



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

MEETING MINUTES

Approved October 28, 2022

A meeting of the ERFC Board of Trustees was held on September 30, 2022, 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*
Leigh Burden, *Treasurer and Trustee (departed 2:45pm)*
Adam McConagha, *Trustee*
Ducchi Quan, *Trustee*
Marty Smith, *Trustee (arrived 9:35am)*

Also present:

Eliazer Martinez, *Executive Director/CIO (departed 2:51pm)*
Srikumar Bala, *Deputy Executive Director of IT/Finance (departed 2:51pm)*
Kathleen Wilson, *Deputy Executive Director, Operations (departed 2:51pm)*
Melissa O'Neal, *Coordinator, Communications & Operations (departed 2:51pm)*
Adolphus Tarty, *Functional Applications Specialist (departed 2:51pm)*
Wendy Zhi, *Finance Coordinator (departed 2:51pm)*
Denise Kropp, *Investment Specialist (departed 2:51pm)*
Jenifer Cromwell, *Member, Bredhoff & Kaiser (excused from meeting approximately 11:50am-12:10pm)*
Rosemary Elly Guillette, *Vice President, Segal Marco Advisors (by video conference) (departed 1:36pm)*
Christian Sevier, *Vice President and Senior Consultant, Segal Marco Advisors (by video conference) (departed 12:10pm)*
John Haggerty, *Managing Principal/Director of Private Market Investments, Meketa Investment Group (by video conference) (departed 2:51pm)*
Andrew Gilboard, *Senior Vice President, Senior Private Markets Investment Analyst, Meketa Investment Group (by video conference) (departed early)*

Meeting

Call to Order

Ms. Adams called the meeting to order at 9:30am.

Announcement of Agenda Changes

Ms. Adams announced that there were no agenda changes. Ms. Pfeffer-Hahn **moved to approve the agenda, as presented**. Ms. Burden seconded the motion. Mr. Smith was not present for the vote. The remaining Trustees voted unanimously to approve the agenda.

Consent Agenda

Approval of Minutes of August 4, 2022, Board of Trustees Ad Hoc Meeting

Ms. Pfeffer-Hahn **moved to approve the minutes of the August 4, 2022, Board of Trustees Ad Hoc Meeting, as presented**. Mr. McConagha seconded the motion. Mr. Smith was absent for the vote. The remaining Trustees voted unanimously to approve the minutes.

The August Board of Trustees Meeting Minutes were posted to BoardDocs.

New Business

Fiscal Year 2024 Proposed Budget

Ms. Zhi reviewed the fiscal year 2024 proposed budget and the proposed revisions to the fiscal year 2023 budget. She noted that the proposed revised FY2023 budget reflects a \$4.8 million reduction in expenditures, and that the FY2024 proposed budget reflects a 4.2% increase in expenditures over the proposed revised FY2023 budget. The proposed FY2024 budget increases are primarily attributable to member benefit payments, the redesign of ERFC*Direct*, and the office move that will occur in FY2024. Ms. Zhi responded to Trustee questions.

Ms. Pfeffer-Hahn **moved that the Board of Trustees recommend to the School Board approval of the ERFC Proposed FY 2024 budget and the revisions to the FY 2023 budget, as presented**. Ms. Burden seconded the motion. Mr. Smith was absent for the vote. The remaining Trustees voted unanimously to approve the motion.

The FY2024 Proposed Budget and presentation were posted to BoardDocs.

ERFC Staffing Proposal

Mr. Martinez presented a proposal to increase ERFC staff by 6 new full-time positions. He reviewed ERFC's current staffing and discussed staffing needs. The Trustees discussed the proposal and asked questions regarding workload and the effect additional staff positions would have on staff's ability to serve ERFC members. The Trustees requested additional analysis regarding internal legal counsel and suggested that the legal counsel position be discussed further. Mr. Martinez and staff responded to questions from the Trustees about the proposed positions.

Ms. Pfeffer-Hahn **moved that the Board of Trustees approve the ERFC Staffing Plan to add the following positions: Investment Officer/Sr. Investment Specialist; Retirement Auditor; Communications Specialist; ERFC Services Specialist; Accounting Technician.** Mr. McConagha seconded the motion. The Trustees voted unanimously to approve 5 new ERFC staff positions, as discussed.

The ERFC Staffing Proposal was posted to BoardDocs.

External Legal Counsel RFP Timeline

Mr. Martinez presented the proposed External Legal Counsel RFP. Following discussion, the Trustees agreed further discussion and consideration of the External Legal Counsel RFP at the October meeting.

The External Legal Counsel RFP was posted to BoardDocs.

