



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

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## MEETING MINUTES

Approved February 24 2023

An in-person meeting of the ERFC Board of Trustees was held on January 20, 2023, in a conference room at the administrative offices located at 8001 Forbes Place, Suite 300, Springfield, Virginia 22151.

### Trustees present:

Kimberly Adams, *Chairperson and Trustee*  
Kathie Pfeffer-Hahn, *Vice Chairperson and Trustee (via video conference)*  
Adam McConagha, *Trustee*  
Ducchi Quan, *Trustee*  
Marty Smith, *Trustee*

### Trustees absent:

Leigh Burden, *Treasurer and Trustee*

### Also present:

Eliazer Martinez, *Executive Director/CIO (departed 2:22pm)*  
Srikumar Bala, *Deputy Executive Director of IT/Finance (departed 2:22pm)*  
Kathleen Wilson, *Deputy Executive Director, Operations (departed 2:22pm)*  
Melissa O'Neal, *Coordinator, Communications & Operations (departed 2:22pm)*  
Wendy Zhi, *Finance Coordinator (departed 2:22pm)*  
Denise Kropp, *Investment Specialist (departed 2:22pm)*  
Aldophus Tarty, *Functional Applications Specialist (departed 2:22pm)*  
Jenifer Cromwell, *Member, Bredhoff & Kaiser*  
Rosemary Elly Guillette, *Senior Vice President and Senior Consultant, Segal Marco Advisors (via video conference) (departed 1:22pm)*  
Christian Sevier, *Vice President and Senior Consultant, Segal Marco Advisors (departed 2:22pm)*  
John Haggerty, *Managing Principal/Director of Private Market Investments, Meketa Investment Group (departed 1:15pm)*  
Andrew Gilboard, *Senior Vice President, Senior Private Markets Investment Analyst, Meketa Investment Group (via video conference) (departed 1:15pm)*

## **Meeting**

### **Call to Order**

Ms. Adams called the meeting to order at 9:36am.

### **Approval of Ms. Pfeffer-Hahn's Remote Participation**

Mr. McConagha **moved to permit Kathie Pfeffer-Hahn's participation in the Board of Trustees meeting via electronic means from Herndon, Virginia** due to illness. Mr. Smith 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. Mr. McConagha **moved to approve the agenda**. Mr. Smith seconded the motion. The Trustees voted unanimously to approve the agenda.

## **Consent Agenda**

### **Approval of Minutes of the December 16, 2022, Board of Trustees Meeting**

Mr. Quan **moved to approve the minutes of the December 16, 2022, Board of Trustees Meeting, as presented**. Mr. McConagha seconded the motion. The Trustees voted unanimously to approve the minutes.

The December 16, 2022, Board of Trustees Meeting Minutes were posted to BoardDocs.

## **New Business**

### **SECURE 2.0 Act Update**

Ms. Cromwell reviewed provisions of the SECURE 2.0 Act, which was signed into law on December 29, 2022, that may be of interest to ERFC, including the change in the required minimum distribution required beginning date from age 72 to age 73 and increasing to age 75 in the future. Mr. Martinez said that it is staff's recommendation to change the required beginning date age to age 73. The Trustees concurred with the recommendation, and asked Ms. Cromwell to draft an amendment to make such change.

Bredhoff & Kaiser's memorandum on the SECURE 2.0 Act was posted to BoardDocs.

## **Consultants**

### **Recession and Inflation Education**

Ms. Guillette and Mr. Sevier presented Segal Marco's educational presentation on inflation and recession. They responded to questions from the Trustees.

Segal Marco's presentation was posted to BoardDocs.

### **2023 Roadmap**

Ms. Guillette reviewed the proposed 2023 roadmap for investment-related education.

Segal Marco's proposed 2023 Roadmap was posted to BoardDocs.

### **Investment Performance**

Mr. Sevier reviewed current market conditions, the flash report on portfolio performance, and asset allocations for the period ending December 31, 2022. He reported on recent rebalancing, and noted that, except for real estate, 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 December 31, 2022, was -1.5% compared to the benchmark return of -2.0% for the same period. ERFC's total return for the fiscal year-to-date was 0.5% compared to the benchmark return of 1.0% for the same period, and the year-to-date return was -14.0% compared to the benchmark return of -13.1% for the same period. Long-term returns were reviewed including the 3-year return, which was 4.8% compared to the benchmark return of 2.8% for the same period, the 5-year return, which was 5.1% compared to the benchmark return of 4.1% for the same period, and the return since inception (1/1/1999), which was 6.1% compared to the benchmark return of 5.6% for the same period. He reviewed the performance of specific managers, and noted that Segal Marco has no concerns with any managers and that no managers are on the watch list.

