustee (via video conference)*

Also present:

J. Ryk Tierney, *Executive Director*
Srikumar Bala, *Deputy Executive Director of IT/Finance (departed 1:42pm)*
Wendy Zhi, *Senior Manager II, Finance (departed 1:42pm)*
Melissa O'Neal, *Senior Manager II, Operations & Communications (departed 1:42pm)*
Basil AlQudwa, *Investment Specialist (departed 1:42pm)*
Adolphus Tarty, *Functional Applications Specialist I (departed 1:42pm)*
Mussie Hagos, *Senior Functional Applications Specialist (departed 1:42pm)*
Jenifer Cromwell, *Member, Bredhoff & Kaiser*
Ernest Zhu, *Associate, Bredhoff & Kaiser*
Kevin Spanier, *Principal, Buck, A Gallagher Company (departed 11:49am)*
Elizabeth Wiley, *Senior Actuarial Consultant, Buck, A Gallagher Company (departed 11:49am)*
Rosemary Elly Guillette, *Senior VP and Senior Consultant, Segal Marco Advisors (via video conference) (departed 11:49am)*
Christian Sevier, *VP and Senior Consultant, Segal Marco Advisors (via video conference) (departed 11:49 am)*
Maureen O'Brien, *Senior Vice President, Corporate Governance, Segal Marco Advisors (via video conference) (departed 11:23am)*
John Haggerty, *Managing Principal/Director of Private Market Investments, Meketa Investment Group (via video conference) (departed 11:49am)*
Sabrina Ciampa, *Private Markets Analyst, Meketa Investment Group (via video conference) (departed 11:49am)*

Meeting

Call to Order

Ms. Adams called the meeting to order at 10:00am.

Approval of Remote Participation

Mr. McConagha requested approval of his participation in the meeting via video conference from Bethesda, Maryland for personal reasons (work).

Ms. Pfeffer-Hahn **moved that the Board of Trustees approve Adam McConagha's participation in the Board of Trustees meeting via electronic means from Bethesda, Maryland.** Mr. Quan seconded the motion. Mr. Smith was absent for the vote. The remaining Trustees voted unanimously to approve the motion.

Announcement of Agenda Changes

Ms. Adams announced that there were no changes to the agenda. Mr. Quan **moved that the Board of Trustees approve the agenda, as presented.** Ms. Burden seconded the motion. Mr. Smith was absent for the vote. The remaining Trustees voted unanimously to approve the agenda.

The May 17, 2024 Board of Trustees Meeting Agenda was posted to BoardDocs.

Consent Agenda

Approval of Minutes of the April 26, 2024 Board of Trustees Meeting

Ms. Pfeffer-Hahn **moved to approve the minutes of the April 26, 2024 Board of Trustees Meeting, as presented.** Mr. Quan seconded the motion. Mr. Smith was absent for the vote. The remaining Trustees voted unanimously to approve the minutes.

The April 26, 2024 Minutes of the Board of Trustees Meeting were posted to BoardDocs.

New Business

December 31, 2023 Preliminary Actuarial Valuation

Mr. Spanier and Ms. Wiley presented the preliminary actuarial valuation report. They noted that this valuation will be used to set the employer contribution rate for FY2026 and FY 2027. They reviewed the actuarial assumptions and the

current ERFC funding policy. Mr. Spanier stated that ERFC is an actuarially sound plan and that contributions are being made consistent with the funding policy, as the funding ratio increased by 0.1% from 77.2% to 77.3%. The final actuarial valuation will be presented at the June meeting.

The Trustees discussed the preliminary actuarial valuation report. Mr. Spanier, Ms. Wiley, Mr. Tierney, and Ms. O'Neal responded to questions from the Trustees.

Buck's presentation on the December 31, 2023 Preliminary Valuation Report was posted to BoardDocs.

2023 Proxy Annual Report and Corporate Governance

Ms. O'Brien presented recent regulatory developments regarding proxy voting and corporate governance, Segal Marco's ESG Engagement in 2023, and Segal Marco's proxy votes in 2023. She responded to questions from the Trustees.

Segal Marco's presentation on 2023 Proxy Annual Report and Corporate Governance was posted to BoardDocs.

