
Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on October 17, 2024, in Richmond, Virginia with the following members participating:

Board members:

A. Scott Andrews, Chair
Michael P. Disharoon, Vice Chair
Hon. J. Brandon Bell, II
John M. Bennett
Lawrence A. Bernert, III
Susan T. Gooden, Ph.D.
Jessica L. Hood
Del. Matthew James
Lindsey K. Pantele

VRS Staff:

Patricia Bishop, Jennifer Schreck, Andrew Junkin, Nikolai Abaev, Stephen Adelaar, Rory Badura, Daniel Ball, Parham Behrooz, Matt Bennett, Valerie Brown, Lee Buchanan, Jessica Budd, Caroline Cardwell, Jeanne Chenault, Michael Cooper, Perry Corsello, David Cotter, Sara Denson, Laurie Fennell, Laura Fields, Antonio Fisher, Kenneth Fleming, JT Grier, Katie Growe, Mehtab Haleem, KC Howell, Robert Irving, Sandy Jack, Ross Kasarda, LaShaunda King, Kristina Koutrakos, Matt Lacy, Vu Le, Chung Ma, Walker Noland, Greg Oliff, Laura Pugliese, Paula Reid, Mark Rein, Jummai Sarki-Hurd, Dan Schlussler, Michael Scott, Emily Trent, Corey Turner, Leslie Weldon, Daniel Whitlock and Steve Woodall.

Guests:

Muskan Arora, Markets Group; Amruta Liz Binoy, Department of Planning and Budget; Jim Anderson, Kurt Dossan and Becky Stouffer, Gabriel, Roeder, Smith & Company; Kevin Balaod, With Intelligence; Mitchell King, Blackrock; Elizabeth Myers, Office of the Attorney General; Erin Shell, Virginia Auditor of Public Accounts; Katherine Smith, Financial Times; and Bea Snidow, Virginia Education Association.

The meeting convened at 1:00 p.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the October 17, 2024, meeting of the Virginia Retirement System Board of Trustees.

Approval of Minutes

Following a motion by Ms. Pantele, and a second by Senator Bell, the VRS Board of Trustees unanimously approved the minutes from its September 19, 2024, meeting.

Report of the Chief Investment Officer

Andrew Junkin, Chief Investment Officer, began his report with a market overview and discussed asset allocation, total fund portfolio and tracking error, concluding that risk measures are within Board-approved levels.

Next, Mr. Junkin discussed the New Investment and Terminations report, the Diverse Investment Manager Engagement (DIME) report and the External Investment Manager Referral report.

Mr. Andrews thanked Mr. Junkin for his report.

Report of the Benefits and Actuarial Committee

The Benefits and Actuarial Committee met on October 16, 2024, and took up the following matters:

APPROVAL OF MINUTES

The Committee approved the minutes of its June 12, 2024, meeting.

GABRIEL, ROEDER, SMITH & COMPANY (GRS) 2024 ACTUARIAL VALUATION RESULTS FOR FIVE STATEWIDE RETIREMENT PLANS, GROUP LIFE INSURANCE, STATE AND TEACHER RETIREE HEALTH INSURANCE CREDIT, AND VIRGINIA SICKNESS AND DISABILITY PROGRAM (INCLUDES SELF-FUNDED LONG-TERM CARE).

Jim Anderson, Becky Stouffer and Kurt Dossou from the VRS plan actuary, Gabriel, Roeder, Smith & Company (GRS), presented the June 30, 2024, actuarial valuations for the Five Statewide Retirement Plans, Group Life Insurance, the State and Teacher Health Insurance Credit and the Virginia Sickness and Disability Program (VSDP). The VRS actuary conducts annual valuations as of the close of the fiscal year (June 30). In odd-numbered years, the valuations are used to establish employer contribution rates. The results in even-numbered years are shared with the Board of Trustees to inform the Board of any emerging trends or indications of the magnitude and direction of contribution rates.

The market value return for the total fund of 9.9% exceeded the long-term assumed rate of return of 6.75% for fiscal year 2024. The investment gains were nearly offset by higher-than-expected cost-of-living increases and salary increases provided during the fiscal year.

The funded status continues to trend upwards for all plans, although, the state-wide health insurance credit plans are still well below healthy funded status levels.

The informational contribution rates trended lower for all plans with the exception of SPORS and VaLORS which increased slightly from the last rate-setting valuation. VaLORS had a decrease in active headcount which led to a smaller payroll over which to spread costs which contributed to the higher employer rate. The SPORS rate was relatively flat year over year. The rates generally trended lower for the other post-employment benefits (OPEB) plans due to favorable demographic experience to go along with the investment gains. In addition, the HIC State plan received a cash infusion to help pay down unfunded liabilities.

