



The Educational Employees' Supplementary
Retirement System of Fairfax County

MEETING MINUTES

Approved October 24, 2025

An in-person meeting of the ERFC Board of Trustees was held on September 26, 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*
Leigh Burden, *Treasurer and Trustee*
Ducchi Quan, *Trustee*
Marty Smith, *Trustee (arrived 9:12am)*
William Solomon, *Trustee*
Adam McConagha, *Trustee (via video conference)*

Also present:

Melissa O'Neal, *Executive Director*
Srikumar Bala, *Deputy Executive Director (departed 12:15pm)*
Mangala Murthy, *Deputy Executive Director, Investments (departed 12:50pm)*
Wendy Zhi, *Senior Manager III, Finance (departed 12:15pm)*
Kevin McCarty, *Financial Analyst II (departed 9:22am)*
Kristin Delgado, *Senior Manager II, Operations & Communications (departed at 12:15pm)*
Mussie Hagos, *Senior Functional Applications Specialist (departed at 12:15pm)*
Adolphus Tarty, *Functional Applications Specialist (departed at 12:15pm)*
Jenifer Cromwell, *Member, Bredhoff & Kaiser*
Jonathan Boyles, *Of Counsel, Bredhoff & Kaiser (via video conference) (joined 12:47pm)*
Ernest Zhu, *Associate, Bredhoff & Kaiser*
Rosemary Elly Guillette, *Senior Vice President and Senior Consultant, Segal Marco Advisors (departed 12:51pm)*
Christian Sevier, *Vice President and Senior Consultant, Segal Marco Advisors (departed 12:51pm)*
John Haggerty, *Managing Principal / Director of Private Market Investments, Meketa Investment Group (departed 12:15pm)*
Sabrina Ciampa, *Private Markets Analyst, Meketa Investment Group (departed 12:15pm)*

Meeting

Call to Order

Ms. Adams called the meeting to order at 9:05am. Ms. O'Neal introduced Ms. Murthy.

Electronic

Mr. McConagha requested approval of his participation in the meeting via video conference from Washington, DC for medical and personal reasons (work).

Ms. Pfeffer-Hahn **moved that the Board of Trustees approve Adam McConagha's participation in the Board of Trustees meeting via electronic means from Washington, DC.** Mr. Quan seconded the motion. Mr. Smith was not present for the vote. The remaining Trustees voted unanimously to approve the motion.

Announcement of Agenda Changes

Mr. Quan **moved to approve the agenda, as presented.** Ms. Pfeffer-Hahn 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 the July 25, 2025, Board of Trustees Meeting

Ms. Pfeffer-Hahn **moved to approve the minutes of the July 25, 2025, Board of Trustees Meeting, as presented.** Ms. Burden seconded the motion. Mr. Smith was not present for the vote. Mr. Quan abstained from the vote because he was not present at the July 25, 2025 meeting. The remaining Trustees voted unanimously to approve the minutes as presented.

The minutes of the July 25, 2025, Board of Trustees Meeting were posted to BoardDocs.

New Business

Fiscal Year 2027 Proposed Budget

Mr. McCarty reviewed the proposed modifications to the fiscal year 2026 budget, and the fiscal year 2027 proposed budget. He noted that the proposed revised FY2026 budget reflects a decrease in retiree payments and refunds, an increase in DROP lump sum payments, and a decrease in investment expenses and other administrative expenses. The proposed revisions reduce the approved FY2026

budget by 0.17%. He noted that the FY2027 proposed budget reflects a 6.04% increase in expenditures over the proposed revised FY2026 budget. He explained that the proposed FY2027 budget increase is mainly due to a higher reserve for retirement benefit payments and budget allocations for potential real estate leases and the potential implementation of a new pension administration system. Ms. O'Neal, Ms. Zhi, and Mr. McCarty answered questions from Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees recommend to the School Board approval of the ERFC Revised FY2026 budget and ERFC Proposed FY2027 budget, as presented.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

The ERFC Budget presentation was posted to BoardDocs.

Barings International Small Cap Equity Fund Review

Ms. Guillette reported that Segal Marco determined that the Barings International Small Cap Equity strategy would be downgraded from "Recommended" to "Not Recommended" because of the accelerated trend of asset outflows. She reminded that Trustees that the Baring International Small Cap Equity strategy was put on the watchlist earlier this year. At this time, Segal Marco is recommending that ERFC terminate this fund and allocate the proceeds to the existing BNY Mellon DB SL International Stock Index Fund. Segal Marco noted that this change will result in a meaningful reduction in investment fees. Mr. Sevier answered questions from Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees terminate the Barings International Small Cap Equity fund and allocate the proceeds to the existing BNY Mellon DB SL International Stock Index Fund, as recommended by Segal Marco.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

Segal Marco's memoranda regarding the Baring International Small Cap Equity strategy were posted to BoardDocs.

Asset Allocation Update

Ms. Guillette reviewed the Wellington Opportunistic Investment strategy and reported that Wellington announced the closure of this fund, a multi-asset class solution (MACS). She reported that ERFC's fixed income investments are below the long-term asset allocation target (although within long-term policy ranges), and therefore, Segal Marco is recommending that ERFC allocate the redemption of the Wellington Opportunistic Investment fund to the existing JP Morgan Core Bond fund.

