



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

MEETING MINUTES

Approved January 31, 2025

An in-person meeting of the ERFC Board of Trustees was held on December 13, 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 (arrived 9:09am)*
Marty Smith, *Trustee*
Adam McConagha, *Trustee*

Trustee absent:

Leigh Burden, *Treasurer and Trustee*

Also present:

J. Ryk Tierney, *Executive Director*
Srikumar Bala, *Deputy Executive Director (10:07am to 1:02pm)*
Melissa O'Neal, *Deputy Executive Director of Operations (Acting) (departed 1:02pm)*
Basil AlQudwa, *Investment Specialist (departed 1:02pm)*
Adolphus Tarty, *Functional Applications Specialist I (departed 1:02pm)*
Jenifer Cromwell, *Member, Bredhoff & Kaiser*
Ernest Zhu, *Associate, Bredhoff & Kaiser*
Rosemary Elly Guillette, *Senior VP and Senior Consultant, Segal Marco Advisors (departed 11:44am)*
Christian Sevier, *VP and Senior Consultant, Segal Marco Advisors (departed 11:44am)*
John Haggerty, *Managing Principal / Director of Private Market Investments, Meketa Investment Group (departed 11:44am)*
Balaj Singh, *Vice President / Senior Private Markets Analyst, Meketa Investment Group (departed 11:44am)*
Colin Hill, *Managing Principal, Meketa Investment Group (departed 11:44am)*
Brian Liffick, *Partner, Cherry Bekaert, LLP (via video conference) (departed 9:23am)*
Nicholas Stratis, *Manager, Cherry Bekaert, LLP (via video conference) (departed 9:23am)*

Call to Order

Ms. Adams called the meeting to order at 9:08am.

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. Mr. Solomon was not present for this vote. The remaining Trustees voted unanimously to approve the agenda.

Consent Agenda

Approval of Minutes of the October 18, 2024, Board of Trustees Meeting

Mr. Quan **moved to approve the minutes of the October 18, 2024, Board of Trustees Meeting, as presented**. Mr. McConagha seconded the motion. Mr. Solomon was not present for this vote. Mr. Smith abstained from the vote because he was not present at the October 18, 2024 Trustees meeting. The remaining Trustees voted unanimously to approve the minutes as presented.

The October 18, 2024, Board of Trustees Meeting Minutes were posted to BoardDocs.

New Business

Audit of Financial Statements

Mr. Tierney introduced Mr. Brian Liffick from Cherry Bekaert, which audited the ERFC financial statements as of and for the year ended June 30, 2024, and issued a report dated October 25, 2024.

Mr. Liffick reviewed the results of the independent audit, and reported that Cherry Bekaert issued an unmodified opinion on the financial statements, which is the highest level of assurance an auditor can provide. He noted that there were no significant deficiencies or material weaknesses reported regarding the internal control over financial reporting. Mr. Liffick further noted that Cherry Bekaert did not identify any corrected or uncorrected misstatements during the audit, other than those that are clearly trivial. He also noted that Cherry Bekaert did not identify any inappropriate accounting policies or practices.

Cherry Bekaert's presentation was posted to BoardDocs.

Old Business

Investment Consultant Request for Proposal

Mr. Tierney reviewed the terms of the Request for Proposal (“RFP”) for ERFC’s general investment consultant. He reviewed the timeline for the RFP and the scope of services. Mr. Tierney responded to questions from the Trustees regarding data security and the selection process. Ms. Cromwell also answered questions from the Trustees. Mr. McConagha and Mr. Smith expressed interest in serving on the Ad Hoc Selection Committee.

Ms. Pfeffer-Hahn **moved that the Board of Trustees approve the general investment consultant Request for Proposal, as presented.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the general investment consultant RFP, as presented.

The General Investment Consultant RFP was posted to BoardDocs.

Investment Consultants

Quarterly and Monthly Investment Performance Report

Ms. Guillette reviewed the quarterly investment performance for the period ending September 30, 2024. She reported that ERFC’s assets grew from approximately \$3.22 billion as of July 1, 2024, to approximately \$3.32 billion as of September 30, 2024. She noted that all asset classes are within long-term ranges, except for domestic fixed income. She reported that ERFC’s total return for the third quarter of 2024, was 4.3% compared to the interim policy benchmark return of 5.0% for the same period. She reviewed the performance of investment managers compared to their benchmarks, noting that William Blair was put on the watch list in October 2024, and Segal Marco will closely monitor their performance for one year before recommending any further action. Ms. Guillette and Mr. Sevier answered questions from the Trustees. Mr. Sevier reviewed the tail risk analysis, which includes the one-year return rate in a worst-case loss scenario. He also reviewed the fees for investment managers, and noted that the fees are competitive, and for most managers, below the universe median fee.

