We welcome visitors and remind you that public comment is not received at VRS meetings.

Written comments may be sent by:

- Email: trustees@varetire.org
- Mail: P.O. Box 2500, Richmond, VA 23218

About VRS

The Virginia Retirement System, an independent state agency, delivers retirement and other benefits to covered Virginia public sector employees. Learn more at varetire.org.

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Administration, Finance and Talent Management Committee Meeting

901 East Cary Street
James Center, 4th floor
Richmond, VA 23219

Wednesday, 9/16/2026
1:00 - 3:00 PM ET

Minutes

A regular meeting of the Virginia Retirement System Administration, Finance and Talent Management Committee was held on June 17, 2026, with the following members participating:

Susan T. Gooden, Ph.D., Chair
Lawrence A. Bernert III, Vice Chair
John M. Bennett

Board members present:
A. Scott Andrews (arrived at 10:53 a.m.)
Jessica L. Hood
William H. Leighty

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Judy Bolt, Michael Cooper, David Cotter, Valerie Disanto, Curtis Doughtie, Jonathan Farmer, Laurie Fennell, Laura Fields, Antonio Fisher, Krystal Groff, John Hewitt, Robert Irving, LaShaunda King, Leslie LaBrie, Daniel Lipok, Curt Mattson, Matt Priestas, Paula Reid, Mark Rein, Amethyst Sloane, Virginia Sowers and Emily Trent.

Guest:

Kimberly Sarte, Joint Legislative Audit and Review Commission.

The meeting convened at 10:32 a.m.

Opening Remarks

Dr. Gooden called the meeting to order and welcomed everyone to the June 17, 2026, meeting of the Administration, Finance and Talent Management Committee.

Approval of Minutes

Following a motion by Mr. Bernert, with a second by Mr. Bennett, the Committee approved the minutes of its April 23, 2026, meeting.

RBA – Reappointment of Defined Contribution Plans Advisory Committee (DCPAC) Members

Patricia Bishop, Director, informed the committee of five DCPAC members due for reappointment. Ms. Bishop indicated that Monique Barnes, Ravindra Deo, Matt Harris, Kate Jonas and Brenda Madden have been active and engaged participants of the DCPAC, and each are willing to continue their service on the committee.

Upon a motion by Mr. Bennett, with a second by Mr. Leighty, the Committee recommended approval of the action to the full Board of Trustees:

Request for Board Action: *The Board reappoints Monique G. Barnes, Ravindra Deo, C. Matt Harris, Kate Jonas, and Brenda Madden to the Defined Contribution Plans Advisory Committee (DCPAC), each for a two-year term ending June 20, 2028.*

Dr. Gooden thanked Ms. Bishop for her presentation.

Approve Revised Administrative and Investment Operations and Administration Pay Plans

Paula Reid, Human Resources Director, reviewed proposed changes to the Administrative Pay Plan and the Investment Operations and Administration Pay Plan. Ms. Reid advised that while the Commonwealth's budget for next year has not yet been approved, it is expected that a salary increase for state employees will be included. Any such increase would be accounted for in changes to the pay bands within the Administrative and Investment Operations and Administration Pay Plans.

Upon a motion by Mr. Bernert with a second by Mr. Bennett, the Committee recommended approval of the action to the full Board of Trustees:

RBA – Approved Revised Administrative and Investment Operations and Administration Pay Plans

Request for Board Action: *The Board approves the amendments to the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan.*

Dr. Gooden thanked Ms. Reid for the presentation.

Approve Amended Investment Professionals' Pay Plan

Paula Reid, Human Resources Director, reviewed proposed changes to the Investment Professionals' Pay Plan. Ms. Reid indicated that changes related to certain professional job classifications to better reflect their roles and responsibilities are included in the proposed amendments. In addition, benchmark changes recommended by Mercer, a global professional services independent consulting firm, are proposed, along with any changes to the pay bands resulting from the approved 2026 Appropriation Act.

Upon a motion by Mr. Bennett, with a second by Mr. Bernert, the Committee recommended approval of the action to the full Board of Trustees:

RBA – Approve Amended Investment Professionals' Pay Plan

Request for Board Action: *The Board approves amendments to the Investment Professionals' Pay Plan ("Pay Plan"), effective July 1, 2026.*

Administration and Investment Operations Incentive Compensation Initiative

Michael Cooper, Chief Operating Officer, and Paula Reid, Human Resources Director, provided an update on the performance compensation initiative for the agency. The agency is working with a consultant to evaluate enhancements to its performance compensation policies and plans to pilot the new program beginning in FY 2027.

Dr. Gooden thanked Mr. Cooper and Ms. Reid for the presentation.

Discussion and Consideration of FY 2026 Agency Performance Outcome (APOs) and Operational Measures (OMs)

Michael Cooper, Chief Operating Officer, reviewed the proposed APOs and OMs for fiscal year 2027, which were previously distributed electronically to all Board members for review. Staff must complete three of the four APOs and meet the target for at least 15 of the 18 OMs to be eligible for the agency's gainsharing bonus.

RBA – Approve FY 2027 Agency Performance Outcomes (APOs) and Operational Measures (OMs)

Upon a motion by Mr. Andrews, with a second by Mr. Bernert, the Committee recommended approval of the action to the full Board of Trustees:

Request for Board Action: *The Board approves the FY 2027 Agency Performance Outcomes (APOs) and Operational Measures (OMs).*

Dr. Gooden thanked Mr. Cooper for his presentation.

Quarterly Budget Update

Jon Farmer, Budget and Performance Reporting Manager, provided an update on the FY 2026 budget. Mr. Farmer advised the Committee that VRS has a current budget of approximately $143 million and has expended approximately $106 million. Mr. Farmer noted that the agency is on track to conclude the fiscal year with an estimated $11 million in unexpended appropriation, representing approximately 7.5% of the total budget.

Adjournment

There being no further business and following a motion by Mr. Andrews, with a second by Mr. Leighty, the Committee agreed to adjourn the meeting at 11:22 a.m.

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Chair Date

Virginia Retirement System

Request for Board Action

RBA 2026-9-____

Reappoint IAC members

Requested Action

The Board reappoints to the Investment Advisory Committee (IAC) for two-year terms the following members: (i) Theodore Economou for a term ending September 13, 2028, (ii) Palmer Garson for a term ending October 16, 2028, (iii) Larry Kochard for a term ending February 19, 2029, and (iv) Thomas Gayner for a term ending February 19, 2029.

Rationale for Requested Action

Mr. Economou, Ms. Garson, Mr. Kochard, and Mr. Gayner and Rod Smyth currently serve on the IAC and are willing to be reappointed for another two-year term.

- Mr. Economou serves as the Chair of the Board of Directors of Eurobank Private Bank and a member of the Board of Directors and Investment Committee of Methak Investment Holding.
- Ms. Garson is a Portfolio Manager with Silvercrest Asset Management Group and a member of its Invest Policy and Strategy Group and its Manager Selection Group.
- Mr. Kochard recently retired as the Chief Investment Officer at Makena Capital Management and continues to serve on the board and several investment committees of Markena Capital, and also serves as an adjunct professor at the University of Virginia teaching Institutional Investment Management.
- Mr. Gayner is the Chief Executive Officer of Markel Group, Inc.

Copies of their complete biographies are attached.

Authority for Requested Action

Code of Virginia § 51.1-124.26 requires the Board to appoint an Investment Advisory Committee to provide the Board with sophisticated, objective, and prudent investment advice, which will further assist the Board in fulfilling its fiduciary duty as trustee of the funds of the Retirement System.

The above action is approved.

____ ____________________________

Susan T. Gooden, Ph.D., Chair
VRS Board of Trustees

Date

THÉODORE ECONOMOU, CFA

Board Member and Advisor

- Accomplished investment professional with extensive expertise managing assets for institutional and private clients.
- 30-year executive career across the United States and Europe working in both private and public markets
- Last executive positions as Chief Investment Officer at Lombard Odier AM (Switzerland), and CERN Pension Fund (Switzerland)
- Background spans risk management, corporate finance, and treasury roles.

BOARD MANDATES

EUROBANK PRIVATE BANK LUXEMBOURG SA (Luxembourg) 2022 – Present
Chair of the Board of Directors (non-executive)
Founded by Ari Onassis in Switzerland, Eurobank Private Bank today primarily serves an UHNW clientele in Athens (Greece), London (UK), Luxembourg and Cyprus.

METHAK INVESTMENT HOLDING (Jeddah, Saudi Arabia) 2022 – Present
Member of the Board of Directors & Investment Committee (non-executive)
Methak IH is the non-profit investment arm of the Salem Bin Mahfouz Foundation.

ADVISORY MANDATES

BAE SYSTEMS PENSION SCHEMES (London, UK) 2019 – Present
External Advisor to the Investment Committee
Advise investment committee Trustees on management of £30 billion investment portfolio.

VIRGINIA RETIREMENT SYSTEM (Virginia, USA) 2013 – Present
External Advisor, Member of the "Investment Advisory Committee"
Advise on the management of US$120 billion in assets of the retirement system of the commonwealth of Virginia, USA.

INSTITUTE OF FINANCE and FINANCIAL REGULATION (Athens, GR) 2022 – Present
Professional Fellow
Co-organizer of annual Asset Management conference

PAST EXECUTIVE POSITIONS

LOMBARD ODIER INVESTMENT MANAGERS (Geneva, Switzerland) 2015 – 2020
Chief Investment Officer, Multi-Asset
Led multi-asset team to deliver superior performance for CHF6 billion AuM multi-asset portfolios for institutional and private clients.

- Grew flagship risk-driven multi-asset fund AuM by more than CHF 1 billion
- Promoted integration of risk-driven allocation as core position for private clients
- Chaired investment Committee of Lombard Odier Group pension fund

CERN PENSION FUND (Geneva, Switzerland) **2009 – 2015**
Chief Executive Officer & Chief Investment Officer
Designed and executed restructuring of CHF 4bn pension fund following 2008 crisis.

- Implemented risk-based investment governance, later featured in the Journal of Investment Consulting.
- Won several industry awards from Investment & Pensions Europe, CIO Magazine, as well as Institutional Investor Institute's 2014 DACH region "CIO of the Year" award, and HFR's award for "outstanding career contribution by an individual investor".

ITT CORPORATION (New York, USA) **1993 – 2009**
Held positions of increasing responsibility in corporate finance, treasury and investments.
Assistant Treasurer, Corporate Finance 2002 – 2009

- Delivered top decile investment performance for $5 billion investment portfolio.
- Financed $3 billion in corporate acquisitions while maintaining IG credit rating.

Director, Investor Relations 1996 – 2002

- Built strong investor support following IPO on the NYSE in 1995.
- Recognized among "Best Investor Relations Officers" in USA (2001 Barron's survey).

Manager, Corporate Development 1993 – 1995

- Analysis, planning, negotiation, and execution of corporate acquisitions.

ACCENTURE (Geneva and Zurich, Switzerland) **1987 – 1991**
Senior Consultant, Financial Services Group
Designed and implemented risk management systems for banks and financial companies.

