



The Educational Employees' Supplementary  
Retirement System of Fairfax County

## MEETING MINUTES

Approved May 9, 2025

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An in-person meeting of the ERFC Board of Trustees was held on March 21, 2025, 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 (via video conference)*  
Leigh Burden, *Treasurer and Trustee*  
Ducchi Quan, *Trustee*  
Marty Smith, *Trustee*  
Adam McConagha, *Trustee (via video conference)*

### Trustee absent:

William Solomon, *Trustee*

### Also present:

Melissa O'Neal, *Executive Director (Acting)*  
Srikumar Bala, *Deputy Executive Director (9:03am to 11:20am; 12:47pm to 1:45pm)*  
Basil AlQudwa, *Deputy Executive Director, Investments (Acting) (9:03am to 11:49am; 12:47pm to 1:45pm)*  
Wendy Zhi, *Senior Manager II, Finance (9:03am to 11:49am; 12:47pm to 1:45pm)*  
Kristin Delgado, *Senior Manager II, Communications and Operations (9:03am to 11:20am; 12:47pm to 1:45pm)*  
Pedro Rivera, *Project Manager, Business Applications (9:03am to 11:20am; 12:47pm to 1:45pm)*  
Jenifer Cromwell, *Member, Bredhoff & Kaiser*  
Jonathan Boyles, *Of Counsel, Bredhoff & Kaiser (via video conference) (10:45am to 11:49am)*  
Ernest Zhu, *Associate, Bredhoff & Kaiser*  
Rosemary Elly Guillette, *Senior VP and Senior Consultant, Segal Marco Advisors (via video conference) (departed 11:49am)*

Christian Sevier, *VP and Senior Consultant, Segal Marco Advisors (departed 11:49am)*

John Haggerty, *Managing Principal / Director of Private Market Investments, Meketa Investment Group (departed 11:20am)*

Balaj Singh, *Vice President / Senior Private Markets Analyst, Meketa Investment Group (departed 11:20am)*

Sabrina Ciampa, *Vice President / Private Markets Analyst, Meketa Investment Group (departed 11:20am)*

## **Call to Order**

Ms. Adams called the meeting to order at 9:03am.

## **Approval of Remote Participation**

Ms. Pfeffer-Hahn requested approval of her participation in the meeting via video conference from North Carolina for personal reasons (family reasons). Mr. McConagha requested approval of his participation in the meeting via video conference from Bethesda, Maryland for personal reasons (work).

Mr. Quan **moved that the Board of Trustees approve Kathie Pfeffer-Hahn's and Adam McConagha's participation in the Board of Trustees meeting via electronic means from North Carolina and Maryland, respectively**. 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. Smith **moved to approve the agenda, as presented**. Mr. Quan seconded the motion. The Trustees voted unanimously to approve the agenda.

## **Consent Agenda**

### **Approval of Minutes of the January 31, 2025, Board of Trustees Meeting**

Ms. Pfeffer-Hahn **moved to approve the minutes of the January 31, 2025, Board of Trustees Meeting, as presented**. Mr. Quan seconded the motion. Ms. Burden abstained from the vote because she was not present at the January 31, 2025 meeting. The remaining Trustees voted unanimously to approve the minutes as presented.

The Minutes of the January 31, 2025, Board of Trustees Meeting were posted to BoardDocs.

## **New Business**

### **ERFC Board of Trustees Retreat 2025 Update**

Ms. Guillette reviewed the draft agenda for the retreat. She reported that the keynote speaker would discuss the economic impact of pension plans on local economies, and other draft agenda items would include a panel on cyber security and round table discussions with investment managers. Ms. O'Neal reported on the logistics of the retreat. Mr. Haggerty reported that Meketa would present a panel on artificial intelligence at the retreat.

## **Investment Consultants**

### **Private Markets Program Update**

Mr. Haggerty and Ms. Ciampa reviewed the 5-year net cash flow projection for the entire private markets program. They reported that actual contribution and distribution cash flows for 2025, were slightly lower than projected. Mr. Haggerty responded to questions from the Trustees.

Mr. Haggerty summarized the status of the private markets program as of December 31, 2024. He reviewed the private markets program performance as of September 30, 2024, which was better or on par in all sectors compared with public market equivalents during the same period. He also reviewed performance of the private markets program after September 30, 2024.