Mr. Sevier reviewed current market conditions, the preliminary flash report on portfolio performance, and asset allocations for the period ending November 30, 2024. He reported that all asset classes are within long-term ranges, except for domestic fixed income, as of November 30, 2024. Mr. Sevier reported that ERFC’s total return for the one month ending November 30, 2024, was 1.7% compared to the interim policy benchmark return of 2.1% for the same period. ERFC’s total return for the fiscal year-to-date was 4.2% compared to the interim policy benchmark return of 5.3% for the same period, and the one-year return was 11.7% compared to the interim policy benchmark return of 13.1% for the same period.

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

Updated Investment Policy Statement

Mr. Sevier reviewed the revisions to the Investment Policy Statement, including changes to asset allocations, the addition of new manager JPMorgan Core Bond, changes regarding exceptions requested by Loomis and DoubleLine, and revisions to Appendix D, Investment Manager Universes and Benchmarks.

Ms. Pfeffer-Hahn **moved, in accordance with the recommendation of the investment consultant, that the Board of Trustees approve the proposed revisions to the Investment Policy Statement, as presented.** Mr. Quan seconded. The Trustees voted unanimously to approve the updated Investment Policy Statement, as presented.

The revised Investment Policy Statement was posted to BoardDocs.

Private Market Program Update

Mr. Haggerty and Mr. Singh reviewed the private markets program, including commitments and cash flow, for the period ending November 30, 2024. They also reviewed two recent commitments in real estate, Berkshire Multifamily Credit Fund IV, L.P., and FPA Apartment Opportunity Fund IX, L.P. Mr. Singh noted that the cash flow was positive in November 2024. He also reviewed the investment roadmaps in 2024, and noted that all targets were achieved.

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

Real Estate Education and Market Update

Mr. Hill described risk management through real estate investment diversification and different real estate investment styles. He provided market commentary, including how recent real estate performance was responding to decades-high inflation and the corresponding monetary policy actions of the Federal Reserve. He described the risk and return expectations for different real estate investment strategies. He reviewed ERFC's real estate commitments since 2019, and he noted that ERFC made commitments to a mix of diversified equity and debt strategies, while generally avoiding investments in office properties. Mr. Hill answered questions from the Trustees.

Meketa's presentation on real estate was 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 reported that he met with each Trustee to review their Individual Trustee Education Plan, which included recommendations regarding third-party educational opportunities. He reviewed the educational topics for the remainder of FY2025 based on discussions with the Trustees. He also reported that the job description for the open position of Deputy Executive Director, ERFC Investments, will be posted in January 2025. He reviewed the newly created dashboard reporting sample.

IT & Finance Report

Mr. Bala reviewed the status of various IT and finance projects, including the workflow process for members who will be exiting DROP. He reported that an external consultant was engaged to assist with the review of existing IT processes with the goal of improving efficiency and minimizing IT development costs. He also reported that the Finance department is working on calendar year-end pension processing and preparing for 1099 reporting, while also focusing on streamlining and improving the ERFC budget process. He reported that ERFC is well within the approved IT budget for the fiscal year. Mr. Tierney and Mr. Bala answered questions from the Trustees.

Investment Report

Dr. AlQudwa reported that all managers are currently in compliance with ERFC's Investment Policy Statement. He also reviewed upcoming meetings to be held with investment managers.

Operations and Communications Report

Ms. O'Neal reviewed retirements for November 2024, retirements by calendar year, retirement totals for the last three calendar years, and the number of DROP participants. She also reviewed the recent electronic newsletter sent to members and the increased traffic on the website and *ERFCDirect*. She provided an update on current ambassadors. 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.

Mr. Quan **moved to receive and file the reports of ERFC staff**. Mr. Smith 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 investment consultant agreement, 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 1:02pm.

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 1:04pm.

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 that the Board of Trustees authorized the Executive Director to enter into the proposed contract extension agreement with Segal Marco, as presented**. Mr. Quan seconded the motion. The Trustees voted unanimous approval.

Adjournment

Mr. Solomon **moved to adjourn the meeting**. Mr. Smith seconded the motion. The Trustees voted unanimously to adjourn the meeting at 1:05pm.

Next Meeting – January 31, 2025 (in-person)