Investment Consultants

Monthly Investment Performance

Ms. Guillette and Mr. Sevier reviewed current market conditions, the flash report on portfolio performance, and asset allocations for the period ending April 30, 2024. Mr. Sevier noted that asset allocation of the interim policy and that of the long-term policy will continue to converge, and except for hedge funds – opportunistic and private equity, all asset allocations are within long-term target ranges. Mr. Sevier reported that ERFC's total return for the one month ending April 30, 2024, was -2.1% 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 2.8% compared to the interim policy benchmark return of 4.4% for the same period, and the year-to-date return was 0.0% compared to the interim policy benchmark return of 0.3% for the same period. He noted that May returns have been strong. Mr. Sevier reviewed the Watch List criteria and reported that no managers are currently on the Watch List.

Segal Marco's monthly report was posted to BoardDocs.

Private Market Performance Report

Mr. Haggerty and Ms. Ciampa reviewed the 2024 investment roadmaps and the private markets program, including recent monthly cash flows and the private credit program.

Ms. Ciampa noted current market conditions affecting private equity, and reviewed a recent commitment made to SK Capital Partners VI, L.P.

Mr. Haggerty noted current market conditions affecting real estate transactions, and reviewed a recent commitment made to Sterling Value Add Partners IV, L.P.

Mr. Haggerty responded to questions from the Trustees.

Meketa's report and investment memoranda 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 Director Report

Mr. Tierney reviewed the status of some of ERFC's current projects, including the 2025-2027 strategic plan, the Investment Consultant RFI process, and planning for the June retreat. He reported that ERFC is now a member of the National Association of State Retirement Administrators (NASRA). He also reported that he was appointed as the Chair of the FCPS Deferred Compensation Investment Committee.

Mr. Tierney reviewed proposed meeting dates for Trustees meetings in Fiscal Year 2025. The Trustees discussed the possible meeting dates.

IT Status Report

Mr. Bala reported on recent IT projects, including the development and implementation of the DROP banner, the DROP benefit estimate, and the DROP application and election materials on *ERFCDirect*. He reported that ERFC staff also are working on implementing other benefit changes that will be effective July 1, 2024.

The Trustees thanked the staff for their work implementing the benefit changes.

Financial Report

Ms. Zhi reviewed ERFC's Finance Report for the period ending March 31, 2024. She noted that ERFC's total fund balance is approximately \$3.2 billion as of March 31, 2024. She reviewed ERFC's expenses and the cash flow forecast. She also reported that ERFC was recently awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA).

The Finance Report was posted to BoardDocs

Investment Report

Dr. AlQudwa reviewed the annual investment manager review procedure and reported that all managers are currently in compliance with ERFC guidelines.

Operations and Communications Report

Ms. O'Neal reviewed the DROP campaign roll-out, including postcards and an updated Legacy Plan brochure.

Mr. Tierney and Ms. O'Neal responded to questions from the Trustees. The Trustees discussed the DROP benefit estimate form.

Ms. O'Neal reviewed retirements in April 2024, retirements by calendar year, retirement totals for the last three calendar years, and *ERFCDirect* account statistics.

The Retirement Summary Board Report and the 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.

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.

Closed Session

Ms. Pfeffer-Hahn **moved that the Board of Trustees go into Closed Session, including authorized ERFC staff and legal counsel, to discuss the award of a public contract, specifically the legal engagement letter, according to Virginia**

Code Section 2.2-3711.A.29. Mr. Quan seconded the motion. The Trustees voted unanimously to go into Closed Session at 1:43pm.

Ms. Cromwell and Mr. Zhu stepped out of the meeting for the discussion of the legal engagement letter.

Ms. Pfeffer-Hahn **moved that the Board of Trustees come out of Closed Session.** Mr. Quan seconded the motion. The Trustees voted unanimously to come out of Closed Session at 1:54pm.

Ms. Pfeffer-Hahn **moved to certify that only the award of a public contract was discussed or considered by the Board of Trustees while in Closed Session.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

Ms. Pfeffer-Hahn **moved to confirm the action taken in Closed Session that the Board of Trustees authorized the Executive Director to enter into the proposed engagement letter agreement with Bredhoff & Kaiser, as presented.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

Adjournment

Mr. Quan **moved to adjourn the Board of Trustees meeting.** Ms. Burden seconded the motion. The Trustees voted unanimously to adjourn the meeting.

The meeting was adjourned at 1:56pm.

**Next Meeting – June 27-28, 2024
(Retreat and Board of Trustees Meeting) (in-person)**