



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

MEETING MINUTES

Approved May 19, 2023

An in-person meeting of the ERFC Board of Trustees was held on April 28, 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*
Leigh Burden, *Treasurer and Trustee*
Adam McConagha, *Trustee (via video conference)*
Ducchi Quan, *Trustee*
Marty Smith, *Trustee*
Sherry Wilson, *Trustee*

Also present:

Kathleen Wilson, *Interim Executive Director/CIO*
Srikumar Bala, *Deputy Executive Director of IT/Finance*
Melissa O'Neal, *Coordinator, Communications & Operations*
Wendy Zhi, *Finance Coordinator*
Denise Kropp, *Investment Specialist*
Adolphus Tarty, *Functional Applications Specialist*
Al-Karim Alidina, *FSA, EA, Aon*
Jenifer Cromwell, *Member, Bredhoff & Kaiser (departed 1:00pm)*
Ernest Zhu, *Associate, Bredhoff & Kaiser*
Rosemary Elly Guillette, *Senior Vice President and Senior Consultant, Segal Marco Advisors (via video conference) (departed 12:40pm)*
Christian Sevier, *Vice President and Senior Consultant, Segal Marco Advisors*
Maureen O'Brien, *Vice President, Segal Marco Advisors (via video conference) (11:38am-12:00pm)*
John Haggerty, *Managing Principal/Director of Private Market Investments, Meketa Investment Group*
Andrew Gilboard, *Senior Vice President, Senior Private Markets Investment Analyst, Meketa Investment Group (via video conference)*
Mary Bates, *Managing Principal, Meketa Investment Group (via video conference) (for part of the meeting)*

Meeting

Call to Order

Ms. Adams called the meeting to order at 9:32am.

Approval of Mr. McConagha's Remote Participation

Ms. Pfeffer-Hahn **moved to permit Adam McConagha's participation in the Board of Trustees meeting via electronic means from Bethesda, Maryland** due to illness. 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, but noted that the Closed Session may not be needed.

Consent Agenda

Approval of Minutes of the February 24, 2023, Board of Trustees Meeting and the March 24, 2023 Board of Trustees Meeting

Ms. Burden **moved to approve the minutes of the February 24, 2023, Board of Trustees Meeting, as presented.** Mr. Smith seconded the motion. The Trustees voted unanimously to approve the minutes.

Ms. Burden **moved to approve the minutes of the March 24, 2023, Board of Trustees Meeting, as presented.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the minutes.

The February 24, 2023 and March 24, 2023, Board of Trustees Meeting Minutes were posted to BoardDocs.

New Business

December 31, 2022 Preliminary Actuarial Valuation

Mr. Alidina presented the preliminary actuarial valuation report. He noted that this valuation is not used to set the employer contribution rate. He reviewed the actuarial assumptions, the current ERFC funding policy, and the proposal to establish a new 20-year amortization layer for the 2022 actuarial losses. Mr. Alidina stated that ERFC is an actuarially sound plan and that contributions are being made consistent with the funding recommendation. The final actuarial valuation will be presented at the June meeting. He responded to questions from

the Trustees about the preliminary actuarial valuation. Mr. Alidina also reviewed the Aon team supporting ERFC.

Aon's December 31, 2022 Preliminary Valuation Report was posted to BoardDocs.

Consultant Oversight Policy

Ms. Kropp reviewed the Investment Consultant Oversight Policy, and described the results of the recently completed review. She noted that there were no areas of non-compliance with the ERFC Investment Policy Statement by either Segal Marco, ERFC's general investment consultant, or Meketa, ERFC's private markets consultant, and that the survey of the Board of Trustees indicated that the Board is highly satisfied with both consultants.

The Investment Consultant Oversight Memorandum was posted to BoardDocs.

Actuarial Consultant RFP

Ms. Pfeffer-Hahn **moved that the Board of Trustees go into Closed Session, including authorized ERFC staff and legal counsel, for the purpose of discussing the award of a public contract, specifically the RFP for actuarial consulting services, according to Virginia Code Section 2.2-3711.A.29.** Mr. Quan seconded the motion. The Trustees voted unanimous approval. The Board went into Closed Session for discussion of the award of a public contract at 10:31am.

Ms. Pfeffer-Hahn **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 11:27am.

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

Ms. Pfeffer-Hahn **moved to confirm the action taken in Closed Session that Aon, Buck, and Cavanaugh Macdonald Consulting (CMC) be moved to the finalist stage of the actuarial RFP.** Mr. Quan seconded the motion, and the Trustees voted unanimous approval.

