



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

MEETING MINUTES

Approved October 23, 2026

An in-person meeting of the ERFC Board of Trustees was held on September 25, 2026, 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*
Lisa Edmonds, *Trustee*
Adam McConagha, *Trustee (departed 11:55am)*
Ducchi Quan, *Trustee*

Trustee absent:

William Solomon, *Trustee*

Also present:

Melissa O'Neal, *Executive Director*
Michelle Andrews, *Deputy Executive Director, Operations*
Mangala Murthy, *Deputy Executive Director, Investments*
Srikumar Bala, *Deputy Executive Director, Audit and Technology*
Wendy Zhi, *Senior Manager III, Finance (via video conference) (9:35am to 10:12am; 11:04am to 11:07am)*
Kevin McCarty, *Financial Analyst II (9:37am to 10:12am)*
Mussie Hagos, *Senior Functional Applications Specialist*
Jenifer Cromwell, *Member, Bredhoff & Kaiser*
Ernest Zhu, *Associate, Bredhoff & Kaiser*
Kevin Spanier, *Senior Vice President, Public Sector Retirement Operations*
Leader, Gallagher (via video conference) (departed 9:44am)
Elizabeth Hoalt, *Vice President, Public Sector Retirement, Gallagher (via video conference) (departed 9:44am)*

Rosemary Elly Guillette, *Senior Vice President and Senior Consultant, Segal Marco Advisors (departed 12:12pm)*

Christian Sevier, *Vice President and Senior Consultant, Segal Marco Advisors (departed 12:12pm)*

John Haggerty, *Managing Principal / Director of Private Market Investments, Meketa Investment Group (departed 12:12pm)*

Sabrina Ciampa, *Vice President / Senior Private Markets Analyst, Meketa Investment Group (departed 12:12pm)*

Meeting

Call to Order

Ms. Adams called the meeting to order at 9:04 am.

Announcement of Agenda Changes

Mr. Quan **moved to approve the agenda, as presented**. Ms. Burden seconded the motion. The Trustees voted unanimously to approve the agenda.

Consent Agenda

Approval of Minutes of the July 30, 2026, Board of Trustees Meeting

Mr. Quan **moved to approve the minutes of the July 30, 2026, Board of Trustees Meeting, as presented**. Mr. McConagha seconded the motion. The Trustees voted unanimously to approve the minutes, as presented.

The minutes of the July 30, 2026, Board of Trustees Meeting were posted to BoardDocs.

Closed Session

Ms. O'Neal reported that Ms. Monica Lehmer will retire effective December 31, 2026, and Mr. Srikumar Bala resigned and his last day will be September 30, 2026.

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 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 9:10am.

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 9:34am.

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

Old Business

December 31, 2025 Actuarial Valuation

Mr. Spanier presented the revised actuarial valuation report. Mr. Spanier reported that, after the preliminary valuation results were presented in previous Board meetings, Gallagher modified certain actuarial assumptions based on the revised funding policy adopted at the July 2026 Board meeting.

Mr. Spanier noted that this valuation is used to set the employer contribution rate, and he reviewed the recommended employer contribution rate of 6.77% for the 2028 fiscal year.

Ms. Pfeffer-Hahn moved that **the Board of Trustees accept the Actuarial Valuation results for the period ending December 31, 2025, as presented by the Plan Actuary, and recommend to the School Board an employer contribution rate of 6.77% for the 2028 fiscal year.** Mr. Quan seconded the motion. Ms. Edmonds abstained from the vote. The remaining Trustees voted unanimous approval.

Gallagher's December 31, 2025 Actuarial Valuation Report was posted to BoardDocs.

New Business

Fiscal Year 2027 Revised Budget and Fiscal Year 2028 Proposed Budget

Mr. McCarty reviewed proposed modifications to the fiscal year 2027 budget. He noted that the proposed revised budget reflects decreases in retiree payments and refunds, investment expenses, and other administrative expenses. Ms. Andrews provided details of these changes. Mr. McCarty reported that, compared to the FY 2027 approved budget, the proposed revised budget reflects a 1.67% reduction in expenditures. Ms. O'Neal and Mr. McCarty responded to questions from the Trustees.

