

---

## Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on April 18, 2024, in Richmond, Virginia with the following members participating:

Board members:

A. Scott Andrews, Chair  
John M. Bennett  
Michael P. Disharoon  
Susan T. Gooden, Ph.D. (*entered at 1:48 p.m.*)  
Jessica L. Hood  
Hon. Matthew James  
Lindsey K. Pantele

Investment Advisory Committee:

Lawrence E. Kochard, Ph.D., Chair (*attended remotely*)

VRS Staff:

Patricia Bishop, Jennifer Schreck, Andrew Junkin, Advait Apte, John Alouf, Rory Badura, Parham Behrooz, Matthew Bennett, Jessica Budd, Caroline Cardwell, Jeanne Chenault, Perry Corsello, Michael Cooper, David Cotter, Juanita Cribbs, Sara Denson, Valerie Disanto, Laurie Fennell, Laura Fields, Josh Fox, Katherine Grawe, Krystal Groff, Mehtab Haleem, Dane Honrado, KC Howell, Robert Irving, Sandy Jack, Ross Kasarda, LaShaunda King, Matt Lacy, Chung Ma, Curt Mattson, Michael McDaniel, Walker Noland, Greg Oliff, David Porter, Paula Reid, Mark Rein, Dan Schluslar, Kristy Scott, Michael Scott, Emily Trent, Scott Weaver, Dan Whitlock and Steve Woodall.

Guests:

Lauren Albanese, Financial Investment News; Muskan Arora, Markets Group; Kevin Balaod, With Intelligence; Jamie Bitz, Joint Legislative Audit and Review Commission; Blake Curtis and Jason Samansky, RVK Inc.; Emily Grimes, Department of Planning and Budget; Tom Herbert and Rakesh Thakur, Ernst & Young; Elizabeth Myers, Office of the Attorney General; and Brigid Schutsky, BlackRock.

The meeting convened at 1:00 p.m.

### Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the April 18, 2024, meeting of the Virginia Retirement System Board of Trustees.

### Approval of Minutes

Following a motion by Mr. Bennett, and a second by Ms. Pantele, the VRS Board of Trustees unanimously approved the minutes from its February 8, 2024, meeting, as well as minutes of the March 19, 2024, and March 20, 2024, annual retreat.

*\*Dr. Gooden was not present for this vote.*

#### **Election of Board Vice Chair**

Mr. Andrews nominated Michael Disharoon to serve as Vice Chair. The election closed with no other nominations. Following a motion by Mr. Bennett, and a second by Ms. Hood, the VRS Board of Trustees unanimously approved the nomination of Mr. Disharoon to serve as Vice Chair.

*\*Dr. Gooden was not present for this vote.*

#### **Committee Assignments**

Next, Mr. Andrews advised that, with the appointment of two new Board members, and in accordance with the Governance Policy, the Board needed to update its committee assignments.

Following a motion by Mr. Disharoon, with a second by Mr. Bennett, the Board unanimously approved the proposed committee assignments.

*\*Dr. Gooden was not present for this vote.*

#### **Report of the Investment Advisory Committee**

Lawrence Kochard, Chair of the Investment Advisory Committee (IAC), began his report by noting the IAC met on April 10, 2024, and approved the minutes from its August 23, 2023, and November 15, 2023, meetings. The Committee received the Chief Investment Officer's (CIO) report that included an overview of market conditions, asset allocation, tracking error and total fund performance as of December 31, 2023. Following the CIO report, staff provided an update on the Leverage Implementation Project, a review of the Public and Internal Equity programs, and a review of the Fixed Income program including a look at the current team, overviews of asset allocation, philosophy, the markets, portfolio characteristics, and results for the period ending February 29, 2024. Lastly, Jason Samansky and Blake Curtis from RVK presented a Benchmark & Performance Hurdle Analysis and are also scheduled to present next to the Board. The IAC reviewed the current benchmarks and performance hurdles and agreed with RVK's analysis that all were reasonable and appropriate.

