

**MINUTES OF DECEMBER 11, 2025 CITY OF ALEXANDRIA
SUPPLEMENTAL RETIREMENT BOARD
JOINT DUE DILIGENCE MEETING**

PRESENT:

<u>Members</u>	<u>Others</u>
Laura Gates (Management)	Barry Bryant, Consultant
Robert Gilmore (Deputy Sheriff)	Joseph Cavanaugh, Fire and Police Board
Julian Gonsalves (Management)	Kadira Coley, Staff
Kimberly Hurley (General Schedule)	Kevin Condy, Consultant
Katherine Key (Management)	Denise Cummings, Staff
Jim Moore (General Schedule)	Patrick Evans, Fire and Police Board
Robert Stackhouse (General Schedule – Alternate)	Diana Fuentes, Staff
Dana Wedeles (General Schedule – Alternate)	Catisha Jackson, Staff
Arthur Wicks (Management)	Dylan Kempton, Fire and Police Board
	Ryan Klein, Fire and Police Board
	Jeff Kuchta, Consultant
	Nicole LaPoint, Staff
	Arthur Lynch, Staff
	Shirl Mammarella, Fire and Police Board
	Henry Otto, Brandywine
	Elizabeth Stevko, Brandywine

¹Technical Corrections and Plan Document Review Committee

²Vendor & Service Provider

Absent:

Cassandra Branch-Dibella (Deputy Sheriff – Alternate)

Elizabeth (Honaker) Fox (Medic/Fire Marshal)

Alethea Predeoux (Management – Alternate)

Darryl Stanton (Medic/Fire Marshal – Alternate)

CALL TO ORDER

The meeting was called to order at 8:50 AM Thursday, December 11, 2025.

Mr. Moore arrived at 8:55 AM, Ms. Gates arrived at 8:56 AM

MEETING RECORD

Meeting minutes were approved.

Ms. Key made a motion to:

Approve the September 11, 2025, minutes.

Ms. Hurley seconded the motion. The motion was approved (7-0).

MANAGER DUE DILIGENCE PRESENTATION –MARINER DC CONSULTANT (JEFF KUCHTA)

- Mr. Bryant introduced Mr. Kuchta and the role of Mariner.
- Mr. Kutchta gave an overview of the responsibilities that come with defined contribution plan consulting and the quarterly performance report.
- Target date funds and their value as well as other funds offered by MissionSquare were explained.
- Ms. Key asked about the shift during one quarter where it appeared to be lots of movement from the MissionSquare Plus Fund to the Vanguard 500 and if it's normal to see large movement like that.
 - It's not uncommon to see people move money when they see another fund doing well, which is why education is important because people often do that at the wrong time.
- MissionSquare's platform can support a self-directed brokerage option that would allow 457 investors to choose funds from a wider range of options. The City is considering adding a self-directed brokerage window to the fund offerings.
- Mr. Kuchta explained the comparative performance of the various funds offered through City's 457 plan.

MANAGER DUE DILIGENCE PRESENTATION BRANDYWINE (HENRY OTTO, ELIZABETH STEVKO)

- Mr. Bryant gave an overview of Brandywine and their returns for the last 10 years. Mr. Bryant explained that Brandywine uses a computer model for their investment decisions instead of analysts.
- Ms. Stevko elaborated that they are a quantitative manager and utilize a proprietary computer model that cycles between a broad value and deep value model. Currently the model favors their deep value which allows for a large dispersion of stocks and more risk to be taken. The built in shifting tool is evaluating and shifts between models every 2 -7 years.
- Ms. Stevko explained the current Mag 7 bubble and how those stocks are likely to be overvalued, which could possibly lead to a bust. They believe their portfolio is set to weather that possibility if it happens but also still perform if it does not.
- Ms. Stevko noted that they were underweight in some tech areas which hurt the performance of the portfolio but while those AI associated stocks performed very well, the model Brandywine uses had them overvalued so they did not invest in them.
- For the third quarter the biggest increase in weight was in financials and the biggest decrease was in industrials.
- Mr. Otto explained that they like to keep their model as simple as possible so Brandywine can tell what is driving decisions and with AI, they won't know what is going on behind the decisions. This makes them worry about using AI to control or drive the fund, but they do use AI to help find areas where the model can improve.
- Mr. Gonsalves asked for more details about changing the model.
 - Mr. Otto explained that they know they could change the model to outperform during the last three years but that would lead to poor performance in other parts of the market and they want to make sure they can perform in all markets.
- Mr. Gilmore confirmed that what Brandywine meant is that they do not want to alter the model because eventually it is going to work well again.
 - Mr. Otto responded that Brandywine does think that the Mag 7 bubble will behave as the tech bubble did in the past and that their model is set to perform well when that happens.