Mr. Singh and Mr. Haggerty reviewed ERFC's investments in the real estate sector. Mr. Singh reviewed recent commitments made to Silver Creek Manufactured Housing Communities, LLC. They responded to questions from the Trustees.

Meketa's presentation on the private market program was posted to BoardDocs.

### **Fixed Income Update**

Mr. Sevier provided an update on the status of the transition to the JP Morgan core fixed income fund. He reported that ERFC's fixed income allocation was approximately 23% of ERFC's assets last year and was now approximately 30%. He reported that ERFC is approaching the long-term target of 37%.

### **Quarterly Report & Monthly Preliminary Flash Reports**

Ms. Guillette provided an overview of market conditions in December 2024, and she reviewed the quarterly investment performance for the period ending December 31, 2024. She reported that ERFC's assets shrank slightly from approximately \$3.33 billion as of October 1, 2024, to approximately \$3.28 billion as of December 31, 2024. She noted that all asset classes were within long-term ranges. She reported that ERFC's total return for the fourth quarter of 2024, was -1.4% compared to the interim policy benchmark return of -1.3% for the same period, and the return for the year 2024, was 6.7% compared to the interim policy benchmark return of 6.9% for the same period. She reviewed the comparative performance of the private market investments and the composite risk analysis. She also reviewed the performance of investment managers compared to their benchmarks and the quarterly cash flow history for the last 5 years.

Mr. Sevier reviewed current market conditions, the preliminary flash report on portfolio performance, and asset allocations for the period ending February 28, 2025. He noted that all asset classes were within long-term ranges. He reported that ERFC's total return for the one month ending February 28, 2025, was -0.1% compared to the interim policy benchmark return of 0.3% for the same period, and the return for the fiscal year-to-date was 4.2% compared to the interim policy benchmark return of 5.4% for the same period. He reviewed the tail risk analysis, which includes the one-year return rate in a worst-case loss scenario. Ms. Guillette and Mr. Sevier answered questions from the Trustees, including questions regarding protecting ERFC against market volatility. Ms. Guillette explained that ERFC already made changes to its allocations to protect the portfolio, including moving away from U.S. equities in the prior 1-2 years. She noted that these changes are expected to protect ERFC in volatile market conditions, but have resulted in slight underperformance in the past 1-2 years. Ms. Guillette stated that Segal Marco thinks that the portfolio is positioned for long-term success.

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

#### **Fee Study Update**

Ms. Guillette reported that Segal Marco contacted all of ERFC's money managers and requested that they review the current fee schedule and provide any possible fee discounts. Segal Marco was able to secure fee discounts from two managers so far: Cramer Rosenthal McGlynn provided fee discounts that will result in savings of approximately \$37,000 annually, and Fidelity provided fee discounts that will result in savings of approximately \$115,000 annually. She reported that Segal Marco was in discussion with additional managers to secure further savings for ERFC. She reviewed the fees of individual managers compared with peers, most of which were lower than, or at, the median amounts, and all of which were below the standard fees for the specific manager.

Segal Marco's memorandum and presentation on the fee analysis were posted to BoardDocs.

#### **William Blair International Leaders Concentrated Strategy Review**

Mr. Sevier reviewed Segal Marco's memorandum on the William Blair International Leaders Concentrated strategy. He reminded the Trustees that the William Blair International Leaders Concentrated strategy was put on the watch list due to long-term underperformance versus the benchmark and peers in accordance with ERFC's Investment Policy Guidelines. He reported that Segal Marco recommends terminating the William Blair International Leaders Concentrated strategy and allocating the proceeds to the existing Mellon

International Stock Index fund. The change would result in fee savings for ERFC and allow flexibility moving forward, as ERFC Staff and Segal Marco evaluate the William Blair Emerging Markets strategy and other potential portfolio structure and manager considerations in the international equity sector.

Ms. Guillette reported that Segal Marco made the recommendation after discussions with ERFC staff and meetings with William Blair. Dr. AlQudwa, Ms. Guillette, and Mr. Sevier responded to questions from the Trustees.