EDUCATION

ACADÉMIE DES ADMINISTRATEURS, Switzerland **2021**
"Fundamentals of Board Governance" Certificate

CFA INSTITUTE, Charlottesville, Virginia, U.S.A **1999**
Chartered Financial Analyst

NORTHWESTERN UNIVERSITY, Evanston, Illinois, U.S.A. **1993**
Master of Management, J.L. Kellogg Graduate School of Management
Recipient of Alexander S. Onassis Scholarship

EPFL – ÉCOLE POLYTECHNIQUE FÉDÉRALE DE LAUSANNE, Switzerland **1987**
M.Sc, Mechanical Engineering
Majors in thermodynamics and machine-tool design

LANGUAGES (FLUENT)

- French, English, German, Greek

Ms. Garson is a Portfolio Manager and member of both the Investment Policy & Strategy Group and the Manager Selection Group. Her 30-plus-years financial services career includes important roles in investment banking and private equity that inform her investing on behalf of Silvercrest's sophisticated nonprofit and family office clients. She was co-founder of private equity firm Jefferson Capital Partners and developed extensive finance experience while working for Morgan Stanley & Co., A.G. Edwards, and Mellon Bank. Ms. Garson currently serves as a Trustee of the Mary Morton Parsons Foundation, the Virginia Foundation of Independent Colleges (VFIC), and St. Mary's School. She has served on numerous Investment Committees and is currently active with VCIMCO (VCU's $2 billion endowment), Randolph College, Order of St. John, and St. Mary's School (where she is investment committee chair) Foundation and was appointed to the investment advisory board of the Virginia Retirement System. She is a former trustee of the Duke Alumni Association and the Darden School. Ms. Garson graduated cum laude with a BA from Duke University and earned an MBA from the Darden Graduate School of Business at the University of Virginia.

Thomas S. Gayner

Richmond, VA | tom.gayner@markel.com | linkedin.com/in/thomas-gayner

Executive Profile

Visionary Chief Executive Officer and Board Director with a 30+ year track record of long-term value creation, capital allocation, and corporate stewardship. Proven expertise leading a Fortune 500 diversified global holding company, deploying billions in capital across public equities, private operating companies, and strategic acquisitions. Trusted board member across global consumer brands, media/education conglomerates, and asset management funds.

Executive Leadership Experience

Markel Group Inc. (NYSE: MKL) | Glen Allen, VA

Chief Executive Officer (2016 – Present)

Co-Chief Executive Officer (2016 – 2023)

Chief Investment Officer (2010 – 2022)

President, Markel Gayner Asset Management (1990 – 2016)

- **Corporate Leadership & Value Creation:** Direct global strategy and operations across insurance, private companies (Markel Ventures), and public equity investments, driving consistent growth in book value per share and long-term shareholder return.
- **Capital Allocation:** Oversee multi-billion-dollar global investment portfolio; pioneered the establishment and scaling of **Markel Ventures**, acquiring controlling stakes in high-quality private businesses to build a diversified operating platform.
- **Culture & Governance:** Preserve and cultivate the "Markel Style" corporate culture across a global organization, focusing on decentralized operational leadership, financial discipline, and ethical stewardship.

Board Directorships

- **The Coca-Cola Company (NYSE: KO)** | *Member, Board of Directors* (2023 – Present)

  Provide strategic oversight and governance for a global beverage leader across worldwide operations, capital deployment, and brand management.

- **Graham Holdings Company (NYSE: GHC)** | *Member, Board of Directors* (2007 – Present)

  Serve on board guiding a diversified holding company with operations in education, media, healthcare, and manufacturing.

- **Davis Series Mutual Funds** | *Director / Independent Trustee* (2004 – Present)

  Oversee fund governance, compliance, and fiduciary responsibilities for a prominent asset management firm.

Prior Investment & Professional Experience

Davenport & Company LLC | Richmond, VA

Vice President (1984 – 1990)

- **Investment Research & Analysis:** Served as equity research analyst and Vice President, conducting fundamental analysis on public equities and managing client investment portfolios.

PricewaterhouseCoopers LLP (PwC) | Richmond, VA

Certified Public Accountant (1983 – 1984)

- **Financial Audit & Reporting:** Performed financial audits, corporate accounting, and statutory compliance reviews for corporate clients across diverse industries.

Nonprofit Leadership & Civic Engagement

- **Community Foundation for a Greater Richmond** | *Former Chairman & Board Member*

  Led board governance and philanthropic strategy for one of the region's largest public charities, stewarding institutional community capital and grantmaking initiatives across Central Virginia.

- **Gayner Family Sustainable Investment Fund (University of Virginia)** | *Founder & Advisor*

  Established an ultra-long-term, student-driven value investment fund at UVA designed to teach students long-term asset management while generating permanent scholarship funding for future undergraduates.

Core Competencies

- Executive Leadership & Corporate Governance
- Capital Allocation & Investment Strategy
- Portfolio Management & Mergers & Acquisitions (M&A)
- Enterprise Risk Management & Financial Discipline
- Board Governance & Stakeholder Engagement
- Philanthropic Leadership & Community Stewardship

Education & Credentials

- **B.S. in Commerce** | McIntire School of Commerce, University of Virginia
- **Certified Public Accountant (CPA)** *(Inactive/Past Designation)*

LAWRENCE E. KOCHARD

SUMMARY

- Seasoned investment executive and multi-asset-class investor
- Experienced corporate and not-for-profit board member
- Long history teaching finance courses (29 years) at the University of Virginia and Georgetown University
- Ph.D. & MA – University of Virginia, MBA – University of Rochester, BA – College of William & Mary
- Chartered Financial Analyst

CAREER SUMMARY

Larry is currently an adjunct professor at the University of Virginia, teaching Institutional Investment Management. He also serves on the board of Makena Capital, and on several investment committees.

Larry Kochard retired from Makena Capital Management at the end of 2025, becoming a board member of the firm. He was the Chief Investment Officer, prior to his retirement. He led the investment team, chaired Makena's Investment Committee and was a member of the firm's three-person Executive Committee, which led the firm. Larry joined the firm in January 2018. Makena is a $20 billion endowment-style multi-asset class fund.

Larry was previously the CEO and CIO of the University of Virginia Investment Management Company (UVIMCO) for seven years. UVIMCO managed the $10 billion endowment for the University of Virginia.

Prior to joining UVIMCO, Larry was the first-ever CIO of Georgetown University from 2004 through 2010, having built their investment office and much of their alternative investment portfolio from scratch.

Larry was the Managing Director of Equity and Hedge Fund Investments from 2001 to 2004 at the Virginia Retirement System, where he managed a $27 billion public equity portfolio, managed a $2 billion private equity portfolio and initiated and managed a $1.2 billion hedge fund portfolio.

Larry has taught finance courses as an adjunct and a full-time faculty member at the University of Virginia and Georgetown University since 1997. He spent the early part of his career in debt capital markets at Goldman Sachs and corporate finance at Fannie Mae and DuPont.

CURRENT BOARD EXPERIENCE

Virginia Retirement System Member, Investment Advisory Committee, Chair since 2017	1998 to 2001, and 2011 to present
Makena Capital Management Member, Board of Directors	2025 to present
Virginia Museum of Fine Arts Member, Board of Directors and Investment Committee	2022 to present IC Chair, July 2024
Virginia Commonwealth University Investment Management Company Member, Board of Directors	2015 to 2021, and 2025 to present
Eighteen48 Partners Member, Investment Committee	2019 to present

PAST BOARD EXPERIENCE

Janus Henderson Group — 2008 to 2022
Member, Board of Directors. Chair, Compensation Committee

Virginia Environmental Endowment — 2014 to 2022
Member, Board of Directors and Chair, Investment Committee

College of William & Mary Foundation — 2005 to 2011
Member, Board of Trustees and Chair, Investment Committee

Verdis Investment Management — 2006 to 2010
Member, Advisory Committee

Saint Louis University — 2004 to 2008
Member, Investment Committee

Commonwealth Public Broadcasting
WCVE Richmond PBS, WHTJ Charlottesville PBS, WCVW Richmond PBS — 2003 to 2005
Member, Board of Directors and Chair, Finance and Investment Committee

Richmond Retirement System — 2002 to 2005
Member, Investment Advisory Committee

EDUCATION

CFA, CFA Institute, 2003
Ph.D., Economics, University of Virginia, Charlottesville, 1999
MA, Economics, University of Virginia, 1996
MBA, Finance and Accounting, University of Rochester Simon School of Business, 1980
BA, Economics, College of William & Mary, 1978

HONORS

Rodney Adams Endowment Management Award, National Association of College and University Business Officers (2015)
Outstanding Large Endowment of the Year by Foundation and Endowment Money Management News (2007)

PUBLICATIONS

Co-authored *Foundation and Endowment Investing: Philosophies and Strategies of Top Investors and Institutions*, which features interviews with successful chief investment officers (published by Wiley and released in January 2008)

Co-authored *Top Hedge Fund Investors: Stories, Strategies and Advice*, which features interviews with successful hedge fund investors (published by Wiley and released in July 2010)

Using a Z-Score Approach to Combine Value and Momentum in Tactical Asset Allocation, Wang and Kochard, Journal of Wealth Management, 2012

Low-Volatility Cycles: The Influence of Valuation and Momentum on Low-Volatility Portfolios, Garcia-Feijóo, Kochard, Sullivan and Wang, Financial Analysts Journal (Graham and Dodd Readers' Choice Award)

Virginia Retirement System

Request for Board Action
RBA 2026-09-____

Attainment of FY 2026 APOs and Operational Measures (and corresponding lump-sum bonus).

Requested Action

The VRS Board of Trustees approves the attainment of FY 2026 Agency Performance Outcomes (APOs) and Operational Measures and a lump-sum bonus equal to 2.5% of salary for eligible administrative employees and eligible Investment Department operations and administration employees.

Description/Background

VRS' Agency Performance Outcomes: The Board approves APOs for each fiscal year. Successful attainment of the APOs is one-half of the gainsharing portion of the performance management program, and it is to be paid as a lump-sum bonus equal to 2.5% of salary for FY 2026, as set forth in the Administrative Pay Plan. The expectation is that all employees will work collaboratively and contribute to attaining the annual APOs. The goal is to complete three of the four APOs for FY 2026.

VRS' Annual Operational Measures: VRS also identifies key operational measures each year. The operational measures are the other part of the gainsharing portion of the performance management program. The goal is to meet the target for at least 13 of the 16 measures set for the year. Again, the expectation is that all employees will work collaboratively and contribute to accomplishing key functions of the agency.

VRS successfully completed all four of the APOs for FY 2026. Additionally, VRS successfully achieved 14 of the 16 operational measures for FY 2026.

Investment Department Gainsharing: The Investment Department's operations and administration staff employees are eligible to receive a lump-sum bonus equal to 2.5% of salary if their performance at least meets expectations, as rated in their annual performance assessment, and the employee consistently works, as a team member, to accomplish the goals of the Investment Department.

Cost: The approximate total cost for the 2.5% bonus payments to eligible employees is $859,567.92 to be paid from the FY 2027 budget.