They are looking at minor changes to the model to have good performance if the Mag 7 continues to perform as they have been.

- Mr. Condy asked what performing well means?
 - Brandywine focuses on smoothing out performance rather than having a big boost or a few high returns.

FINANCIAL & QUARTERLY REPORT REVIEW

- Mr. Bryant gave an overview of the current market and the returns in the third quarter of 2025.
- The Federal government is more worried about unemployment than inflation at the moment.
- The Supplemental fund returned 4.0% and landed in the 77th percentile.
- Champlain was the only underperforming manager this quarter and we have moved that money into the Fidelity mid-cap account early December.
- This portfolio did not do as well this quarter compared to Fire and Police due to a lower asset allocation weight to large cap, small cap and emerging markets.
- PIMCO Total Return performed very well.
- Mr. Bryant noted regarding Brandywine that with active management if they are performing above benchmark, you cannot hold a 3-year under performance against them since market cycles are much longer than that especially when AI is directing the growth.
- Ms. Coley informed the Board that there is a vocal group of citizens who are urging City Council to divest from Israel and many companies such as Lockheed Martin, Alphabet, Amazon and Microsoft. She noted that the City manager is asking the Boards to look at the divestment subject again and be ready to respond and educate the new City Council on how that would affect the pension funds.
- Mr. Condy explained that Acadian is the only company with exposure to Israeli companies and without Acadian the City would have lost \$10M between the two plans.
- Ms. Mammarella noted that it is important to address the large companies the group wants to divest from and how that would require the Plan to not be able to invest in many of their investments.
- Mr. Gilmore stated that as a fiduciary of the fund, pulling the Fund's monies from these investments that be irresponsible.
- Mr. Condy pointed out that VRS has a statement in its IPS that investment decisions are only made based on keeping the plan funded.
 - Ms. Wedeles agrees with the VRS statement and thinks it's a solid solution since many City employees are also under the VRS plan.
 - Ms. Coley stated that staff will send the VRS statement out and the Board should decide at a future Board meeting if action needs to be taken and the IPS be updated.

ADMINISTRATORS REPORTS

Regular Investment and Cash Flow Reports

The rebalancing report is in the Board packet and are being executed by Staff.

Other Items

- An updated education listing was provided.

Mr. Moore made a motion to:

Approve travel and training included in the education listing for 2026 with a note to include the local ALTSDC conference held in September that Mr. Gonsalves has brought to the Board's attention.

- Ms. Wedeles seconded the motion. The motion was approved (7-0).

COMMITTEE REPORTS

Technical Corrections and Plan Document Review Committee

No report was given.

Vendor & Service Provider Review Committee

No report was given.

OLD BUSINESS:

The fourth amendment was signed and received today, and staff are working with Empower to get those changes implemented.

NEW BUSINESS:

- Ms. Coley noted that in 2026 due diligence meetings will be moved to the second Tuesday of each month and will take place at Mark Center Drive.
- The Board acknowledged that this is Barry Bryant's last meeting as our consultant from Dahab Associates. Kevin Condy will take over as the Board's consultant in January. The Boards thanked Barry for his work, education and commitment to the City and its pension/retirement boards.

NEXT MEETINGS

- a. Wed. January 7th at 8:45 AM – Interim Meeting
- b. Wed. February 4th at 8:45 AM – Interim Meeting
- c. Tues. March 10th at 8:45 AM – Joint Due Diligence Meeting

ADJOURNMENT

The meeting adjourned at 12:01 PM.

HANDOUTS

Distributed to Board members in the Board Packet:

Agenda
Minutes of Prior Meeting
Dahab Rebalancing Report
Education Listing
Calendar 2026

Distributed to Board members at the meeting:

Dahab Performance Review September 2025 (Specific to your plan)
Mariner Investment Performance Review
Brandywine Presentation