Mr. Quan **moved to terminate the William Blair International Leaders Concentrated fund and allocate the proceeds to the existing Mellon International Stock Index fund, as recommended by Segal Marco.** Ms. Pfeffer-Hahn seconded the motion. The Trustees voted to approve the motion.

Mr. Quan **moved to receive and file the reports of the investment consultant.** Ms. Burden seconded the motion. The Trustees voted unanimously to receive and file the reports.

### **Closed Session**

Mr. Quan **moved that the Board of Trustees go into Closed Session, including authorized ERFC staff, legal counsel, and representatives from Segal Marco, (i) to discuss legal matters, specifically legal issues relating to performance by an ERFC service provider, according to Virginia Code Section 2.2-3711.A.8, and (ii) to discuss personnel matters, specifically the performance of ERFC staff according to Virginia Code Section 2.2-3711.A.1.** Mr. Smith seconded the motion. The Trustees voted unanimously to go into Closed Session at 11:26am.

Mr. Quan **moved that the Board of Trustees come out of Closed Session.** Ms. Pfeffer-Hahn seconded the motion. The Trustees voted unanimously to come out of Closed Session at 12:25pm.

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

### **Staff Reports**

#### **Educational Resource List**

Ms. Adams reviewed the Educational Resource List.

The Educational Resource List was posted to BoardDocs.

### **Executive Director Search Update**

Ms. Adams reported a significant number of candidates applied for the Executive Director position, and EFL Associates was working on reviewing the applications and narrowing down the list of candidates, with a target date of June 2025 for the new Executive Director's commencement of ERFC employment.

### **Executive Director Update**

Ms. O'Neal reported that Kristin Delgado was recently promoted to Senior Manager II, Communications and Operations, and ERFC was working on filling Ms. Delgado's original position. Ms. O'Neal reported that ERFC staff were reviewing data for the current fiscal year to be submitted to CEM Benchmarking. She reported on the staff's engagement with the Rightpath Assessment, and she reviewed the Retirement / DROP Summary Board Report. She responded to questions from the Trustees.

### **IT Report**

Mr. Bala reviewed the status of various IT projects, including the customized automated workflow process for members exiting DROP and the coordination with LRS on multiple reports. He reported that all staff were encouraged to complete the Project Development Workflow course shared by the IT team.

### **Finance Report**

Ms. Zhi reviewed the preliminary changes in ERFC's net position in the current fiscal year, compared to the prior fiscal year. She reported that as of February 28, 2025, actual expenses were approximately 64% of the current fiscal year budget, and that the pension payments (including refunds) were 94.9% of total actual expenses, which was in line with the budget.

### **Investment Report**

Dr. AlQudwa reported that all managers are currently in compliance with ERFC's Investment Policy Statement. He reviewed upcoming meetings to be held with investment managers and annual reviews of investment managers. He reported that ERFC recently conducted an investment consulting services review of Segal Marco.

### **Operations and Communications Report**

Ms. Delgado reviewed actual and projected retirements for the current fiscal year 2025, retirements by calendar year, retirement totals and averages for the last

three fiscal years, and the number of DROP participants. She also reported that ERFC recently communicated with Legacy members about DROP, including a postcard recently mailed to 1,905 Legacy members. She also reviewed the information on ERFC benefits that was included in the recent FCPS email newsletter. She reported on ERFC staff's recent attendance at FCPS job fairs. She answered questions from the Trustees.

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

The Staff Reports presentation was posted to BoardDocs.

### **ERFC Phone System Overview**

Ms. O'Neal reported that Mr. Bala and the IT team were exploring new phone system options for ERFC. Mr. Bala reported that the current ERFC phone system had a number of deficiencies. He provided an overview of ERFC's current phone system and reviewed the advantages of a cloud-based phone system, the selection criteria for vendors, the cost analysis, and the next steps. Ms. O'Neal and Mr. Bala responded to questions from the Trustees. The Trustees directed ERFC staff to report on proposals from potential vendors at the next Trustees meeting.

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.

### **Adjournment**

Mr. Quan **moved to adjourn the meeting**. Mr. Smith seconded the motion. The Trustees voted unanimously to adjourn the meeting. The meeting was adjourned at 1:45pm.

**Next Meeting – May 9, 2025 (in-person)**