
Minutes

An electronic meeting of the Virginia Retirement System Board of Trustees was held on April 16, 2020 in accordance with § 2.2-3708.2(A)(3) of the *Code of Virginia* and guidance provided in 2020 Op. Va. Attorney General 011, with the following members participating:

Board members participating:

O'Kelly E. McWilliams, III, Chair
Diana F. Cantor, Vice Chair
Hon. J. Brandon Bell, II
Wallace G. Harris, Ph.D.
W. Brett Hayes
William H. Leighty
Joseph W. Montgomery
Troilen G. Seward
William A. Garrett

VRS Staff:

Patricia Bishop, Ron Schmitz, Jennifer Schreck, Advait Apte, Rory Badura, Farley Beaton, Parham Behrooz, Delaney Brown, Jeanne Chenault, Michael Cooper, Harriet Covey, Sara Denson, Valerie Disanto, Barry Faison, Laurie Fennell, Josh Fox, Brian Goodman, JT Grier, Dane Honrado, KC Howell, Ross Kasarda, LaShaunda King, Kristina Koutrakos, Matt Lacy, Chung Ma, Curt Mattson, Steve McClelland, Irina Moore, Walker Noland, Angela Payne, Cat Pelletier, Matt Priestas, Laura Pugliese, Paula Reid, Kristy Scott, Michael Scott, Jillian Sherman, Virginia Sowers, and Cindy Wilkinson.

Guests participating were:

Adam Rosatelli, Senate Finance and Appropriations Committee; Elizabeth Myers, Office of the Attorney General; Brian Deveney, Auditor of Public Accounts; Kimberly Sarte, Joint Legislative Audit and Review Commission; Martha Diaz, Pageant Media; Michael Jay, House Appropriations Committee; and Robert Matule, Acadian Asset Management.

The meeting convened at 1:06 p.m.

Opening Remarks

Mr. McWilliams called the meeting to order and welcomed everyone to the April 16, 2020 meeting of the Virginia Retirement System Board of Trustees.

Next, Mr. McWilliams introduced the Board's newly appointed member, Mr. William Garrett, who serves as Fire Chief for Winchester Fire and Rescue. Mr. Garrett has served in many capacities during his 30 years of service, including Fire Operations, EMS Operations, HAZMAT Operations, Fire Prevention, Support Services, and Community Education.

Mr. McWilliams noted that given the current circumstances related to COVID-19, the Board is unable to meet in person and, therefore, is using electronic means to hold the meeting. The meeting is being held in accordance with § 2.2-3708(A)(3) of the *Code of Virginia* and guidance provided by the Attorney General as it relates to conducting business during the pandemic.

Next, Mr. McWilliams took attendance with the following roll call of each of the trustees:

Ms. Cantor: Here
Mr. Bell: Here
Mr. Garrett: Here
Mr. Harris: Here
Mr. Hayes: Here
Mr. Leighty: Here
Mr. Montgomery: Here
Ms. Seward: Here
Mr. McWilliams: Here

Report of the Chief Investment Officer

Mr. Schmitz presented the recommended changes to update the Defined Benefit Plan Strategic Asset Allocation and Allowable Ranges to reflect the new Board target asset mix. He began by noting that the Board last approved a target asset mix, which was a phase-in move toward the Board's Long-Term Policy, on June 13, 2019, with an effective date of July 1, 2019. The Board also approved a new long-term target asset mix on October 10, 2019, with an effective date of January 1, 2020.

Mr. Schmitz advised that recent market action caused by the COVID-19 pandemic and related economic impacts affected the Fund, which has moved close to the expected recommended target exposures for July 2021. He noted that the new targets for the primary asset classes are close to the projected July 1, 2021 phase-in changes that were discussed in the fall Investment Advisory Committee (IAC) and Board meetings.

Mr. Schmitz reviewed the recommended changes to the Strategic Asset Allocation Implementation Schedule and Allowable Ranges that reflect the current market conditions and would allow the Fund to avoid overexposure to market declines. The recommended changes also avoid additional trades and associated transaction costs at a period of market volatility. The Investment Advisory Committee discussed the recommendation and was supportive of the change with an effective date of April 1, 2020.

Mr. Leighty and Ms. Cantor mentioned the retroactive effective date. Mr. McWilliams requested counsel from the Office of the Attorney General to follow up with additional information.

Mr. McWilliams thanked Mr. Schmitz for his report. He also noted that while there may be short-term impacts to the Fund related to the COVID-19 crisis, VRS is a long-term investor and benefit payments will continue and not be impacted by market conditions.

Request for Board Action 2020-04-28: *The VRS Board of Trustees approves the recommended changes to update the Defined Benefit Strategic Asset Allocation and Allowable Ranges to reflect the new Board target asset mix.*

Upon a motion by Mr. McWilliams, with a second by Ms. Cantor, the VRS Board of Trustees approved the RBA, effective as of April 1, 2020, upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Abstain
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Mr. McWilliams thanked everyone for participating in the electronic meeting and expressed appreciation to VRS members who are continuing to serve in critical roles across the Commonwealth, especially during the pandemic.

Upon a motion by Mr. Leighty, with a second by Ms. Cantor, the Board agreed to adjourn the meeting upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

There being no further business, the meeting concluded at 1:40 p.m.



Chair



Secretary