Mr. McCarty reviewed the FY2028 proposed budget, noting that 84% of the budget is for retiree payments and refunds. Ms. O'Neal and Ms. Andrews reported that there is an increase in administrative expenses, which is attributable to the upcoming update of the pension administration system. Ms. O'Neal, Ms. Andrews, Ms. Zhi, and Mr. McCarty answered questions from Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees approve ERFC's revised FY2027 budget, as presented.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

Ms. Pfeffer-Hahn **moved that the Board of Trustees recommend to the School Board approval of the ERFC Proposed FY2028 Budget, as presented.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

The FY2028 proposed budget, and the presentation of the FY2027 revised budget and FY2028 proposed budget were posted to BoardDocs.

Investment Consultant

Overview of Investment Operations

Ms. Murthy reviewed ERFC's current asset allocations, compared with interim targets. She reported that substantial distributions are expected from the Hedge Funds – Opportunistic investments.

Ms. Murthy reported that all investment managers were currently in compliance with ERFC's Investment Policy Statement. She reviewed the investment staff's meetings with investment managers in Fiscal Year 2026.

The presentation on investment operations was posted to BoardDocs.

Investment Performance

Ms. Guillette reviewed the quarterly investment performance for the period ending June 30, 2026. She reported that ERFC's assets were approximately \$3.88 billion as of June 30, 2026. She noted that all asset classes were within long-term ranges and reported that ERFC's total return for fiscal year 2026 was 13.2%, compared to the interim policy benchmark return of 12.5% for the same period. She reported that ERFC's total return for the second quarter of 2026 was 6.1%, compared to the interim policy benchmark return of 6.3% for the same period. She also reviewed the five-, seven-, and ten-year returns for funds in different asset classes. She reviewed ERFC's cash flow and the fees of investment managers, and noted that the fees, at 0.31% (31 basis points), are very good and below the universe median fee. Ms. Murthy and Ms. Guillette answered questions from the Trustees.

Mr. Sevier reviewed current market conditions. Ms. Guillette reviewed the preliminary flash report on portfolio performance, and asset allocations for the period ending August 31, 2026, all of which are within long-term ranges. She reported that ERFC's total return for the one month ending August 31, 2026, was 1.0%, compared to the interim policy benchmark return of 1.1% for the same period. ERFC's total return for the year-to-date was 6.4%, compared to the interim policy benchmark return of 6.1% for the same

period. She reported that the Schroders Investment Management US Small Cap fund is the only

investment manager currently on the watchlist. Ms. Guillette and Mr. Sevier answered questions from the Trustees.

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

Closed Session

Ms. Pfeffer-Hahn **moved that the Board of Trustees go into Closed Session, including authorized ERFC staff and legal counsel, to discuss legal matters, specifically legal advice relating to retirement benefit administration, according to Virginia Code Section 2.2-3711.A.8.** Mr. Quan seconded the motion. The Trustees voted unanimously to go into Closed Session at 11:07am.

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 11:43am.

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

Investment Consultant and Investment Manager

Asset Allocation & Rebalancing

Ms. Guillette reviewed ERFC's current interim and long-term targets and asset allocation ranges, and the proposed changes to the targets and ranges based on the updated asset allocation adopted at the June 2026 Board meeting. She also reviewed Segal Marco's recommendation to rebalance ERFC's portfolio to align with its long-term policy targets. Ms. Guillette and Ms. Murthy responded to questions from the Trustees.

Ms. Pfeffer-Hahn **moved that the Board of Trustees approve the revised interim targets and asset allocation ranges and the revised long-term targets and asset allocation ranges, as presented, in accordance with the recommendation of Segal Marco.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

Ms. Pfeffer-Hahn **moved that the Board of Trustees terminate the Global Alpha International Small Cap fund, and redeem \$12 million from the Lazard Global Equity fund and \$12 million from the William Blair Emerging**

Market fund, and allocate the proceeds from all three funds to the existing 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 memorandum on asset allocations and rebalancing was posted to BoardDocs.

Investment Policy Statement

Ms. Guillette reviewed the proposed revisions to the Investment Policy Statement. Ms. Murthy and Mr. Sevier responded to questions from the Trustees.

Ms. Pfeffer-Hahn **moved that, in accordance with the recommendation of the investment consultant, the Board of Trustees approve the proposed revisions to the Investment Policy Statement, as presented.** Mr. Quan seconded the motion. The Trustees voted unanimous approval.

The proposed revisions to the Investment Policy Statement were posted to BoardDocs.