Mr. Andrews thanked Mr. Kochard for his report.

#### **Report of the Chief Investment Officer**

Andrew Junkin, Chief Investment Officer, introduced Jason Samansky, CFA, Consultant and Blake Curtis, CFA, Associate Consultant, with RVK, Inc., a nationally recognized independent consulting firm. Mr. Samansky presented the report to the Board. RVK reviewed the VRS Investment Policy Statement, historical performance, current and historical benchmarks, policy definitions and incentive compensation hurdles. When compared with benchmarks and policies of RVK's public defined benefit plans, analysis indicated that VRS uses similar investment factors to its peers. RVK found all the

benchmarks used by VRS to be appropriate and reflective of the current investment environment. No changes were recommended.

Mr. Andrews thanked Mr. Samansky for his report.

Next, Mr. Junkin began his report with a market overview and discussed asset allocation, total fund performance and tracking error, concluding that risk measures are within Board-approved levels. Mr. Junkin then discussed the New Investments and Terminations report, the Diverse Investment Manager Engagement (DIME) report and the Quarterly External Investment Manager Referral report. Mr. Andrews thanked Mr. Junkin for his report.

### **Report of the Defined Contribution Plans Advisory Committee**

Sandy Jack, Director of Policy, Planning and Compliance, provided the report in Senator Bell's absence. The VRS Board of Trustees received the report of the Defined Contribution Plans Advisory Committee following its meeting on March 14, 2024, and placed it on file.

#### ADMINISTRATION

##### DC Plans Overview

Staff provided an overview of the DC Plans, as well as an update on administrative reports for the fourth quarter of 2023. An overview of assets and accounts across the various defined contribution plans, as well as asset allocations across all plans and on an individual plan basis, was also provided.

Staff advised the Committee that total assets and plan accounts have increased substantially over the last year. Total Plan assets and accounts have increased 22% and 16%, respectively, during the same time period. Pending Plan Document recommendations, primarily due to SECURE 2.0, were presented to include an additional age-based catch-up provision, hybrid plan deferral change frequency from quarterly to monthly, allowance of in-plan Roth conversions, the addition of Unforeseen Emergency Withdrawal (UEW) provisions to the Hybrid 457 Plan with self-certification in both 457 plans and the elimination of the *de minimis* withdrawal option in the COV 457 Plan – all to be rolled out with the Voya transition, if approved.

##### DC Plans Recordkeeper Transition Update

Staff provided an update on the transition to Voya. Teams are meeting weekly covering various areas (i.e., Administration, Communications, Call Center, Operational Readiness, Plan Set-up/Conversion, etc.). The contract review and related discussions are expected to be complete by June.

#### INVESTMENTS

##### Performance Reports

Staff provided an overview of the January 31, 2024, performance reports to the DCPAC, including the unbundled DC plans investment options and the bundled TIAA investment menu for ORPHE. Staff

provided highlights from two Callan Periodic Tables of Investment Returns from 2014-2023 showing various asset class returns and inflation trends.

#### Projects

Staff provided an update on various projects, including the review of DC Investments governing documents, Retirement Income Solutions, and Investment Advice & Managed Accounts.

#### OTHER BUSINESS

##### Legislative Update

Staff presented an RBA for plan document updates which proposes plan changes regarding escheatment provisions impacting all DC Plans as a result of legislation passed by the General Assembly. The Committee voted to recommend that the Board of Trustees approve the amended and restated Virginia 457 and Cash Match, Hybrid 457 and Cash Match, ORPHE, ORPPA and ORPSS plan documents. Staff further provided an overview of VRS-related legislation presented during the 2024 regular session of the General Assembly. Staff also reviewed SECURE 2.0 Act provisions – mandatory and optional, for which DC Plans have implemented or will implement. Pending approval, most changes will be implemented in conjunction with the Voya transition.