Rationale for Requested Action

Both the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan contain gainsharing language, as outlined previously, to reward teamwork, collaboration and organizational results.

Authority for Requested Action

Code of Virginia § 51.1-124.22(A)(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

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Susan T. Gooden, Ph.D., Chair Date
VRS Board of Trustees

Virginia Retirement System

P.O. Box 2500, Richmond, Virginia 23218-2500
Toll-free: 1-888-VARETIR (827-3847)
Website: www.varetire.org

Date: September 3, 2026

To: Trish Bishop, Director

From: Jennifer Schreck, Internal Audit Director
Krystal Groff, Principal Auditor

Subject: Review of FY 2026 Agency Performance Outcomes and Operational Measures

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As part of our annual plan, Internal Audit has reviewed the status of the FY 2026 Agency Performance Outcomes (APOs) and Operational Measures (OMs), as set forth by management for the fiscal year ended June 30, 2026. The purpose of our review was to obtain reasonable, but not absolute assurance, the status of such outcomes and measures were fairly represented in management's status reports.

Based upon our review of available documentation, attendance at VRS Board and Committee meetings and discussions with various VRS personnel, nothing came to our attention to cause us to question the representations set forth by management with respect to either the APOs or the OMs. Accordingly, we have no reason to believe that the APOs and OMs were not appropriately represented as satisfied for the fiscal year ended June 30, 2026.

As a result of our review, we provided feedback to management to strengthen VRS' operational measures, including adjustments to the calculation methodology to ensure alignment with the OM description for two measures.

I would like to commend the management team and staff for their accomplishments this past year. Please feel free to share this information with the Administration, Finance and Talent Management Committee as well as the full Board of Trustees, as you deem appropriate.

Virginia Retirement System

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
Summary

APO Status Indicator

- ● Proceeding as planned
- △ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- **N/S** Not started

Overall Measure: 3 of 4 completed

APO #	APO Description	Strategic Goal	July	August	September	October	November	December	January	February	March	April	May	June
1	**Data Quality Enhancements – Phase 2** DEC Owner: Michael Cooper *(Measure: 3 of 4 completed)*	**Digital Transformation and Secure Service Delivery**	●	●	●	●	●	●	●	●	●	●	●	★
2	**Demographic Data Collection and Maintenance Initiative – Phase 1** DEC Owner: Michael Cooper *(Measure: 3 of 4 completed)*	**Digital Transformation and Secure Service Delivery**	●	●	●	●	●	●	●	●	●	●	●	★
3	**VNAV Enhancements - Phase 2** DEC Owner: DEC *(Measure: 3 of 4 completed)*	**Digital Transformation and Secure Service Delivery**	●	△	●	●	△	△	△	△	△	△	△	★
4	**Human Resource Information System (HRIS) Implementation – Phase 3** DEC Owner: Paula Reid *(Measure: 4 of 5 completed)*	**Organizational Strength, Culture and Engagement**	●	●	●	●	●	●	●	●	●	●	●	★

Virginia Retirement System

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
APO 1

APO Status Indicator

- ● Proceeding as planned
- △ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- **N/S** Not started

APO 1 Measure: 3 of 4 completed

Data Quality Enhancements – Phase 2	DEC Owner: Michael Cooper	Strategic Goal: Digital Transformation and Secure Service Delivery

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
1.1	Define and document data quality rules for identified critical data elements (CDE) in coordination with the cross-functional Data Quality Task Force.	●	●	●	●	●	●	●	●	●	●	●	★
1.2	Develop a toolkit for Data Owners and Data Stewards to assist in tracking and analyzing data for improved visibility, measurement and quality assurance.	●	●	●	●	●	●	●	●	●	●	★	★
1.3	Develop a data cleansing tracking log and reporting structure to track ongoing data cleansing of priority CDEs.	N/S	N/S	N/S	N/S	N/S	N/S	●	●	●	●	★	★
1.4	Evaluate technology platforms and develop a roadmap for implementing solutions that meet long-term data quality, metadata and governance needs.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	●	●	●	★

Changes to agency performance outcomes require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
APO 2

Virginia Retirement System

APO Status Indicator

- ● Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- **N/S** Not started

APO 2 Measure: 3 of 4 completed

Demographic Data Collection and Maintenance Initiative – Phase 1	DEC Owner: Michael Cooper	**Strategic Goal:** **Digital Transformation and Secure Service Delivery**

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
2.1	Document existing demographic data collection and maintenance methods.	●	●	●	●	●	●	●	●	●	●	●	★
2.2	Evaluate and document opportunities for data collection and maintenance enhancements.	●	●	●	●	●	●	●	●	●	●	●	★
2.3	Develop strategy for implementing data collection enhancements (e.g., leveraging technology deploying tools, communications and outreach, 3rd party data exchanges).	N/S	●	●	●	●	●	●	●	●	●	●	★
2.4	Initiate implementation of activities (e.g., enhanced participant contact information confirmation) to improve ongoing demographic data accuracy.	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	●	●	●	★

Changes to agency performance outcomes require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

AGENCY PERFORMANCE OUTCOMES STATUS REPORT

FISCAL YEAR 2026

APO 3

APO Status Indicator

- ● Proceeding as planned
- △ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- **N/S** Not started

APO 3 Measure: 3 of 4 completed

VNAV Enhancements - Phase 2	DEC Owner: DEC	**Strategic Goal:** **Digital Transformation and Secure Service Delivery**

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
3.1	Develop program governance framework, including structure, escalation paths and decision forums.	△	△	●	△	△	△	△	△	△	△	△	★
3.2	Create communication framework and stakeholder engagement approach.	●	●	●	●	●	●	●	●	●	●	●	★
3.3	Analyze current state user experience through the development of user personas and journey maps.	N/S	N/S	●	●	●	●	●	●	●	●	●	★
3.4	Identify and document major system components for future enhancement.	N/S	N/S	N/S	N/S	●	●	●	●	●	●	●	★

Virginia Retirement System

AGENCY PERFORMANCE OUTCOMES STATUS REPORT
FISCAL YEAR 2026
APO 4

APO Status Indicator

- ● Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- **N/S** Not started

APO 4 Measure: 4 of 5 completed

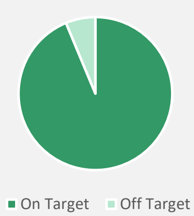
Human Resource Information System (HRIS) Implementation – Phase 3	DEC Owner: Paula Reid	**Strategic Goal:** **Organizational Strength, Culture and Engagement**

#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
4.1	Collaborate with system integrator to determine project role assignments and develop a vision statement for the HRIS implementation.	●	★	★	★	★	★	★	★	★	★	★	★
4.2	Develop a charter and project plan, including communications, change management, data conversion and testing.	●	●	●	●	●	●	★	★	★	★	★	★
4.3	Develop training materials for system users.	●	●	●	●	●	●	●	●	●	★	★	★
4.4	Conduct configuration of the new HRIS, in coordination with the system integrator.	N/S	N/S	●	●	●	●	●	●	●	●	●	★
4.5	Conduct applicable readiness activities, including user acceptance testing, in preparation for "Go Live."	N/S	N/S	N/S	●	●	●	●	●	●	●	●	★

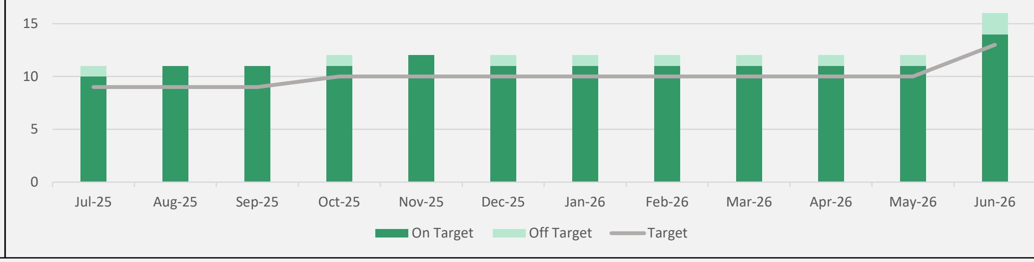
FISCAL YEAR 2026 OPERATIONAL MEASURES STATUS REPORT

June-26

Current Status - All Operational Measures



YTD Status - All Operational Measures



OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
1	Timeliness of Monthly Financial Account Reconciliations	Percentage of monthly financial control reconciliations completed by last business day of the following month	Superior Governance and Long-Term Financial Health	> 98.00%	100.00%	100.00%	Monthly	
2	Average Abandoned Call Rate	Percentage of calls to the Customer Counseling Center (CCC) that result in hang-ups while in the queue	Member, Retiree and Employer Education, Outreach and Partnership	< 7.00%	1.85%	2.67%	Monthly	
3	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)	Average response time to emails received by the CCC	Member, Retiree and Employer Education, Outreach and Partnership	.50 business days	0.71	0.73	Monthly	
4	Timeliness of Monthly Retirement Disbursements	Percentage of monthly retirement disbursements processed no later than the first business day of the month	Superior Governance and Long-Term Financial Health	100.00%	100.00%	100.00%	Monthly	
5	Timeliness of Service Retirements Processed	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible	Superior Governance and Long-Term Financial Health	98.00%	99.21%	99.38%	Monthly	
6	Accuracy of Service Retirements Processed	Percentage of service retirements processed for which the corresponding benefit payment correctly reflects the member's service record	Superior Governance and Long-Term Financial Health	99.00%	100.00%	99.83%	Monthly	
7	Timeliness of Disability Retirements Processed	Percentage of disability retirements processed within 30 days of VRS receiving notification of approval by the Medical Review Board	Superior Governance and Long-Term Financial Health	98.00%	100.00%	99.00%	Monthly	
8	Accuracy of Disability Retirements Processed	Percentage of disability retirements processed for which the corresponding benefit paid correctly reflects the member's service record	Superior Governance and Long-Term Financial Health	99.00%	100.00%	100.00%	Monthly	
9	Timeliness of Workflow Documentation Imaging	Percentage of workflow documents imaged within one business day of receipt	Digital Transformation and Secure Service Delivery	99.50%	99.96%	84.96%	Monthly	
10	Planned IT System Availability	Percentage of time critical systems are available during periods of planned availability	Technology Infrastructure	99.50%	100.00%	99.99%	Monthly	
11	Timeliness of Employer Contribution Confirmations	Percentage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the end of the month in which they are due	Superior Governance and Long-Term Financial Health	99.00%	100.00%	99.97%	Monthly	
12	Implementation of Corrective Action to Audit Recommendations	Percentage of audit recommendations for which VRS management represents that corrective action has been implemented by the approved target date	Superior Governance and Long-Term Financial Health	> 95.00%	100.00%	100.00%	Quarterly	
13	Preventable Employee Turnover	Percentage of employees voluntarily separating VRS employment due to preventable experiences	Organizational Strength, Culture and Engagement	< 10.00%	7.00%	7.00%	Annual	
14	Cost to Administer Defined Benefit Plans	Annual pension administration cost for defined benefit plans, as compared to peer group median reported by CEM Benchmarking, Inc.	Superior Governance and Long-Term Financial Health	FY 2025 CEM Peer Cost Average	$96.00	$96.00	Annual	Will not know FY 2025 CEM peer cost until spring 2026