The Quadrennial Experience Study will take place in Spring 2025, and any updated assumptions will be presented for the next rate-setting valuation.

GRS delivered an abbreviated version of their presentation to the full Board of Trustees.

RBA: Accept the Plan Actuary's Valuations as of June 30, 2024, for the Five Statewide Retirement Plans, Group Life Insurance, Health Insurance Credit Plans for State and Teachers, and the Virginia Sickness and Disability Program

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

Request for Board Action 2024-10-30: The Virginia Retirement System Board of Trustees accepts the June 30, 2024, Actuarial Valuations conducted by the VRS plan actuary, Gabriel, Roeder, Smith & Company, for the Five Statewide Retirement Plans, Group Life Insurance, the Health Insurance Credit Plans for both State and Teachers, and the Virginia Sickness and Disability Program.

INFORMATION ITEM

Upcoming B&A Committee Meeting:

The Committee will meet on November 14, 2024, at 10:00 a.m. to receive the valuations for the political subdivision plans, Virginia Local Disability Plan, and the Line of Duty Act fund.

Mr. Andrews thanked Mr. Bennett for the report. Mr. Andrews next thanked GRS and the VRS staff actuaries for their hard work in developing, validating and delivering the results.

Revised Board Governance Policy and Committee Charters (2nd Review)

Sandy Jack, Director of Policy, Planning and Compliance, reviewed the proposed changes to the Board Governance Policy and Committee charters. Ms. Jack explained the rationale for the revisions, noting that the documents were last reviewed comprehensively in 2017. Ms. Jack advised the Board that this is the second review of the charters, which is required before action can be taken.

Upon a motion by Dr. Gooden, with a second by Senator Bell, the VRS Board of Trustees approved the following action:

RBA: Amend the Board of Trustees Governance Policy and Committee Charters

Request for Board Action 2024-10-31: The VRS Board of Trustees approves amendments to the Board's Governance Policy and to the charters for each of the Board's standing committees and advisory committees.

Mr. Andrews thanked Ms. Jack for her report.

Report of the Director

Trish Bishop, VRS Director, began her report with a review of the FY 2025 VRS Project Portfolio and New Coverage Elections.

Ms. Bishop informed the Board that VRS moved from the 42nd to the 36th largest public pension system in the world.

Next, Ms. Bishop updated the Board on recent VRS presentations provided at the Virginia Retired Teachers Association Fall Conference on October 1, 2024, and the Virginia Governmental Employees Association (VGEA) Annual Meeting on September 14, 2024.

Ms. Bishop announced the agency's annual meeting will be held on Tuesday, December 17, 2024, with more information to follow.

Ms. Bishop presented an overview of Actuarial Measures and Key Indicators for fiscal year 2025. The overview included a comparison of the actual fund market value vs the expected for FY 2025; a comparison of pension cash flows for first quarter of fiscal year compared to prior year as well as the average increase in CPI year to date.

Lastly, Ms. Bishop advised the Board of upcoming committee and board meeting dates.

Mr. Andrews thanked Ms. Bishop for her report.

Other Business

Mr. Andrews reviewed the following meeting schedule:

- Investment Advisory Committee – November 6 at 9:00 a.m.
- Benefits and Actuarial Committee – November 14 at 10:00 a.m.
- Board of Trustees – November 14 at 1:00 p.m.

Adjournment

There being no further business and following a motion by Mr. Disharoon, with a second by Senator Bell, the VRS Board of Trustees agreed to adjourn the meeting at 2:00 p.m.



Chair



Secretary

Report

The Benefits and Actuarial Committee met on October 16, 2024, and took up the following matters:

APPROVAL OF MINUTES

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The informational contribution rates trended lower for all plans with the exception of SPORS and VaLORS which increased slightly from the last rate-setting valuation. VaLORS had a decrease in active headcount which led to a smaller payroll over which to spread costs which contributed to the higher employer rate. The SPORS rate was relatively flat year over year. The rates generally trended lower for the OPEB plans due to favorable demographic experience to go along with the investment gains. In addition, the HIC State plan received a cash infusion to help pay down unfunded liabilities.

The Quadrennial Experience Study will take place in Spring 2025, and any updated assumptions will be presented for the next rate-setting valuation.

GRS will also deliver an abbreviated version of their presentation to the full Board of Trustees.

The Committee recommended approval of the following action to the full Board of Trustees:

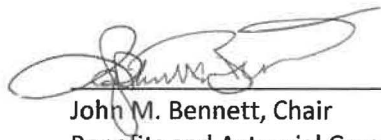
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Submitted to the Board of Trustees on October 17, 2024.



John M. Bennett, Chair
Benefits and Actuarial Committee