



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

## MEETING MINUTES

Approved March 15, 2024

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An in-person meeting of the ERFC Board of Trustees was held on January 26, 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*  
Sherry Agnew-Scott, *Trustee*  
Marty Smith, *Trustee (via video conference)*  
Adam McConagha, *Trustee*

### Also present:

Srikumar Bala, *Deputy Executive Director of IT, Member Services and Communication (8:03am-9:29am; 12:31pm-1:42pm)*  
Wendy Zhi, *Acting Deputy Executive Director, Finance and Investment (8:03am-9:29am; 12:31pm-1:42pm)*  
Melissa O'Neal, *Coordinator, Communications & Operations (8:03am-9:29am; 12:31pm-1:42pm)*  
Basil AlQudwa, *Investment Specialist (8:03am-9:29am; 12:30pm-1:42pm)*  
Adolphus Tarty, *Functional Applications Specialist (8:03am-9:37am)*  
Andrea Martini, *Coordinator, Operational Employment Services, FCPS HR (1:31pm-3:45pm)*  
Jenifer Cromwell, *Member, Bredhoff & Kaiser*  
Ernest Zhu, *Associate, Bredhoff & Kaiser*  
Brian Liffick, *Partner, Cherry Bekaert LLP (via video conference) (departed 8:13am)*  
Kevin Spanier, *Principal, Atlanta Wealth Practice Leader, Buck (via video conference) (8:15am-9:11am)*  
Rosemary Elly Guillette, *Senior VP and Senior Consultant, Segal Marco Advisors (via video conference) (9:10am-9:28am)*  
Christian Sevier, *VP and Senior Consultant, Segal Marco Advisors (via video conference) (9:10am-9:28am)*

John Haggerty, CFA, Managing Principal/Director of Private Market Investments, Meketa Investment Group (via video conference) (12:31pm-1:22pm)  
Balaj Singh, CFA, Private Markets Analyst, Meketa Investment Group (via video conference) (12:31pm-1:22pm)  
Sabrina Ciampa, Investment Associate, Meketa Investment Group (via video conference) (12:31pm-1:22pm)  
Daniel Cummings, EVP & Managing Director, CBIZ Talent and Compensation Solutions (EFL Associates) (via video conference) (9:11am-11:46am)

## **Meeting**

### **Call to Order**

Ms. Adams called the meeting to order at 8:03am.

### **Approval of Remote Participation**

Mr. Smith requested approval of his participation in the meeting via video conference from Falls Church, Virginia for personal reasons (work).

Ms. Pfeffer-Hahn **moved that the Board of Trustees approve Marty Smith's participation in the Board of Trustees meeting via electronic means from Falls Church, Virginia.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the motion.

### **Announcement of Agenda Changes**

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

The January 26, 2024 Board of Trustees Meeting Agenda was posted to BoardDocs.

## **Consent Agenda**

### **Approval of Minutes of the December 15, 2023 Board of Trustees Meeting and the January 4, 2024 and January 12, 2024 Ad Hoc Committee Meetings**

Ms. Pfeffer-Hahn **moved to approve the minutes of the December 15, 2023 Board of Trustees Meeting and the January 4, 2024 and January 12, 2024 Ad Hoc Committee Meetings, as presented.** Mr. Quan seconded the motion.

The Trustees voted unanimously to approve the minutes. Ms. Burden abstained from the vote because she did not attend these meetings.

The Minutes of the December 15, 2023 Board of Trustees Meeting and the January 4, 2024 and January 12, 2024 Ad Hoc Committee Meetings were posted to BoardDocs.

## **New Business**

### **Internal Control Examination**

Ms. Zhi introduced Mr. Brian Liffick from Cherry Bekaert, which conducted an independent examination of the effectiveness of the ERFC's internal controls over financial reporting.

Mr. Liffick reviewed the results of the independent examination, and reported that in Cherry Bekaert's opinion, management's assertion that the effectiveness of the system of internal controls over financial reporting is in accordance with the ERFC Board of Trustees' Systems Internal Control Examination policy is fairly stated, in all material respects. Mr. Liffick noted that Cherry Bekaert did not identify any control deficiencies that they believe to be material weaknesses or significant deficiencies. He also reviewed the testing of ERFC's manual controls and automated controls.

Cherry Bekaert's attestation report and presentation were posted to BoardDocs.

### **Proposed Plan Amendments**

Ms. Zhi introduced three proposed plan amendments.

The first proposed amendment would add a Deferred Retirement Option Program (DROP) to the ERFC Leacy Plan. Ms. Zhi summarized the features of the proposed DROP. Mr. Spanier presented the cost projection for the proposed DROP, which would be expected to increase the annual employer contribution rate by about 0.38%, given assumed DROP participation. Ms. Zhi, Mr. Bala, and Ms. O'Neal responded to questions from the Trustees.

The second proposed amendment would permit ERFC 2001 Plan members to convert unused sick leave to retirement service credit, the same way as ERFC Legacy members currently can. Mr. Spanier presented the cost projection for the proposed unused sick leave amendment, which would be expected to increase the annual employer contribution rate by about 0.17%.