Overall Measure: 13 of 16 meet or exceed target

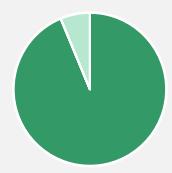
Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

FISCAL YEAR 2026 OPERATIONAL MEASURES STATUS REPORT

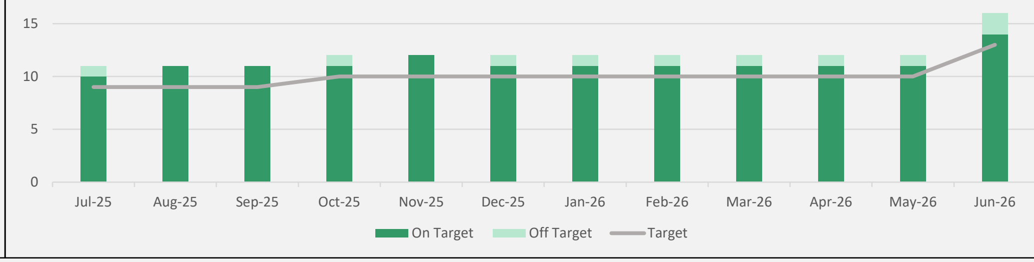
Virginia Retirement System

June-26

Current Status - All Operational Measures



YTD Status - All Operational Measures



OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
15	Systems Security Awareness	Percentage of eligible staff who have completed security training in compliance with the agency's and Commonwealth's security policies	Digital Transformation and Secure Service Delivery	100.00%	100.00%	100.00%	Annual	Measure reported on an annual basis
16	Employee Professional Development	Percentage of full-time VRS administration employees receiving at least 10 hours of professional development	Organizational Strength, Culture and Engagement	90.00%	93.00%	93.00%	Annual	Measure reported on an annual basis
P1	Customer Satisfaction	Percentage of respondents indicating a satisfactory rating in response to the CCC post-interaction survey.	Member, Retiree and Employer Education, Outreach and Partnership	>90%	97.85%	97.72%	Monthly	Piloting for FY26
P2	Quality Assurance Score	Percentage of quality assurance (QA) reviews scoring at least 90.	Member, Retiree and Employer Education, Outreach and Partnership	>90%	91.01%	93.76%	Monthly	Piloting for FY26
P3	First Contact Resolution	Percentage of customers indicating that they were able to complete all of their business needs with their initial interaction with the CCC.	Member, Retiree and Employer Education, Outreach and Partnership	>90%	95.93%	95.98%	Monthly	Piloting for FY26

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

Reporting Period: June-26

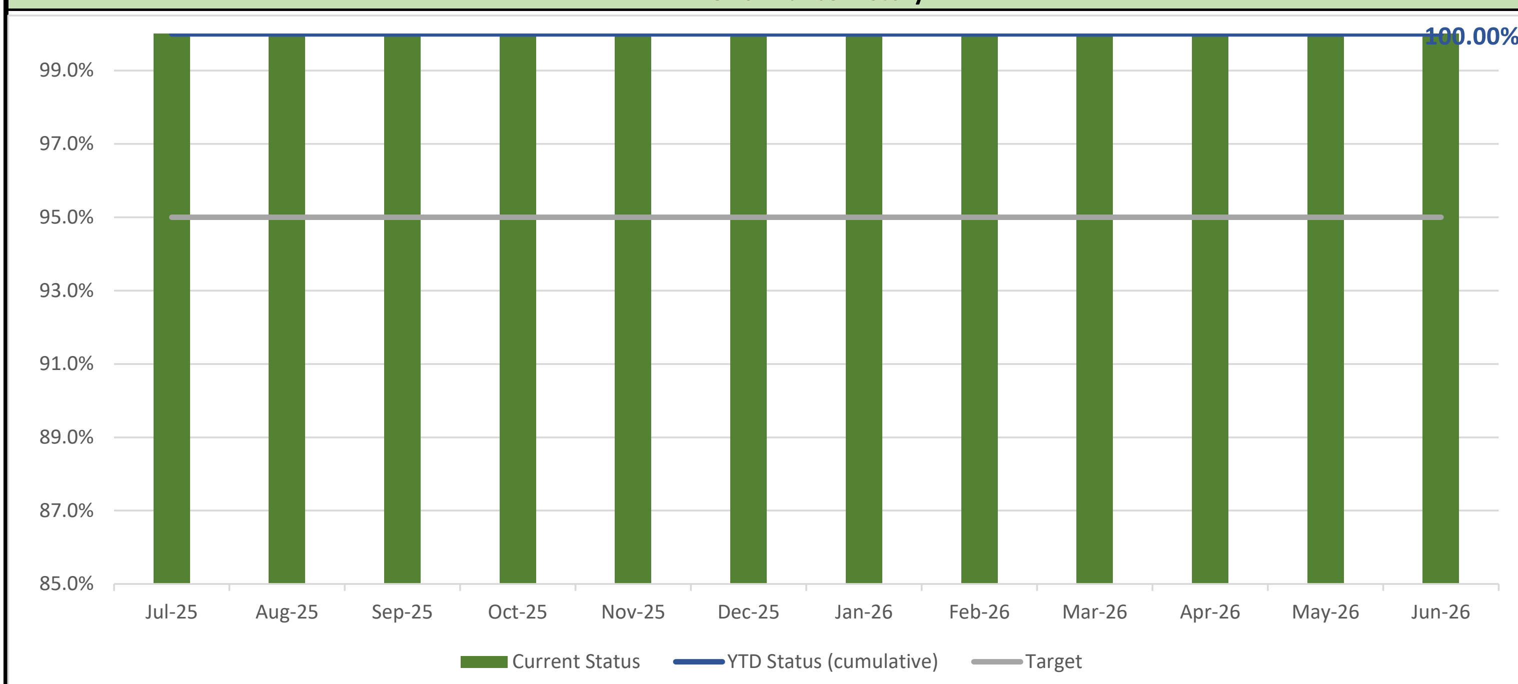
OM 1

Operational Measure	Timeliness of Monthly Financial Account Reconciliations
Strategic Goal	Superior Governance and Long-Term Financial Health
Description	Percentage of monthly financial control reconciliations completed by last business day of the following month
Calculation Methodology	The number of financial account reconciliations completed by the last business day of the month, divided by the total accounts requiring reconciliation each month.

Data Source	Finance Control Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	> 98.00%	**Baseline** (Performance History)	99%
Target Rationale: *Maintain recent performance*		***Baseline Rationale:*** ***3*** *year average = 99%*	
Current Reporting Month Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	100.00%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Ongoing system enhancements	Identify alternative processes to work around disruptions, and cross-train staff for backup as needed
2	Potential technology issues related to interdependency with Cardinal and other 3rd party systems	Enact business continuity plan for technology outages
3	Unanticipated external/internal requests for new programs that expand the overall number of reconciliations	Streamline process for approving and implementing new programs to expedite roll-out and ensure accurate reconciliation reporting

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

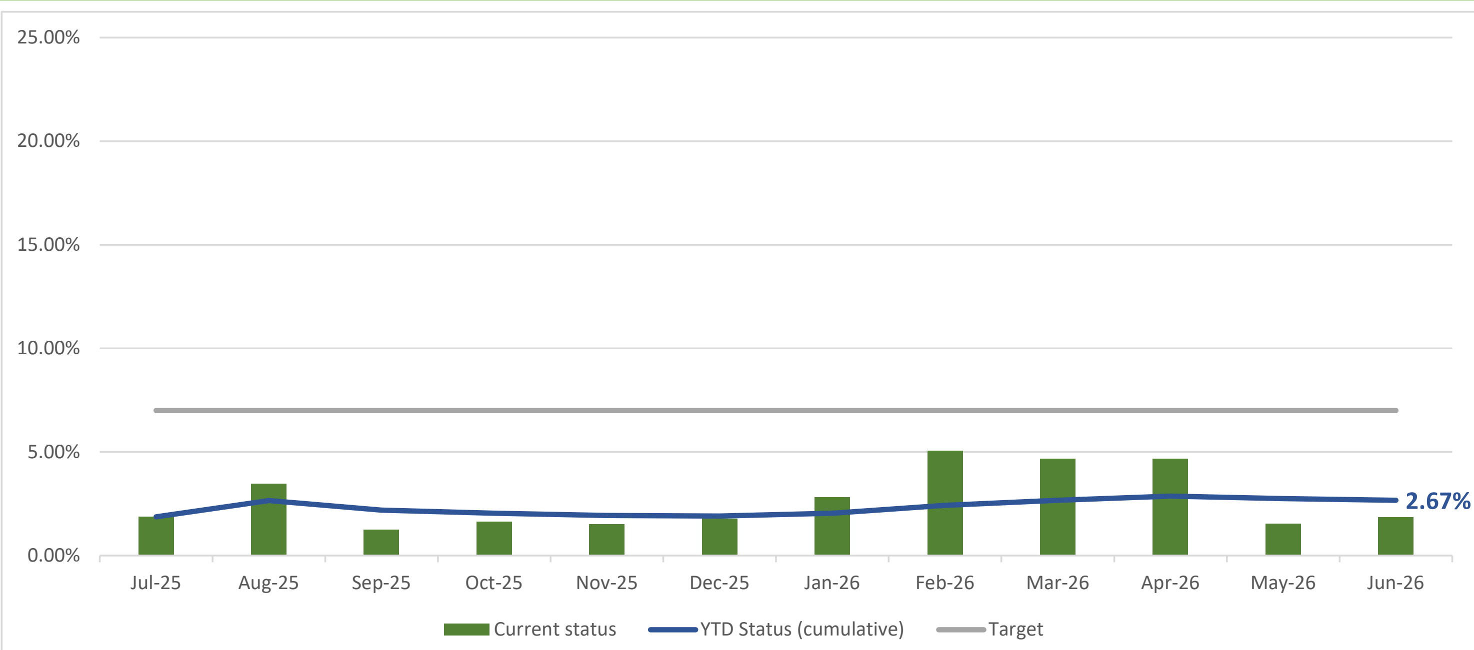
Reporting Period: June-26

OM 2

Operational Measure	Average Abandoned Call Rate		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of calls to the Customer Counseling Center (CCC) that result in hang-ups while in the queue		
Calculation Methodology	The number of abandoned calls (defined as a caller hanging up prior to reaching a knowledgeable person), divided by the total number of calls received by the CCC support teams. Average rate is calculated on a cumulative basis.		
Data Source	Customer Counseling Center Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	< 7.00%	**Baseline** (Performance History)	13.24%
Target Rationale: *To account for anticipated high call volume due to system changes.*		***Baseline Rationale: 3*** *year average = 13.24%*	
Current Reporting Month Status	**1.85%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	2.67%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Regulatory or legislative changes that impact customer benefits and result in increased call volumes (i.e. federal tax code change)	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes
2	Ongoing system enhancements	Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes
3	Need for increased security requirements for accessing members' records in accordance with industry best practices which cause longer call times	Identify opportunities to expedite the requisite validation process while still ensuring compliance with VRS security protocols to protect member data

