



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

MEETING MINUTES

Approved April 28, 2023

An in-person meeting of the ERFC Board of Trustees was held on February 24, 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*
Ducchi Quan, *Trustee*
Marty Smith, *Trustee*

Also present:

Eliazar Martinez, *Executive Director/CIO*
Kathleen Wilson, *Deputy Executive Director, Operations*
Melissa O'Neal, *Coordinator, Communications & Operations*
Wendy Zhi, *Finance Coordinator*
Denise Kropp, *Investment Specialist*
Aldophus Tarty, *Functional Applications Specialist*
Jenifer Cromwell, *Member, Bredhoff & Kaiser*
Matthew Clash-Drexler, *Member, Bredhoff & Kaiser (via video conference) (departed 10:11am)*
Rosemary Elly Guillette, *Senior Vice President and Senior Consultant, Segal Marco Advisors (via video conference) (departed 11:43am)*
Angela Schettino, *Associate, Segal Marco Advisors (departed 11:43am)*
John Haggerty, *Managing Principal/Director of Private Market Investments, Meketa Investment Group (departed 11:43am)*
Franklin Jones, *Acting Director, Office of Equity & Employee Relations, Department of Human Resources, Fairfax County Public Schools (via video conference) (departed 10:01am)*
Lisa Reid, *Coordinator III, Performance Management, Office of Equity and Employee Relations, Department of Human Resources, Fairfax County Public Schools (via video conference) (departed 10:01am)*

Absent:

Srikumar Bala, *Deputy Executive Director of IT/Finance*

Meeting

Call to Order

Ms. Adams called the meeting to order at 9:38am.

Announcement of Agenda Changes

Ms. Adams announced that the Closed Session would be moved to the beginning of the meeting. There were no objections to the agenda change.

Closed Session for Personnel Matters

Ms. Pfeffer-Hahn **moved that the Board of Trustees go into Closed Session, including authorized ERFC staff, FCPS 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.** Ms. Burden seconded the motion. The Trustees voted unanimous approval. The Board went into Closed Session for personnel matters at 9:39am.

Mr. Martinez joined the Closed Session at 10:30am.

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 10:39am.

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, and the Trustees voted unanimous approval.

Consent Agenda

Approval of Minutes of the January 20, 2023, Board of Trustees Meeting

Ms. Pfeffer-Hahn **moved to approve the minutes of the January 20, 2023, Board of Trustees Meeting, as presented.** Mr. Smith seconded the motion. Ms. Burden abstained because she did not attend the January meeting. The remaining Trustees voted unanimously to approve the minutes.

The January 20, 2023, Board of Trustees Meeting Minutes were posted to BoardDocs.

Consultants

Real Estate Education

Ms. Guillette presented Segal Marco's educational presentation on real estate. She responded to questions from the Trustees.

Segal Marco's presentation was posted to BoardDocs.

Investment Performance

Ms. Guillette reviewed current market conditions, the flash report on portfolio performance, and asset allocations for the period ending January 31, 2023. She noted that, except for domestic fixed income, all asset allocations are within long-term target ranges.

Ms. Guillette reported that ERFC's total return for the one-month ending January 31, 2023, was 3.8% compared to the benchmark return of 4.5% for the same period. ERFC's total return for the fiscal year-to-date was 4.0% compared to the benchmark return of 5.0% for the same period, and the year-to-date return was -7.6% compared to the benchmark return of -6.4% for the same period. Long-term returns were reviewed, including the 3-year return, which was 6.1% compared to the benchmark return of 4.1% for the same period, the 5-year return, which was 5.3% compared to the benchmark return of 4.4% for the same period, and the 7-year return, which was 8.0% compared to the benchmark return of 7.0% for the same period. She 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.

Private Markets Monthly Performance Report

Mr. Haggerty reviewed the private markets monthly performance report as of January 31, 2023. He reviewed changes made to the investment roadmap for 2023, cash flow, and various performance measures. He reviewed the Vitruvian Investment Partnership V, the Silver Point Specialty Credit Fund III, and the Ara Fund III in detail. He responded to Trustee questions.

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

Mr. Martinez reported that the move to the new office space remains on track and that the build-out has begun.

Mr. Martinez provided the annual update on the status of the ERFC Strategic Plan. He noted that most projects are on track or ahead of schedule. He highlighted systemic Fund improvements over the trailing five-year period, including superior performance versus peers with respect to customer service, Plan funded level, investment portfolio performance, and total Plan costs. Additionally, he reviewed the wholesale operational improvements, which resulted in customer service enhancements and led ERFC to operational excellence recognition through the Senate Productivity and Quality Award (SPQA).

IT and Finance Report

Mr. Martinez reviewed the project to convert ERFC's microfiche records. ERFC will be using datamation to convert the microfiche records at an estimated cost of \$28,000.

The ERFC Microfiche Proposal was posted to BoardDocs.

Operations and Communications Report

Ms. Wilson reviewed the status of the Senate Productivity and Quality Award (SPQA) program submission, noting that the site visit is scheduled for April.

Ms. O'Neal reviewed retirements for January 2023, retirements by calendar year, retirement totals for the last 3 calendar years, and ERFC*Direct* account statistics. She also reviewed recent ERFC member communications.

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

Investment Report

Ms. Kropp reviewed the investment guidelines compliance report, noting two managers who had explainable non-compliance.

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. Quan seconded the motion. Mr. Smith was absent for the vote. The remaining Trustees voted unanimously to receive and file the reports.

Adjournment

There being no further business, the meeting was adjourned at 1:11pm.

Next Meeting – April 28, 2023 (in-person)