Equity Structure Review

Mr. Sevier reviewed ERFC's domestic equity structure, which is best characterized as a core portfolio with a significant small-cap tilt. He noted that the correlation analysis suggests the portfolio's active managers are more diversified by investment style than by underlying return drivers.

Ms. Guillette reported that following a review of the domestic equity structure, Segal Marco finds ERFC's current U.S. portfolio to be fundamentally sound, with targeted opportunities to improve diversification, risk efficiency, and overall portfolio construction.

Mr. Sevier reviewed ERFC's current non-U.S. portfolio, which sits between the large-growth and core market segments, indicating that the overall structure is diversified, which is achieved through a combination of managers.

Ms. Guillette reviewed the comparisons with two proposed portfolios and reported that, based on the comparison results, Segal Marco recommends maintaining ERFC's current non-U.S. equity portfolio. Ms. Guillette and Mr. Sevier responded to questions from the Trustees.

Segal Marco's presentation on the equity structure was posted to BoardDocs.

Schroders U.S. Small Cap Equity

Ms. Guillette reviewed Segal Marco's recommendations for the Schroders U.S. Small Cap Equity fund, which is currently on the watchlist. She reported that based on the discussion with Schroders, Segal Marco did not identify any material concerns that would warrant a change in the fund's current recommended rating. She reported that the replacement of the fund's longer-term analysts may provide an opportunity to strengthen sector coverage over time, and the fund's potential use of the global research platform could enhance future due diligence and support the team's research process. She reported that Segal Marco will continue to monitor these developments and the fund's performance.

Segal Marco's presentation on the Schroders U.S. Small Cap Equity was posted to BoardDocs.

Private Market Performance Report

Mr. Haggerty reviewed the impact of current market conditions on private market investments. He noted that smaller distributions are expected because of the high interest rate environment. Mr. Haggerty and Ms. Ciampa reviewed the private markets program for the period ending August 31, 2026, and they reported that the private market program is performing to expectations. Mr. Haggerty and Ms. Ciampa reviewed recent commitments to Sixth Street TAO 6.0, L.P., Hines Rialto Credit Partners, L.P., TPG Peppertree Fund XI, L.P., and Kimmeridge Fund VII, L.P. They responded to questions from the Trustees.

Mr. Haggerty reviewed planned discussion items by Meketa at upcoming Board meetings. He provided an update on the Meketa co-investment fund.

Meketa's monthly report and the investment memoranda were posted to BoardDocs.

Mr. Quan **moved to receive and file the reports of the investment consultants and investment manager**. Ms. Pfeffer-Hahn seconded the motion. Mr. McConagha was absent for this vote. The remaining Trustees voted unanimously to receive and file the reports.

Staff Reports

Executive Director Report

Ms. O'Neal reviewed the status of the upcoming FY2028 to 2030 strategic plan. She reported that the informal request for proposal (RFP) for a vendor to prepare the strategic plan is expected to be released in November 2026.

Operations and Communications Report

Ms. Andrews reviewed past and forecasted retirements by fiscal year, retirement totals for the last three fiscal years, retirement averages, and upcoming DROP participants and DROP exits. She reviewed recent communications to ERFC members and noted that the DROP webinar video was recently added. Ms. O'Neal and Ms. Andrews responded to questions from the Trustees.

Ms. Andrews reported that, for the next quarter, ERFC leadership will focus on internal staff meetings to review member services, and caller escalation and communication trainings.

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

IT Report

Mr. Bala reviewed the status of the Request for Proposal for the Pension Administration System, which was issued in June 2026. He noted that proposals are currently under review, and demonstrations from three shortlisted vendors are planned to occur in October 2026. Ms. O'Neal and Mr. Bala responded to questions from the Trustees.

The Trustees thanked Mr. Bala for his service at ERFC.

Educational Resource List

The Educational Resource List was posted to BoardDocs. Ms. Adams and Ms. O'Neal reviewed the educational opportunities.

The Staff Reports presentation was posted to BoardDocs.

Mr. Quan **moved to receive and file the reports of ERFC staff**. Ms. Pfeffer-Hahn seconded the motion. Mr. McConagha was absent for this vote. The remaining Trustees voted unanimously to receive and file the reports.

Adjournment

The meeting was adjourned without objection at 1:46pm.

**Next Meeting – October 23, 2026
(Board of Trustees Meeting) (in-person)**