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

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Fiscal Year 2026 Operational Measures

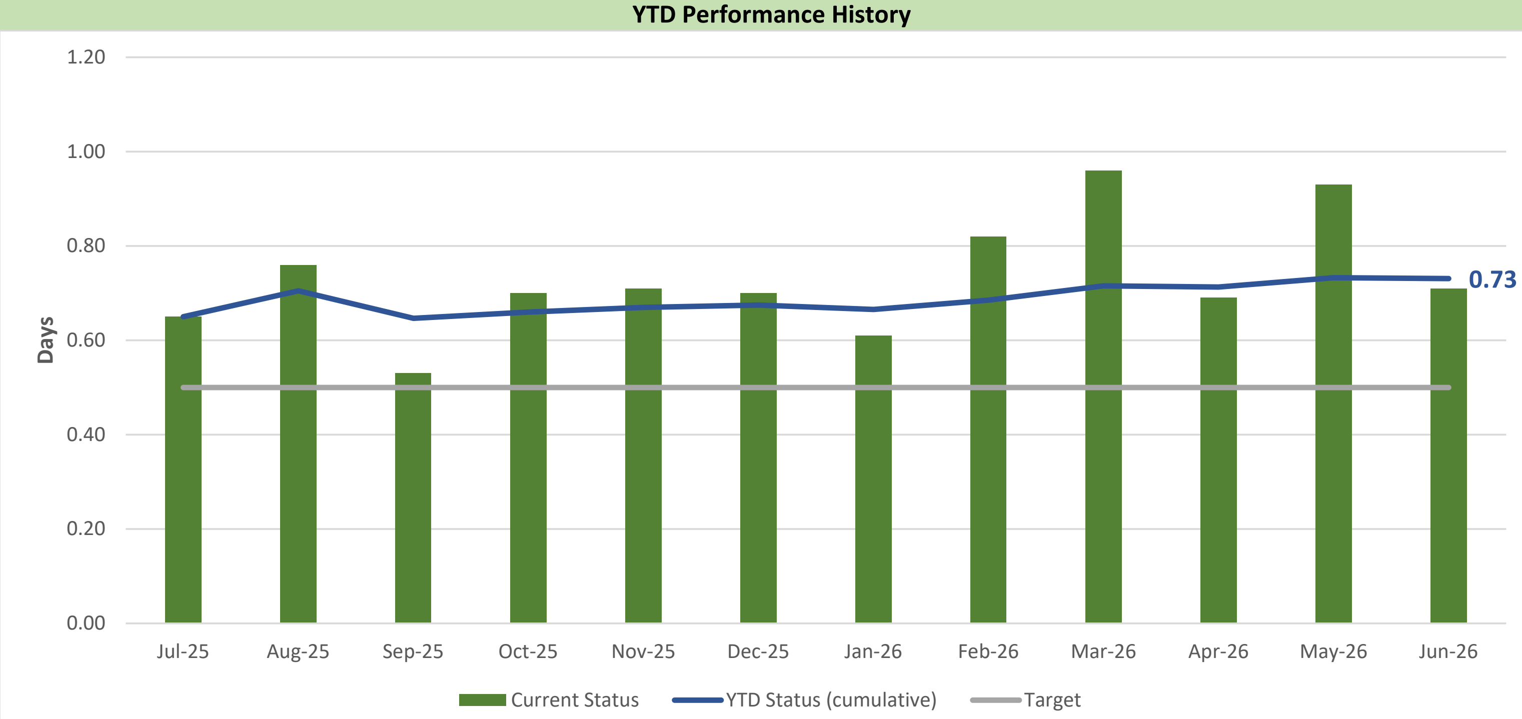
Reporting Period: June-26

OM 3

Operational Measure	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Average response time to emails received by the CCC		
Calculation Methodology	The number of messages responded to within 0.5 business days, divided by the total number of messages responded to by the CCC.		
Data Source	Customer Counseling Center Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	.50 business days	**Baseline** (Performance History)	.38 business days
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = .38 days*	
Current Reporting Month Status	**0.71**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	0.73

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Transition may occur in FY 2025 from traditional emails to secure messaging through the MyVRS portal	Proactively train CCC staff on the process changes that will occur when secure messaging is implemented
2	Ongoing system enhancements	Prepare a staff augmentation plan for times when additional resources are needed to address email backlogs resulting from system outages
3	Historically high rate of turnover of CCC staff	Continue recruitment and retention measures to attract and retain CCC staff

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

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Fiscal Year 2026 Operational Measures

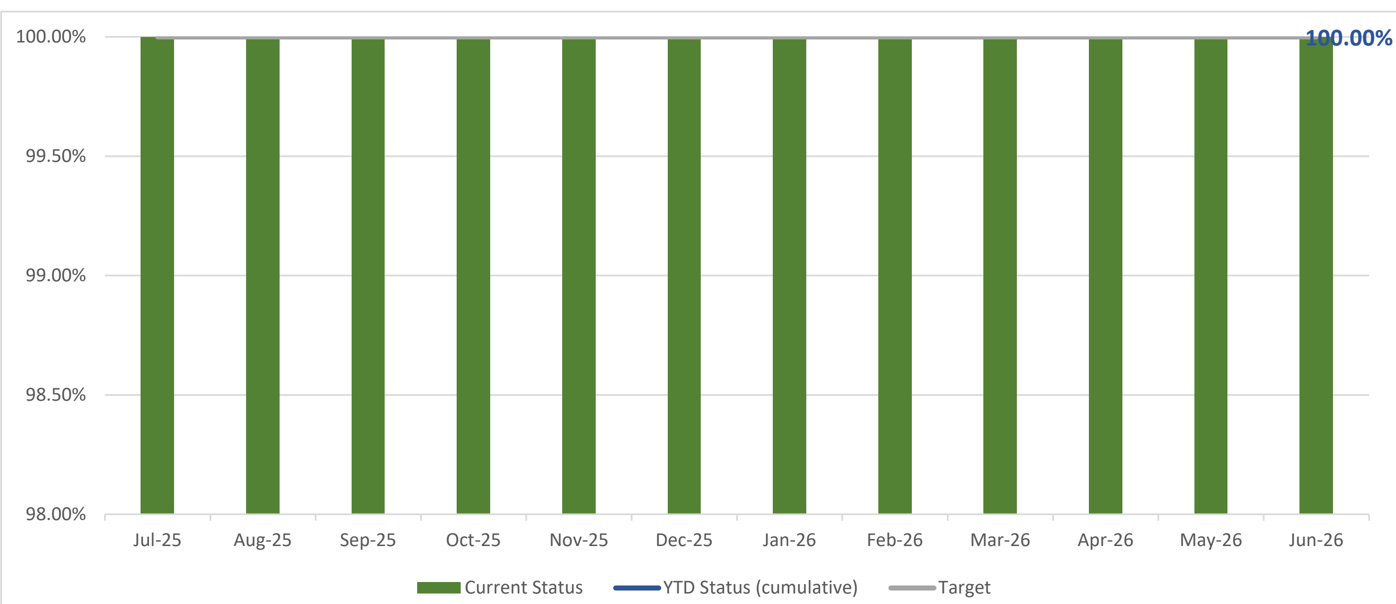
Reporting Period: June-26

OM 4

Operational Measure	Timeliness of Monthly Retirement Disbursements		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of monthly retirement disbursements processed no later than the first business day of the month		
Calculation Methodology	The number of monthly retirement disbursements processed so that the payment date is no later than the first business day of the month, divided by the total number of monthly retirement disbursements that require processing each month. "Processed" is defined as funds having been disbursed to retirees; "disbursed" is defined as the funds having been paid out of the VRS account. This process requires VRS to submit documentation to external partners (Virginia Department of Treasury, banking partner) in sufficient time to meet the first business day of the month requirement.		
Data Source	Benefit Disbursements Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	100.00%	**Baseline** (Performance History)	100.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = 100%*	
Current Reporting Month Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	100.00%

	Potential Constraints to Meeting Target	**100**
1	Dependence upon external parties who are integral to the process (i.e., Virginia Department of Treasury and banking partner)	Develop contingency plan in concert with external parties to ensure open lines of communication and alternate processes in the event of a potential delay
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

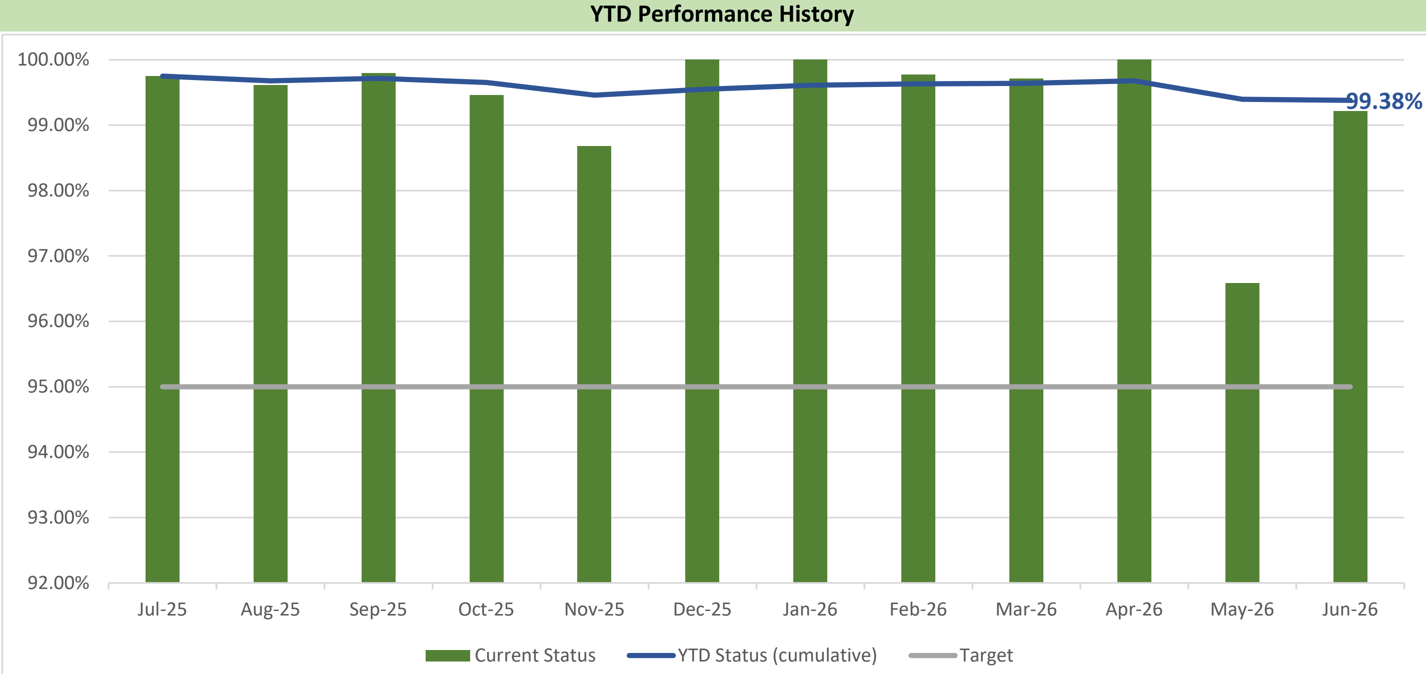
Reporting Period: June-26

OM 5

Operational Measure	Timeliness of Service Retirements Processed		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible		
Calculation Methodology	The number of service retirement payments processed by the first payment date on which the member is eligible to receive retirement benefits, divided by the total number of initial payments made for the same time period. The "first payment date on which the member is eligible to receive retirement benefits" is based on the date by which VRS receives a member's retirement application that is determined by VRS to be complete, accurate, and ready for payment processing. "Processed" is defined as funds having been paid to retirees; "disbursed" is defined as the funds having been paid out of the VRS account.		
Data Source	Service Retirement Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	98.00%	**Baseline** (Performance History)	99.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = 99%*	
Current Reporting Month Status	**99.21%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	99.38%