##### DISCUSSION OF NEW IDEAS

A committee member initiated a discussion regarding the education provided to employees and retirees and what other employers may be doing to supplement educational activities. Staff added various areas that are currently being addressed and concurred there are opportunities for improvement and to enhance what is currently being done. This was a timely discussion to consider where there may be gaps in educational efforts.

##### 2024 MEETINGS

Ms. Jack confirmed the remaining DCPAC meeting dates in 2024, all at 1:00 p.m.:

- Thursday, May 23<sup>rd</sup>
- Thursday, September 12<sup>th</sup>
- Thursday, December 5<sup>th</sup>

Mr. Andrews thanked Ms. Jack for her report.

Upon a motion by Mr. Disharoon, with a second by Mr. Bennett, the VRS Board of Trustees approved the following action:

---

**RBA: Approve amended and restated Plan Documents: Virginia 457 and Cash Match, Hybrid 457 and Cash Match, ORPHE, ORPPA, and ORPSS**

***Request for Board Action 2024-04-8:** The VRS Board of Trustees approves the amended and restated (i) Commonwealth of Virginia 457 Deferred Compensation Plan, (ii) Virginia Cash Match Plan, (iii) Virginia Hybrid 457 Deferred Compensation Plan, (iv) Virginia Hybrid 401(a) Cash Match Plan, (v) Optional Retirement Plan of the Commonwealth of Virginia for Employees of Institutions of Higher Education, (vi) Optional Retirement Plan of the Commonwealth of Virginia for Political Appointees, and (vii) Optional Retirement Plan of the Commonwealth of Virginia for Public School Superintendents, effective July 1, 2024.*

*\*Dr. Gooden was not present for this vote.*

**Approve Amended Pay Plans**

Paula Reid, Director of Human Resources, provided an overview of the proposed amendments to the agency's three pay plans. Ms. Reid advised that negotiations continue in the General Assembly on the Commonwealth's biennium budget, but noted that all current versions of the budget proposals include a 3% pay raise for state employees and associated adjustments to the Commonwealth's pay bands. If approved, the increase will be effective beginning with the June 10<sup>th</sup> pay period. VRS historically has matched the Commonwealth's pay band increases, which is reflected in the proposed plan amendments. Ms. Reid advised that pay plan adjustments are reviewed by the Administration, Finance and Talent Management (AFT) Committee before being considered by the Board. However, given the unique circumstances of two new Board members necessitating new Committee assignments and the AFT meeting not scheduled until June 11<sup>th</sup>, which is after the start of the June 10<sup>th</sup> pay period, the plan amendments are presented to the Board for approval before the effective date.

Upon a motion by Mr. Disharoon, with a second by Ms. Pantele, the VRS Board of Trustees approved the following action:

**RBA: Approve amended Administrative Pay Plan, Investment Operations and Administration Staff Pay Plan and Investment Professionals' Pay Plan**

***Request for Board Action 2024-04-9:** The Board approves an amended Administrative Pay Plan, Investment Operations and Administration Staff Pay Plan and Investment Professionals' Pay Plan, effective June 10, 2024.*

*\*Dr. Gooden was not present for this vote.*

**Commending Resolution for Joseph W. Montgomery**

Mr. Andrews presented the following commending resolution of service of Joseph W. Montgomery:

WHEREAS, Joseph W. Montgomery faithfully served the Virginia Retirement System Board of Trustees as an esteemed member of the Investment Advisory Committee from 2001 to 2005, where he advised the Board regarding investment matters; and

WHEREAS, Mr. Montgomery was appointed to serve on the Virginia Retirement System Board of Trustees for a first term beginning in March 2014 and was subsequently reappointed in March 2019, serving with distinction; and

WHEREAS, Mr. Montgomery served as Vice Chair of the Board of Trustees where he provided steady leadership and guidance, actively contributing to discussions and sharing his vast knowledge of investment best practices; and