The third proposed amendment would add a Working after Retirement (only for Critical Shortage Positions) program to both the ERFC Legacy Plan and the

ERFC 2001 Plan. Ms. Zhi summarized the features of the proposed Working after Retirement (only for Critical Shortage Positions) program. Ms. Cromwell reviewed differences between the proposed Working after Retirement (only for Critical Shortage Positions) program and the existing Working after Retirement program in the ERFC Legacy Plan that was implemented in the early 2000s. Ms. Zhi and Ms. O'Neal responded to questions from the Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees recommend to the School Board the adoption of the proposed DROP program, the unused sick leave proposal, and the Working after Retirement (only for Critical Shortage Positions) program, as presented.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the motion.

Mr. Smith thanked Mr. Spanier and ERFC staff for their work on the proposed programs.

The presentation on the proposed plan amendments was posted to BoardDocs.

## **Investment Consultants**

### **Core Fixed Income Search**

Ms. Guillette reviewed the status of the search for fixed income managers. Ms. Guillette reported that Segal Marco identified three managers that Segal Marco recommends, and that Segal Marco will present these candidates after Segal Marco confers with ERFC staff, including the new executive director, when that individual is hired.

### **Investment Performance**

Mr. Sevier reviewed current market conditions, the flash report on portfolio performance, and asset allocations for the period ending December 31, 2023. He noted that except for hedge funds – opportunistic and private equity, all asset allocations are within long-term target ranges. As of December 31, 2023, the market value of ERFC's total plan assets is over \$3.1 billion. He reported that ERFC's total return for the one month ending December 31, 2023, was 3.2% compared to the interim policy benchmark return of 3.9% for the same period. ERFC's total return for the fiscal year-to-date was 2.6% compared to the interim policy benchmark return of 4.5% for the same period, and the year-to-date return was 8.2% compared to the interim policy benchmark return of 10.7% for the same period.

Segal Marco's monthly report was posted to BoardDocs.

## **Closed Session**

Ms. Pfeffer-Hahn **moved that the Board of Trustees go into Closed Session, including representatives of EFL Associates and legal counsel, to discuss personnel matters, specifically, interviewing candidates for the Executive Director position, according to Virginia Code Section 2.2-3711.A.1.** Mr. Quan seconded the motion. The Trustees voted unanimously to go into Closed Session at 9:38am.

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 11:46am.

Ms. Pfeffer-Hahn **moved to certify that only personnel matters were discussed or considered by the Board of Trustees while in Closed Session.** Mr. Quan seconded the motion. Dr. Agnew-Scott was absent for this vote. The remaining Trustees voted unanimous approval.

## **Investment Consultants**

### **2024 Private Markets Commitment Pacing Plan**

Mr. Haggerty reviewed the recommended Private Markets Commitment Pacing Plan for ERFC's 2024 allocations across private equity, private credit, real estate, infrastructure, and natural resources.

Mr. Haggerty sought approval of the 2024 commitment pacing plan as determined by the portfolio allocation studies of approximately \$35 million for private equity, \$50 million for private credit, \$35 million for real estate, \$10 toward infrastructure, and \$50 million for natural resources. Mr. Haggerty responded to questions from the Trustees.

Ms. Pfeffer-Hahn **moved to approve the 2024 Private Markets Commitment Pacing Plan, as recommended by Meketa Investment Group.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the 2024 Private Markets Commitment Pacing Plan.

Meketa's presentation on the 2024 Private Markets Commitment Pacing Plan was posted to BoardDocs.

### **Private Markets Roadmap**

Mr. Singh summarized the result of the 2023 strategic roadmap for private equity and credit investment.

Mr. Singh reviewed a recent commitment made to Wynnchurch Capital Partners VI, L.P. Mr. Haggerty reviewed recent commitments made to Focus Senior Housing Fund II, L.P. and Tiger Infrastructure Partners Fund IV, L.P.

Meketa's presentation on the Strategic Roadmap and investment memoranda were posted to BoardDocs.

### **Private Markets Quarterly and Monthly Performance Reports**

Ms. Ciampa reviewed the monthly performance report as of December 31, 2023. She noted that in December 2023, ERFC received the same or more distributions than the commitments made for private equity and private credit.

Mr. Singh and Mr. Haggerty reviewed the private markets quarterly performance report as of September 30, 2023. They noted that for ERFC's entire private market assets, the performance since inception is 17.6% IRR (internal rate of return). They also reviewed significant events, performance by vintage year, 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. Dr. Agnew-Scott was absent for this vote. The remaining Trustees voted unanimously to receive and file the reports.

### **Staff Reports**

The Staff Reports presentation was presented in writing for Trustee review and was posted to BoardDocs.

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

### **Educational Resource List**

The Educational Resource List was posted to BoardDocs.

Mr. Quan **moved to receive and file the reports of ERFC staff**. Ms. Pfeffer-Hahn 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 representatives of FCPS HR, EFL Associates, and legal counsel, to discuss personnel matters, specifically, interviewing and discussing candidates for the Executive Director position, according to Virginia Code Section 2.2-3711.A.1**. Mr. Quan seconded the motion. The Trustees voted unanimously to go into Closed Session at 1:55pm.

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 3:44pm.

Ms. Pfeffer-Hahn **moved to certify that only personnel matters were discussed or considered by the Board of Trustees while in Closed Session.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

### **Adjournment**

Ms. Burden **moved to adjourn the Board of Trustees meeting.** Dr. Agnew-Scott seconded the motion. The Trustees voted unanimously to adjourn the meeting.

The meeting was adjourned at 3:45 pm.

**Next Meeting – February 5, 2024  
(Special Board of Trustees Meeting) (in-person)**