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy-of staff authorized to approve retirements

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

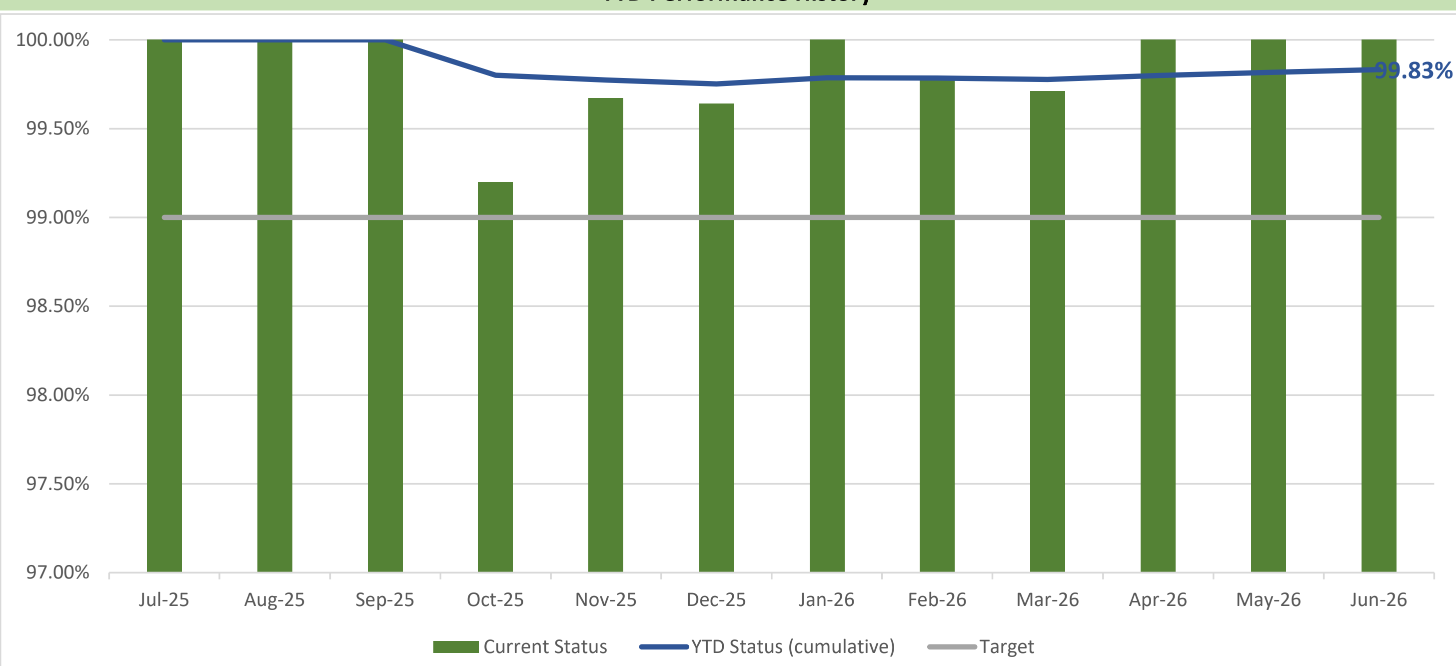
Reporting Period: June-26

OM 6

Operational Measure	Accuracy of Service Retirements Processed		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of service retirements processed for which the corresponding benefit payment correctly reflects the member's service record		
Calculation Methodology	The number of service retirement applications processed and corresponding benefit paid accurately, divided by the total number of initial service retirement benefits processed and paid. An accurate benefit payment is defined as the benefit amount correctly reflecting the member's service record. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.		
Data Source	Service Retirement Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	99.00%	**Baseline** (Performance History)	99.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = 99%*	
Current Reporting Month Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	99.83%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

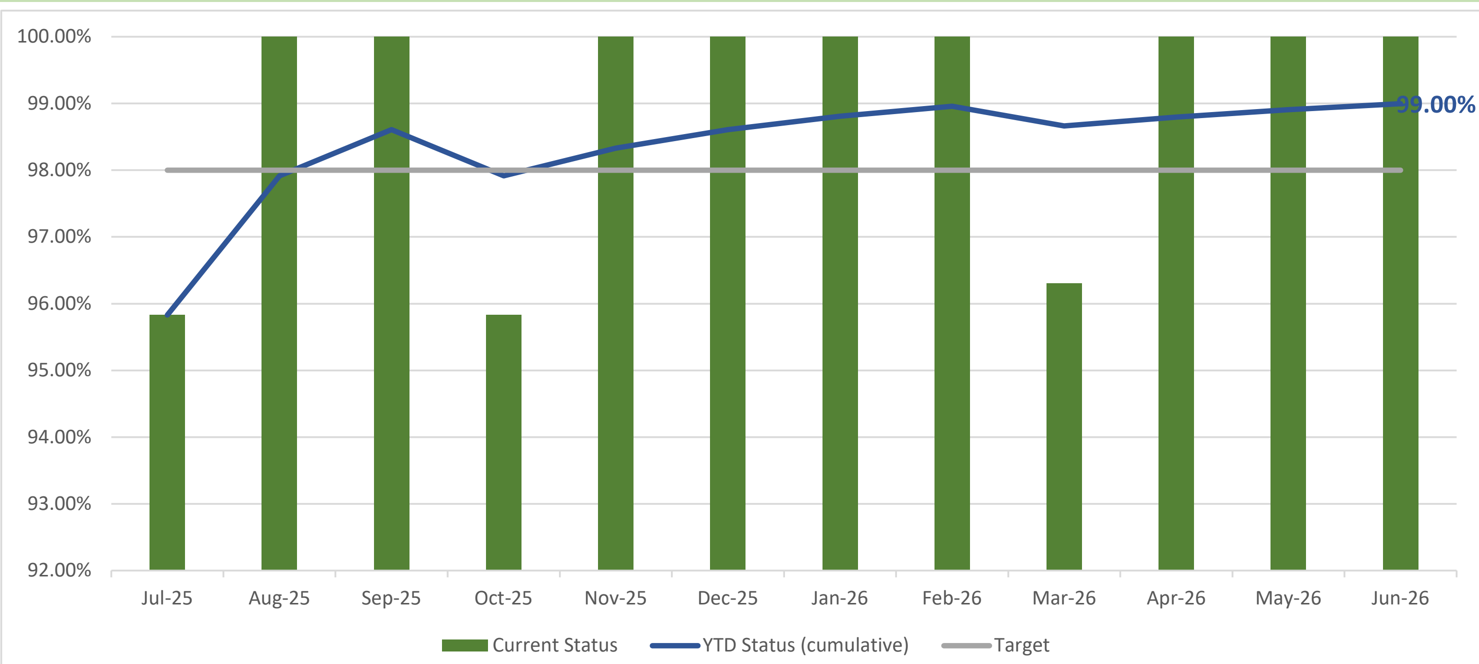
Reporting Period: June-26

OM 7

Operational Measure	Timeliness of Disability Retirements Processed		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of disability retirements processed within 30 days of VRS receiving notification of approval by the Medical Review Board		
Calculation Methodology	The number of disability retirements processed within 30 days after VRS receives notice of approval of the application by the Medical Review Board. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.		
Data Source	Disability Retirement Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	98.00%	**Baseline** (Performance History)	98.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = 98%*	
Current Reporting Month Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	99.00%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

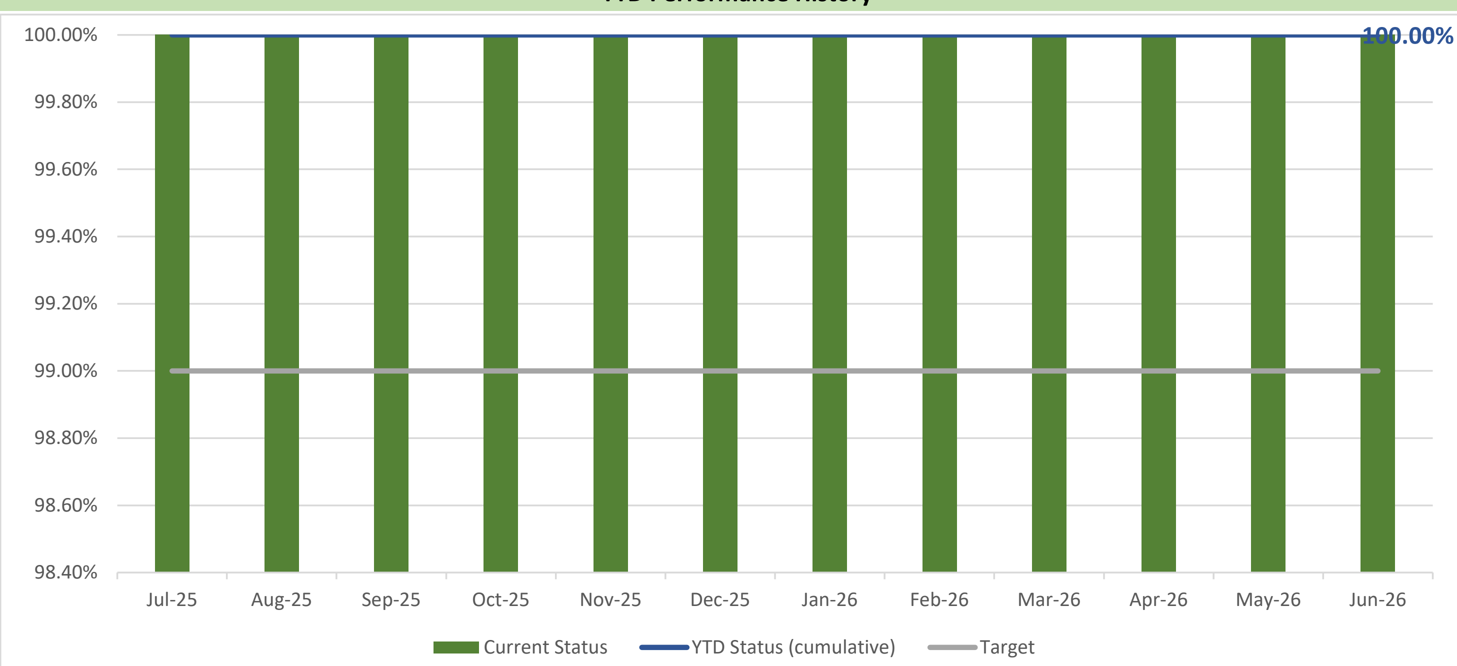
Reporting Period: June-26

OM 8

Operational Measure	Accuracy of Disability Retirements Processed		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of disability retirements processed for which the corresponding benefit paid correctly reflects the member's service record		
Calculation Methodology	The number of disability retirement applications processed and corresponding benefit paid accurately, divided by the total number of initial disability retirement benefits processed and paid. An accurate benefit payment is defined as the benefit amount correctly reflecting the member's service record. "Processed" is defined as funds having been paid to retirees; "paid" is defined as the funds having been paid out of the VRS account.		
Data Source	Disability Retirement Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	99.00%	**Baseline** (Performance History)	99.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = 99%*	
Current Reporting Month Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	100.00%

