



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

## MEETING MINUTES

Approved May 17, 2024

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An all-virtual meeting of the ERFC Board of Trustees was held on April 26, 2024, via video and teleconference.

Trustees present:

Kimberly Adams, *Chairperson and Trustee*  
Kathie Pfeffer-Hahn, *Vice Chairperson and Trustee*  
Ducchi Quan, *Trustee*  
Marty Smith, *Trustee*  
Leigh Burden, *Treasurer and Trustee*  
Adam McConagha, *Trustee*

Also present:

J. Ryk Tierney, *Executive Director*  
Srikumar Bala, *Deputy Executive Director of IT/Finance (departed 11:19am)*  
Wendy Zhi, *Finance Coordinator (departed 11:19am)*  
Melissa O'Neil, *Coordinator, Communications & Operations (departed 11:19am)*  
Basil AlQudwa, *Investment Specialist (departed 11:19am)*  
Pedro Rivera, *Senior Functional Applications Specialist (departed 11:20am)*  
Jenifer Cromwell, *Member, Bredhoff & Kaiser*  
Ernest Zhu, *Associate, Bredhoff & Kaiser*  
Rosemary Elly Guillette, *Senior VP and Senior Consultant, Segal Marco Advisors (departed 11:00am)*  
Christian Sevier, *VP and Senior Consultant, Segal Marco Advisors (departed 11:00am)*  
Sam Starkey, *Institutional Director, Schroders (departed 11:05am)*  
Zack Cziryak, *Editor, Financial Investment News (departed 10:59am)*

## **Meeting**

### **Call to Order**

Ms. Adams called the meeting to order at 10:05am.

### **Announcement of Agenda Changes**

Ms. Adams announced that there were no changes to the agenda. Ms. Pfeffer-Hahn **moved that the Board of Trustees approve the agenda, as presented.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the agenda.

The April 26, 2024 Board of Trustees Meeting Agenda was posted to BoardDocs.

## **Consent Agenda**

### **Approval of Minutes of the March 15, 2024 Board of Trustees Meeting**

Ms. Pfeffer-Hahn **moved to approve the minutes of the March 15, 2024 Board of Trustees Meeting, as presented.** Mr. Quan seconded the motion. Ms. Burton and Mr. McConagha abstained from the vote because they did not attend the meeting. The remaining Trustees voted unanimously to approve the minutes.

Ms. Adams announced that Dr. Agnew-Scott resigned from her position at FCPS, and therefore, was no longer an ERFC Trustee. Ms. Adams and the other Trustees expressed appreciation for Dr. Agnew-Scott's service to ERFC.

The March 15, 2024 Minutes of the Board of Trustees Meeting were posted to BoardDocs.

## **New Business**

### **Revised Plan Documents**

Mr. Zhu and Ms. Cromwell presented the proposed amendments to the ERFC Legacy Plan and the ERFC 2001 Plan. Mr. Zhu and Ms. Cromwell noted that both Plans would be restated in their entirety, and the effective date for the proposed restatements would be July 1, 2024. Mr. Zhu and Ms. Cromwell reviewed the proposed amendments related to the Deferred Retirement Option Program ("DROP"), Working After Retirement in a Critical Shortage Position, and the conversion of unused sick leave to credited service under the ERFC 2001 Plan.

Mr. Tierney, Ms. O’Neal, and Mr. Zhu answered questions from the Trustees. The Trustees discussed rules regarding unused sick leave for members entering DROP.

Ms. Pfeffer-Hahn **moved that the Board of Trustees recommend and forward the proposed ERFC and ERFC 2001 Plan restatements to the School Board for adoption.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the motion.

The proposed ERFC and ERFC 2001 Plan restatements and the memorandum summarizing all material changes were posted to BoardDocs.