Revisions to Board Procedures

Ms. Cromwell reminded the Trustees of the changes in VA FOIA effective September 1, 2022, that allow for all-virtual meetings and for certain other changes relating to Trustee participation in meetings by electronic means. Ms. Cromwell presented revisions to the Board Procedures, as requested by the Trustees, to allow ERFC to meet through all-virtual meetings and to implement the other changes related to participation by electronic means.

Ms. Pfeffer-Hahn **moved to adopt the revisions to the Board Procedures, as presented.** Mr. Smith seconded the motion. The Trustees voted unanimously to adopt the revisions to the Board Procedures.

The proposed Board Procedures were posted to BoardDocs.

Investment Policy Statement Changes

Mr. Martinez introduced the changes to the Investment Policy Statement. Ms. Guillette reviewed the proposed changes including revisions to reflect the new long-term policy allocations and ranges and the changes regarding proxy voting.

Ms. Pfeffer-Hahn **moved that the Board of Trustees approve the changes to the Investment Policy Statement, as recommended by Segal Marco Advisors and reviewed by investment legal counsel.** Mr. McConagha seconded the motion. The Trustees voted unanimously to adopt the revisions to the Investment Policy Statement.

The proposed revised Investment Policy Statement and Segal Marco's Memorandum were posted to BoardDocs.

Consultants

Investment Performance

Ms. Guillette reviewed current market conditions, the flash report on portfolio performance, and asset allocations for the period ending August 31, 2022. She noted that except for hedge funds – opportunistic, and private equity, all asset allocations are within long-term target ranges. She reported that ERFC's total return for the one-month ending August 31, 2022, was -2.2% compared to the benchmark return of -2.2% for the same period. ERFC's total return for the fiscal year-to-date was 1.6% compared to the benchmark return of 2.1% for the same period, and the year-to-date return was -12.1% compared to the benchmark return of -11.7% for the same period. She reported that the returns for the three-, five-, and ten-year periods, and since inception, were strong and out-performed the policy index. She noted that active managers are adding value to the portfolio, and that there are no managers on the watch list.

Ms. Guillette also reviewed the Quarterly Investment Performance Report for the Period Ending June 30, 2022.

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

Private Market Performance Report

Mr. Haggerty reviewed the private markets program as of August 31, 2022, and discussed current market conditions. He reviewed a recent commitment made to BVF-V Journey Co-Investment, LP.

Meketa's monthly report was posted to BoardDocs.

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

Staff Reports

ERFCDirect Improvement Roadmap

Mr. Martinez introduced the ERFCDirect Improvement Roadmap. Mr. Bala reviewed the proposed roadmap and described the goals for an improved ERFCDirect portal.

The ERFCDirect Improvement Roadmap presentation was posted to BoardDocs.

Operations and Communications Report

Ms. Wilson reviewed the accomplishments in the operations and communications areas that resulted from the 2021 All Action Day, including 5 months of training on Plan documents and regulations, automation of HR2 paperwork and emails, and the creation of Questions Sessions for members. She also reviewed other recent communications initiatives intended to engage members and educate them about their ERFC benefits. Ms. O'Neal reviewed retirements for August 2022, and retirements by calendar year. The Trustees discussed the WAR Program.

The Retirement Summary Report and WAR Summary Report were 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.

Ms. Pfeffer-Hahn **moved to receive and file the reports of ERFC staff**. Mr. McConaha seconded the motion. Ms. Burden was absent for the vote. The remaining Trustees voted unanimously to receive and file the reports.

Ms. Adams announced Sean McDonald's departure from FCPS and the ERFC Board of Trustees. She acknowledged his service and contributions to ERFC. She reported that FCPS will discuss the appointment of a new Trustee to replace Mr. McDonald.

Closed Session for Personnel Matters

Ms. Pfeffer-Hahn **moved that the Board of Trustees go into Closed Session, including authorized ERFC staff and legal counsel, to discuss personnel matters, specifically the performance of the Executive Director, according to Virginia Code Section 2.2-3711.A.1.** The motion was seconded by Mr. McConagha. Ms. Burden was absent for the vote and for the closed session. The remaining Trustees voted unanimously to approve the motion. The Board went into Closed Session for personnel matters at 2:51pm.

Ms. Pfeffer-Hahn **moved that the Board come out of Closed Session.** Mr. McConagha seconded the motion. Mr. Smith was absent for the vote. The remaining Trustees voted unanimously to approve the motion. The Board came out of Closed Session at 3:32pm.

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

Adjournment

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

The meeting was adjourned at 3:33pm.

Next Meeting – October 28, 2022