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Ongoing implementation of myVRS enhancements, which will significantly change current processes	Provide ample opportunity for advanced training; augment staffing as needed to ensure adequate resources during transition
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	Sensitivity of data that requires strong controls and several levels of approvals; risk of staff absences or unavailability	Cross-train existing staff and ensure redundancy of staff authorized to approve retirements

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

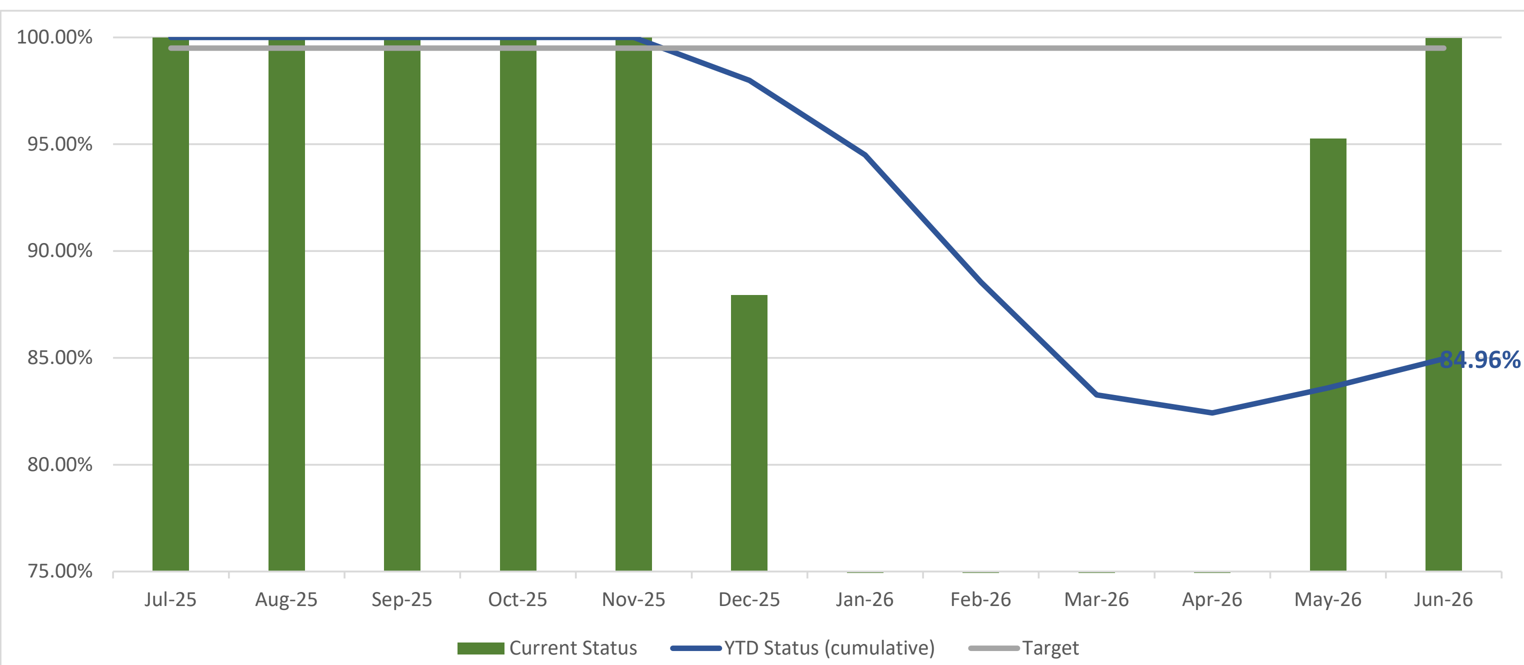
Reporting Period: June-26

OM 9

Operational Measure	Timeliness of Workflow Documentation Imaging		
Strategic Goal	Digital Transformation and Secure Service Delivery		
Description	Percentage of workflow documents imaged within one business day of receipt		
Calculation Methodology	The number of documents imaged within one business day of receipt by the Imaging business unit, divided by the number of documents received by the Imaging unit within the same timeframe. Currently, an average of 20,000 documents are imaged per month.		
Data Source	Technology Services SLEs Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	99.50%	**Baseline** (Performance History)	100.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale:*** *3 year average = 100%*	
Current Reporting Month Status	**99.96%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	84.96%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Dependence upon current Imaging unit staffing level to ensure expedient and accurate processing within the prescribed turnaround time	Prescribe duties that merit the continuance of the current Imaging unit staffing level (with respect to the ongoing transition to online retirements that should reduce paper form intake levels)
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	Staffing constraints; specific skill set required limits feasibility for untrained staff to produce results with same efficiency and effectiveness	Establish a routine cross-training program to ensure well-trained staff are available at all times

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

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Fiscal Year 2026 Operational Measures

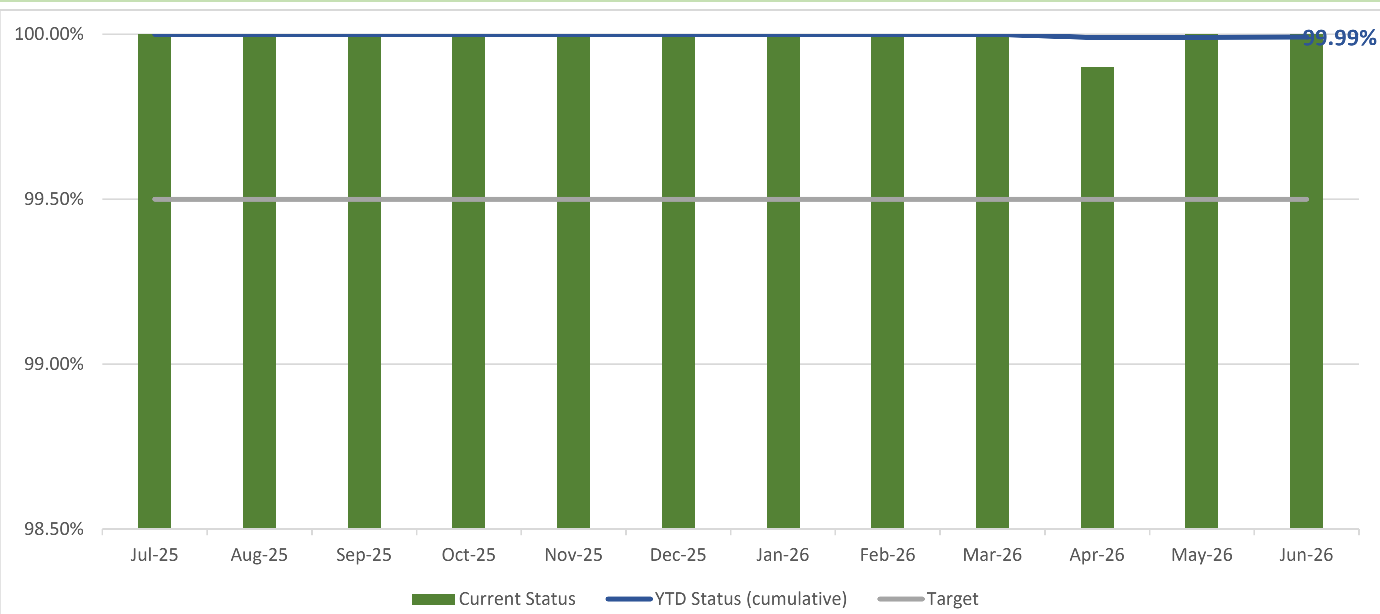
Reporting Period: June-26

OM 10

Operational Measure	Planned IT System Availability		
Strategic Goal	Technology Infrastructure		
Description	Percentage of time critical systems are available during periods of planned availability		
Calculation Methodology	Percentage of time during which critical business systems are available for use by VRS staff and customers, divided by the total time for which it was planned that said systems would be available. Critical business systems include: VNAV, telephone, email, internet, myVRS, Imaging, Investments, D365, Customer Counseling Center Cisco phone system, and remote access. Note: business systems deemed "critical" may change periodically depending on business needs or system changes (ex: RIMS was decommissioned in spring 2019 and is no longer considered a critical business system as of that time). Periods of availability are pre-determined based on business needs and requirements regarding routine system testing, maintenance and upgrades. "Availability" is defined as being able to be used by the majority of persons for whom it is intended and for the majority of purposes for the system's intended use.		
Data Source	Technology Services SLEs Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	99.50%	**Baseline** (Performance History)	99.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = 99%*	
Current Reporting Month Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	99.99%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Failure on the part of third party business partners to provide dependent services	Implement back-up plans (ex: different phone line)
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	Timing of a potential system failure that limits staff resources available to respond immediately	Strategically plan staffing availability to address potential system failures in the most effective manner

YTD Performance History



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VRS Vision: *To be the trusted leader in the delivery of benefits and services to those we serve.*