## **Investment Consultants**

### **Core Fixed Income Manager Recommendation**

Ms. Guillette and Mr. Sevier reviewed Segal’s recommendation to add a core fixed income strategy to ERFC’s portfolio and the search for a manager for such strategy. Mr. Sevier noted that based on ERFC’s asset allocation policy, including a 24% target allocation to domestic fixed income, Segal Marco recommended the addition of the core fixed income strategy to further diversify ERFC’s portfolio. Mr. Sevier reported that Segal Marco recommends the addition of the J.P. Morgan Core Bond strategy based on various factors including their U.S. focus (with the current three managers providing global exposure for ERFC) and their high-quality bias from an overall credit rating perspective. Mr. Sevier also reported that J.P. Morgan’s fees are around 19 basis points (blended rate), which is a very low fee. Mr. Sevier answered questions from the Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees select J.P. Morgan Investment Management, Inc. as an additional manager of ERFC’s domestic fixed income portfolio subject to successful negotiation and legal review of the investment-related documents, as recommended by Segal Marco Advisors.** Mr. Quan seconded the motion. The Trustees voted unanimously to approve the motion.

Segal Marco’s presentation and memorandum were posted to BoardDocs.

### **Fee Analysis**

Mr. Tierney noted that at the October 27, 2023 Trustees meeting, the CEM Investment Benchmarking Report for 2022 was presented, and the report noted that ERFC’s investment cost was above the U.S. median. However, he noted that the report compared ERFC costs to some of the largest public pension funds in the country, which have large asset bases that allow them to drive down investment costs. These economies of scale are not the same for plans the size

of ERFC and therefore is not an accurate analysis of ERFC's costs. Tierney asked Segal Marco to conduct an investment fee analysis.

Ms. Guillette reviewed Segal Marco's fee comparison memorandum. She reported that when Segal Marco became ERFC's investment consultant in 2018, ERFC's total traditional assets were approximately \$1.86 billion, and ERFC's investment fees were approximately 46 basis points. As of December 31, 2023, ERFC's total traditional assets were approximately \$2.11 billion, and ERFC's investment fees were approximately 35 basis points. Ms. Guillette reported further that Segal Marco regularly contacts ERFC's money managers requesting fee discounts. Those fee negotiations saved ERFC an additional \$184,000 annually. Ms. Guillette reported that, overall, ERFC saved approximately \$1.3 million per year in investments fees from 2018 to 2023, as a result of the restructuring of ERFC's traditional assets and fee reduction negotiations.

Ms. Guillette reported that the fees for each ERFC investment manager would be added to Segal Marco's future quarterly reports.

Segal Marco's fee comparison memorandum was posted to BoardDocs.

Ms. Burton **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**

### **Operations and Communications Report**

Mr. Tierney reviewed the status of the implementation of the three upcoming plan changes, including DROP, Working After Retirement in a Critical Shortage Position, and the conversion of unused sick leave to credited service under the ERFC 2001 Plan.

Mr. Tierney and Ms. O'Neal answered questions from the Trustees.

The Staff Reports presentation was posted to BoardDocs.

### **Educational Resource List**

Mr. Tierney reviewed the Educational Resource List.

The Educational Resource List 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.

## **Closed Session**

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 (i) the ERFC Individual Trustee recommendation and (ii) the resignation of an ERFC Trustee, according to Virginia Code Section 2.2-3711.A.1.**

Mr. Quan seconded the motion. The Trustees voted unanimously to go into Closed Session at 11:20am.

Mr. McConagha stepped out of the meeting for the discussion of the Individual Trustee recommendation.

Ms. Pfeffer-Hahn **moved that the Board of Trustees come out of Closed Session.**

Mr. Quan seconded the motion. The Trustees voted unanimously to come out of Closed Session at 11:23am.

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

Ms. Pfeffer-Hahn **moved to confirm the action taken in Closed Session that the Board of Trustees recommend to the School Board the re-appointment of Adam McConagha to the ERFC Board of Trustees for the one-year term beginning July 1, 2024.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

## **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 11:25am.

**Next Board of Trustees Meeting – May 17, 2024  
(in-person meeting)**