Ms. Guillette reported that Fidelity agreed to a fee decrease, which will be retroactive to the last quarter. Mr. Martinez noted that Segal Marco regularly requests, and secures, fee reductions from ERFC's investment managers.

Segal Marco's Monthly Performance Report was posted to BoardDocs.

### **Private Markets 2023 Roadmap**

Mr. Haggerty reviewed the proposed 2023 strategic roadmap for private markets.

Meketa's proposed 2023 Strategic Roadmap was posted to BoardDocs.

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

Mr. Haggerty reviewed the private markets quarterly performance report as of September 30, 2022, and the monthly performance report as of December 31, 2022. He reviewed significant events, performance by vintage year, returns since inception, and various other performance measures. He reviewed the Hammes Income & Growth Healthcare Fund and the BCP Fund III in detail. He responded to Trustee questions.

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

### **2023 Private Markets Commitment Pacing Plan**

Mr. Haggerty and Mr. Gilboard reviewed the recommended Private Markets Commitment Pacing Plan for ERFC's 2023 allocations across private equity, private credit, real estate, infrastructure, and natural resources. They responded to questions from Trustees.

Meketa sought Board approval of the commitment pacing budgets as determined by the portfolio allocation studies of approximately \$35 million toward private equity, \$50 million toward private credit, \$35 million toward real estate, \$25 million (\$20 million to Core) toward infrastructure, and \$56 million toward natural resources.

Mr. Quan **moved to approve the 2023 Private Markets Commitment Pacing Plan, as presented and recommended by Meketa Investment Group.** Mr. McConagha seconded the motion. The Trustees voted unanimously to approve the 2023 Private Markets Commitment Pacing Plan.

Meketa's presentation was posted to BoardDocs.

Mr. McConagha **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**

#### **NeoGenomics Lead Plaintiff Recommendation**

Mr. Martinez briefly described ERFC's Securities Litigation Policy and reviewed the NeoGenomics matter. Ms. Kropp reviewed the recommendation regarding NeoGenomics in detail. They responded to Trustee questions.

Mr. Quan **moved that the Board of Trustees recover any potential losses in connection with the NeoGenomics, Inc. securities litigation case via passive class action participation**. Mr. Smith seconded the motion. The Trustees voted unanimously to approve the motion.

### **Executive Updates**

Mr. Martinez reported that the move to the new office space remains on track and within budget. He noted that ERFC is waiting on permits from the County for the office space build-out, and that the project will remain on schedule if the permit is received by mid-February 2023.

Mr. Martinez reviewed possible dates for the March Trustees meeting. After discussion and review of several possible dates, the Trustees decided to cancel the March Trustees meeting because there was no workable date.

### **IT and Finance Report**

Ms. Zhi reviewed ERFC finances as of December 31, 2022. She also reported that ERFC received a clean audit opinion for the recently completed audit.

The Financial Report for the Period Ending December 31, 2022 was posted to BoardDocs.

### **Operations and Communications Report**

Ms. Wilson reported that the Senate Productivity and Quality Award (SPQA) program submission was recently completed. She reviewed highlights from several sections of the SPQA submission, and noted the benefits to ERFC of completing the program.

Ms. O'Neal reviewed retirements for December 2022, retirements by calendar year, and ERFC *Direct* account statistics.

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

### **Investment Report**

Ms. Kropp reviewed the investment guidelines compliance report as of November 30, 2022. She also reported that the consultant oversight review is underway.

The BNY Mellon Compliance Report was posted to BoardDocs.

### **Informational Items**

Mr. Martinez reviewed the Educational Resource List.

The Educational Resource List was posted to BoardDocs.

The Staff Reports presentation was posted to BoardDocs.

Mr. McConagha **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 for Personnel Matters**

Mr. McConagha **moved that the Board of Trustees go into Closed Session, including authorized ERFC staff and legal counsel, for the purpose of discussing personnel matters, specifically the performance of the Executive Director, according to Virginia Code Section 2.2-3711.A.1**. Mr. Quan seconded the motion. The Trustees voted unanimous approval. The Board went into Closed Session for personnel matters at 2:22pm.

Mr. McConagha **moved that the Board come out of Closed Session**. Mr. Quan seconded the motion, and the Trustees voted unanimous approval. The Board came out of Closed Session at 2:46pm.

Mr. McConagha **moved to certify that only personnel matters were discussed or considered by the Board while in Closed Session**. Mr. Quan seconded the motion, and the Trustees voted unanimous approval.

### **Adjournment**

There being no further business, Ms. Pfeffer-Hahn **moved that the ERFC Board of Trustees meeting be adjourned**. Mr. Quan seconded the motion. The Trustees voted unanimously to adjourn the meeting at 2:46pm.

**Next Meeting – February 24, 2023 (in-person)**