Consultants

2022 Proxy Voting Annual Report and Governance Report

Ms. Guillette introduced the proxy voting report and reminded the Trustees that this was the first year that Segal Marco voted proxies for ERFC. Ms. O'Brien presented Segal Marco's proxy voting and governance update. She responded to questions from the Trustees.

Segal Marco's presentation and 2022 Corporate Governance Report were posted to BoardDocs.

Investment Education – Basics of Institutional Investing and Risk

Ms. Guillette presented Segal Marco's educational presentation on institutional investing and risk.

Segal Marco's presentation 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 March 31, 2023. He noted that, except for domestic fixed income, all asset allocations are within long-term target ranges.

Mr. Sevier reported that ERFC's total return for the one-month ending March 31, 2023, was 1.2% compared to the benchmark return of 1.4% for the same period. ERFC's total return for the fiscal year-to-date was 3.5% compared to the benchmark return of 4.4% for the same period, and the year-to-date return was -6.6% compared to the benchmark return of -5.9% for the same period. Long-term returns were reviewed, including the 3-year return, which was 10.7% compared to the benchmark return of 8.2% for the same period, the 5-year return, which was 5.7% compared to the benchmark return of 4.9% for the same period, and the 7-year return, which was 7.3% compared to the benchmark return of 6.1% 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.

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

Silicon Valley Bank Report

Segal Marco and Meketa reviewed the Silicon Valley Bank failure in March 2023, and ERFC's exposure. Mr. Sevier noted that the incident had a de minimis impact on ERFC investments. Segal Marco and Meketa responded to Trustee questions.

Segal Marco's SVB Financial Discussion presentation and Memorandum on ERFC's Exposure, as well as Meketa's SVB Financial Discussion presentation were posted to BoardDocs.

Investment Education – Private Credit

Mr. Haggerty introduce Ms. Bates. Ms. Bates presented Meketa's educational presentation on private credit. She responded to Trustee questions.

Meketa's presentation was posted to BoardDocs.

Private Markets Monthly Performance Report

Mr. Gilboard and Mr. Haggerty reviewed the private markets monthly performance report as of March 31, 2023. They reviewed the road maps in different industries and related opportunities for investment, cash flow, and various performance measures Mr. Gilboard reviewed the Ares Pathfinder Fund II investment, and Mr. Haggerty reviewed the Global Infrastructure Partners V investment.

Meketa's monthly 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 Updates

Ms. Wilson updated the Trustees on the Senate Productivity and Quality Award (SPQA) site visit, which occurred on April 18-19, 2023. She reviewed the status of the build-out for the new space, which is nearing completion. She also reviewed the status of the 5 staff positions approved by the Board.

Operations and Communications Report

Ms. O’Neal reviewed recent communications initiatives, including the “ERFC Is Turning 50” campaign. She also reviewed retirements for March 2023, retirements by calendar year, retirement totals for the last 3 calendar years, and ERFC*Direct* account statistics.

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

Investment Report

Ms. Kropp reviewed the Fate Therapeutics securities litigation. Consistent with the ERFC securities litigation policy and following consultation with ERFC’s securities litigation firms, ERFC staff recommend that ERFC participate in the securities litigation against Fate Therapeutics as a passive class member. Ms. Pfeffer-Hahn **moved that the Board of Trustees accept the recommendation to participate in the Fate Therapeutics securities litigation as a passive class member.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the motion.

Ms. Kropp reviewed the investment guidelines compliance report as of March 31, 2023, and noted that all managers were in compliance as of that date.

The Fate Therapeutics Securities Litigation Memorandum was posted to BoardDocs.

IT and Finance Report

The Financial Report for the Period Ending March 31, 2023 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.

Informational Items

Ms. Wilson reviewed the Educational Resource List.

The Educational Resource List was posted to BoardDocs.

Individual Trustee

Mr. McConagha expressed his willingness to continue serving on the Board of Trustees as the individual trustee.

Ms. Pfeffer-Hahn **moved that the Board of Trustees recommend to the School Board the re-appointment of Adam McConagha to the ERFC Board of Trustees as the Individual Trustee for the one-year term beginning July 1, 2023.** Mr. Quan seconded the motion. Dr. Wilson was absent for the vote. The remaining Trustees voted unanimously to approve the motion.

Executive Director/CIO Search

The Trustees discussed the informal competitive process to solicit bids from search firms to conduct the search for a permanent Executive Director/CIO.

Ms. Pfeffer-Hahn **moved that the Board of Trustees solicit quotes from professional recruiting firms to assist in the search for a permanent Executive Director/CIO.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the motion.

Adjournment

There being no further business, the meeting was adjourned without objection at 3:25pm.

Next Meeting – May 19, 2023 (in-person)