WHEREAS, Mr. Montgomery served in a variety of roles on various Board committees, successfully leading and contributing to Committee discussions and deliberations, including Chair of the Audit and Compliance Committee; Vice Chair and Member of the Administration, Finance, and Talent Management Committee; Vice Chair and Member of the Investment Policy Committee; Vice Chair of the Defined Contribution Plans Advisory Committee; Member of the Strategic Projects Committee; and Member of the Chief Investments Officer Search Committee; and

WHEREAS, Mr. Montgomery, by virtue of his extensive and expert knowledge, provided value to discussions on investment and financial matters, and contributed immeasurably to Board decisions and the success of the System;

NOW, THEREFORE, BE IT RESOLVED, that on April 18, 2024, we, the members of the Board of Trustees of the Virginia Retirement System, hereby acknowledge Mr. Montgomery's loyal and faithful service to the Board of Trustees, the Virginia Retirement System, its members, retirees, and the Commonwealth of Virginia, and are grateful for his contributions, stewardship, and commitment as a member of the Board of Trustees.

#### **Operational Series Update: EDGE Initiative**

Paula Reid, Director of Human Resources, provided an overview of EDGE, the in-house professional development and training initiative launched in FY 2023. EDGE was created to empower, develop, grow and engage employees with development opportunities, and personalized and focused training needed to perform jobs effectively. Ms. Reid discussed EDGE participation, advantages, certification levels, recognition, statistics, and positive employee feedback.

Mr. Andrews thanked Ms. Reid for her report.

#### **Report of the Director**

Ms. Bishop, Director, began her report with an update on the agency road map for FY 2024, noting all projects are progressing as planned, as well as a review of New Coverage Elections.

Ms. Bishop announced that VRS received the Certificate of Transparency from the National Conference on Public Employee Retirement Systems (NCPERS). VRS was recognized for furthering open disclosure, increasing available data, and encouraging the public's understanding of public retirement systems. Ms.

Bishop offered an optional photo opportunity for new professional headshots to the members of the VRS Board of Trustees. Lastly, a preview of upcoming meetings was provided.

Ms. Bishop provided updates on operational and ongoing activities.

Mr. Andrews thanked Ms. Bishop for her report.

### **Securities Litigation (Closed Session)**

Mr. Disharoon moved, with a second by Mr. Bennett, that the Virginia Retirement System Board of Trustees convene a closed meeting under the Virginia Freedom of Information Act for discussion of plans to protect public safety as it relates to terrorist activity or specific cybersecurity threats or vulnerabilities and briefings by staff members, legal counsel, or law-enforcement or emergency service officials concerning actions taken to respond to such matters or a related threat to public safety exemption contained in *Code of Virginia* § 2.2-3711(A)(19).

Upon return to open meeting, Mr. Montgomery moved, with a second by Mr. Disharoon, the following resolution:

WHEREAS, the Virginia Retirement System Board of Trustees convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, § 2.2-3712 of the *Code of Virginia* requires a certification by the Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, the Board certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Board.

The Board approved the resolution upon the following roll call vote:

Mr. Bennett: Aye  
Mr. Disharoon: Aye  
Dr. Gooden: Aye  
Ms. Hood: Aye  
Mr. James: Aye  
Ms. Pantele: Aye  
Mr. Andrews: Aye

### **Other Business**

Lastly, Mr. Andrews reviewed the following meeting schedule:

- Defined Contribution Plans Advisory Committee – May 23 at 1:00 p.m.

- 
- Administrative Finance and Talent Management Committee – June 11 at 10:30 a.m.
  - Audit and Compliance Committee – June 11 at 1:00 p.m.
  - Benefits and Actuarial Committee – June 12 at 1:00 p.m.
  - Board of Trustees – June 20 at 1:00 p.m.

**Adjournment**

There being no further business and following a motion by Mr. Disharoon, with a second by Ms. Pantele, the VRS Board of Trustees agreed to adjourn the meeting at 2:38 p.m.



Chair



Secretary