Ms. Guillette also reviewed ERFC's current asset allocation and three possible revised asset allocations reflecting the removal of MACS as an asset class. Mix 1 was recommended by Segal Marco and presented for discussion. The Trustees discussed ERFC's asset allocation, including Segal Marco's recommendation to remove MACS, and the long-term strategic target allocations. Ms. Guillette and Mr. Sevier answered questions from Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees allocate the redemption of the Wellington Opportunistic Investment fund to the existing JP Morgan Core Bond fund, as recommended by Segal Marco.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

Ms. Pfeffer-Hahn **moved that the Board of adopt the revised asset allocation under Mix 1, as recommended by Segal Marco.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

The memorandum regarding Wellington and the presentation on asset allocation from Segal Marco were posted to BoardDocs.

BNY Proprietary Fund

Ms. Guillette reviewed ERFC's current cash sweep vehicle and recommended that ERFC terminate the BNY Proprietary Fund and allocate the proceeds to the Dreyfus Government Institutional CI fund. Ms. Guillette answered questions from Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees terminate the BNY Proprietary Fund and allocate the proceeds to the Dreyfus Government Institutional CI fund.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

Segal Marco's memorandum regarding the BNY Proprietary Fund was posted to BoardDocs.

Investment Consultant and Investment Manager

Investment Performance

Ms. Guillette reviewed the quarterly investment performance for the period ending June 30, 2025. She reported that ERFC's assets increased from approximately \$3.30 billion as of April 1, 2025, to approximately \$3.46 billion as of June 30, 2025. She noted that as of June 30, 2025, all asset classes were within long-term ranges, except for domestic fixed income, which was slightly below long-term ranges. She reported that ERFC's total return for the second quarter of 2025, was 5.2% compared to the interim policy benchmark return of 4.7% for the same period, and the return for the fiscal year 2024-2025, was 9.0%

compared to the interim policy benchmark return of 9.4% for the same period. She noted that the investment return for the fiscal year exceeded ERFC's assumed investment return.

Mr. Sevier reviewed current market conditions, the preliminary flash report on portfolio performance, and asset allocations for the period ending August 31, 2025. He noted that all asset classes, including domestic fixed income, were within long-term ranges as of August 31, 2025. He reported that ERFC's total return for the one month ending August 31, 2025, was 1.3%, compared to the interim policy benchmark return of 1.8% for the same period. ERFC's return for the fiscal year-to-date was 1.6%, compared to the interim policy benchmark return of 2.2% for the same period. Mr. Sevier also reviewed the one-, three-, and five-year returns. Ms. Guillette reviewed the monthly Manager Monitoring report.

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

Private Market Performance Report

Mr. Haggerty introduced the discussion of co-investment funds and reviewed the benefits of co-investment funds to LPs, including higher returns because of fee reductions. He also reviewed the issues and concerns regarding co-investments, including that co-investment portfolios are commonly less diversified than commingled funds. Ms. Ciampa reviewed estimated fee savings if ERFC were to pursue co-investment opportunities. The Trustees discussed the co-investment strategy, including the potential fee savings. Mr. Haggerty and Ms. Ciampa answered questions from Trustees.

The monthly report and the presentation on co-investment funds from Meketa 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

CEM Benchmarking

Ms. O'Neal reviewed the results of the CEM Pension Administration Benchmark Report. She noted that the report does not include any investment performance benchmarking. Ms. O'Neal reported that ERFC received the highest total service score among its peer group, and she reviewed certain metrics compared with the peer group. She answered questions from Trustees.

Executive Director Report

Ms. O'Neal reviewed the RFP process for ERFC's pension administration system (PAS). She reported that an informal RFP for PAS process improvement and RFP consulting services was issued on September 20, 2025, and once the PAS RFP consultant was selected, the consultant would work with ERFC staff to draft and issue the PAS RFP. She reported that ERFC staff would evaluate the responses to the informal RFP and present recommendations at the October 2025 Trustees meeting. Ms. O'Neal and Ms. Cromwell responded to questions from the Trustees.

Operations and Communications Report

Ms. Delgado reported that quotes from ERFC members were added to ERFC's website, and an ERFC webpage was added to FCPS Atlas Intranet. She reviewed recent marketing materials, ERFC employee milestones, and new videos to assist members in generating retirement estimates. She reviewed past and forecasted retirements by fiscal year, retirement totals for the last three fiscal years, and upcoming DROP participants. She noted that one WAR member retired, and there is one (original) WAR member remaining.

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

IT Report

Mr. Bala provided updates on recent enhancements to Pension Gold workflows, reimaged ERFC laptops, and the ERFC Retiree Dashboard that was published internally. He also reported that Segal was engaged to develop the ERFC AI Policy & Guidelines, and ERFC staff is working with FCPS Procurement on a three-year extension for Pension Gold. He reported that ERFC recently added a visitor check-in kiosk to greet and direct guests in the reception area. Mr. Bala reviewed the status of the implementation of Dialpad, the move of ERFC production servers from VMWare on AWS, and SharePoint testing. He answered questions from Trustees.

Educational Resource List

Ms. O'Neal reviewed upcoming training opportunities on 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. McConagha was not present for this vote. The remaining 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, representatives from Segal Marco, and legal counsel, (i) to discuss legal matters, specifically legal issues relating to ERFC investments, according to Virginia Code Section 2.2-3711.A.8, and (ii) to discuss personnel matters, specifically the assignment of ERFC staff, 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 12:47pm.

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 1:46pm.

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

Adjournment

Mr. Quan **moved to adjourn the meeting.** Ms. Pfeffer-Hahn seconded the motion. The Trustees voted unanimously to adjourn the meeting at 1:47pm.

Next Meeting – October 24, 2025 (in person)