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

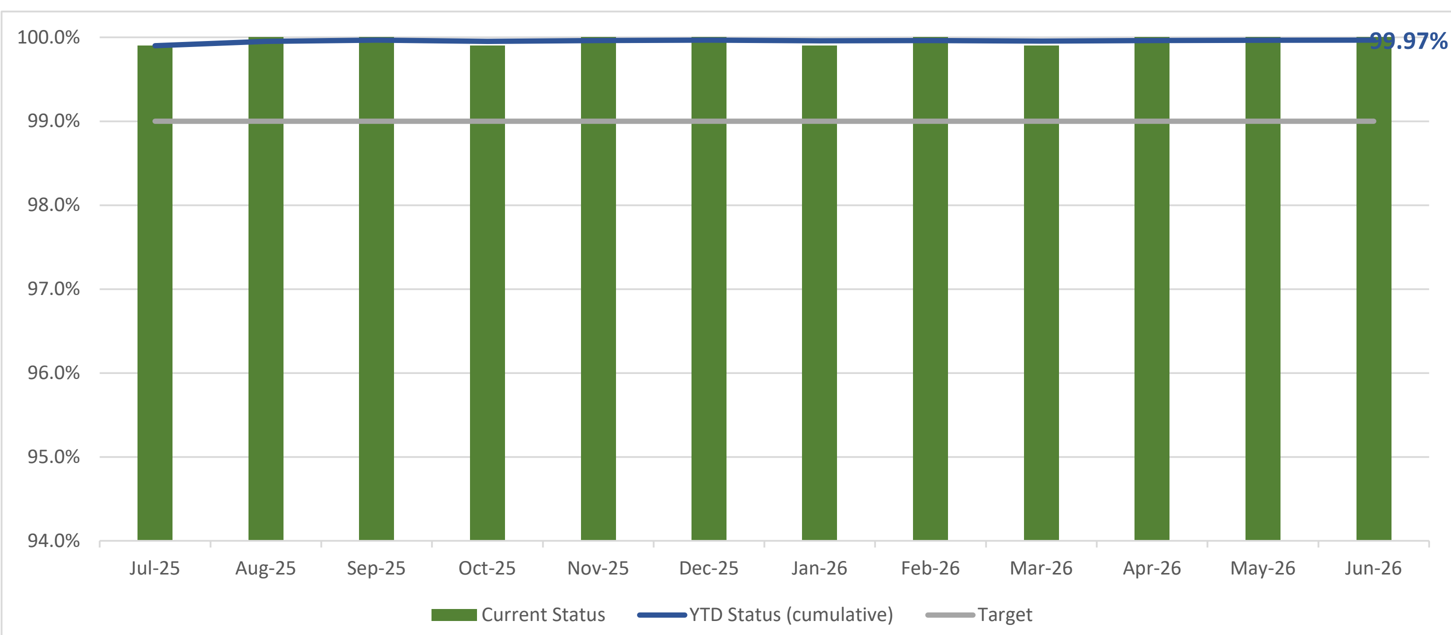
Reporting Period: June-26

OM 11

Operational Measure	Timeliness of Employer Contribution Confirmations		
Strategic Goal	Superior Governance and Long-Term Financial Health		
Description	Percentage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the end of the month in which they are due		
Calculation Methodology	The number of employer CC snapshots received by the end of the month in which they are due, divided by the total number of employer CC snapshots required for the same time period. VRS works with employers to ensure that monthly CC snapshots are posted in a timely fashion. There are over 1,000 employers reporting to VRS for which CC snapshots are required on a monthly basis.		
Data Source	Employer Reporting Contribution Confirmation and Payment Status Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	99.00%	**Baseline** (Performance History)	100.00%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: 3*** *year average = 100.00%*	
Current Reporting Month Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	99.97%

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Dependence on over 1,000 employers to submit their confirmations on time every month	Proactively communicate with employers with a focus on those with a history of delinquent submissions to mediate potential causes for delay
2	Ongoing system enhancements	Proactively communicate with employers to identify potential impacts and assist as appropriate with the submission process
3	Potential technology issues related to interdependency with Cardinal and other 3rd party systems	Provide notice to state employers of potential for delay due to Cardinal implementation and advise that they prepare to ensure timely report submission

YTD Performance History



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VRS Vision: *To be the trusted leader in the delivery of benefits and services to those we serve.*

Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

Reporting Period: June-26

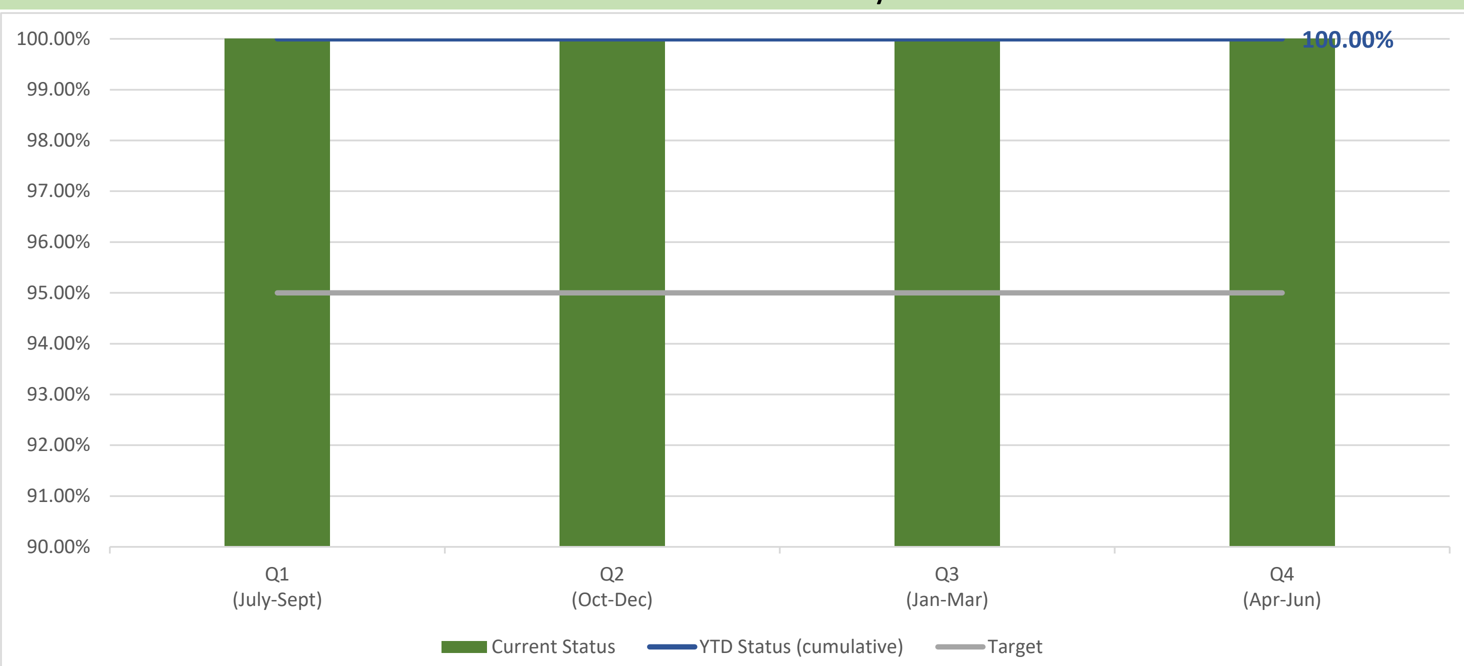
OM 12

Operational Measure	Implementation of Corrective Action to Audit Recommendations
Strategic Goal	Superior Governance and Long-Term Financial Health
Description	Percentage of audit recommendations for which VRS management represents that corrective action has been implemented by the approved target date
Calculation Methodology	The number of audit recommendations for which VRS management has represented that corrective action has been implemented, divided by the total number of audit recommendations for which corrective action is needed as of the date the measure is calculated. VRS management establishes target dates and provides periodic updates to Audit regarding whether actions have been taken. Audit tracks responses in the Audit Recommendation Follow-Up System (ARFUS).

Data Source	ARFUS	**Reporting Frequency**	Quarterly
Target (Performance Goal)	> 95.00%	**Baseline** (Performance History)	100.00%
Target Rationale: *Maintain recent performance and account for ongoing system and process changes impacting implementation.*		***Baseline Rationale: 3*** *year average = 100%*	
Current Reporting Month Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	100.00%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	High cost to implement necessary corrective action	Work within existing agency allocations and, if necessary, also with state budgetary processes to obtain resources needed to effectuate corrective action
2	Limited staff resources to effectively implement necessary corrective action	Adjust allocation of staffing resources to enable corrective action implementation
3	External factors that delay ability to take necessary corrective action (ex: legislative mandates that redirect agency resources)	Communicate with DEC and Audit regarding possible adjustment of target date to accommodate timeline of when resources will be available

YTD Performance History



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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

Reporting Period: June-26

OM 13

Operational Measure	Preventable Employee Turnover		
Strategic Goal	Organizational Strength, Culture and Engagement		
Description	Percentage of employees voluntarily separating VRS employment due to preventable experiences		
Calculation Methodology	The number of Administration employees who voluntarily separate from VRS employment due to preventable reasons, divided by the total number of Administration employees who voluntarily separate VRS employment, when total employee turnover exceeds 5% within the same period of time. Preventable turnover is determined from exit interview results, and includes substantiated reports of unsuccessful supervision or management, unsatisfactory work environment, insufficient resources to complete one's job effectively, and unavailability of training opportunities.		
Data Source	Human Resources Department Exit Interview Survey Results	**Reporting Frequency**	Annual
Target (Performance Goal)	< 10.00%	**Baseline** (Performance History)	27.27%
Target Rationale: *Maintain recent performance*		***Baseline Rationale: FY 2024 results***	
Current Reporting Month Status	**7.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	7.00%

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Unrealistic employee expectations regarding VRS work environment and responsibilities	Provide clear position descriptions and responsibilities upon hire; outline organization culture and expectations on a regular basis; ensure open communication between employees, managers and supervisors
2	Reorganization due to myVRS enhancements may alter current work responsibilities for some employees	Provide clear and open communication throughout the implementation process; Offer sufficient training opportunities for employees tasked with new responsibilities
3	Internal and external factors impacting employee morale	Continue direct outreach to employees, provide EAP resources and implement employee engagement activities

YTD Performance History

[Reported as an annual measure]

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Fiscal Year 2026 Operational Measures

Reporting Period: June-26

OM 14

Operational Measure	Cost to Administer Defined Benefit Plans
Strategic Goal	Superior Governance and Long-Term Financial Health
Description	Annual pension administration cost for defined benefit plans, as compared to peer group median reported by CEM Benchmarking, Inc.
Calculation Methodology	VRS pension administration cost per active member and annuitant for defined benefit plans as compared to that of its peer group, as calculated by CEM Benchmarking, Inc. The average peer cost calculated by CEM is available on delay and will not be known until spring 2026. At that time the FY 2025 annual agency cost will be compared to the to the FY 2025 CEM peer cost to determine whether VRS's cost is lower than the peer average.

Data Source	CEM Benchmarking, Inc.	**Reporting Frequency**	Annual
Target (Performance Goal)	Lower than the FY 2025 CEM Peer Cost Average	**Baseline** (Performance History)	N/A
Target Rationale: *Measuring VRS annual administrative cost for FY 2025 against the most current peer data as provided by CEM Benchmarking, Inc.*		***Baseline Rationale:*** *N/A*	
Current Reporting Month Status	**$96**	**YTD Status** (Used at year-end to determine whether target has been met)	$96

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Significant unanticipated costs to administer pension plans due to external influences	Work within existing agency allocations and prioritize spending plans to ensure administrative expenditures remain reasonable
2	Dependent upon expenditure patterns for the CEM Peer group for administrative cost average	Maintain communications with CEM peers to stay informed on any spending abnormalities that may skew CEM-calculated peer costing
3	FY 2025 CEM cost not known until late into FY 2026 (limiting agency ability to react if missing target)	Proactively calculate and monitor agency administrative cost in anticipation of receiving the FY 2025 CEM cost; adjust agency spending if out of line with recent CEM peer cost averages

YTD Performance History

[Average Pension Administration Cost for VRS' Peer Group, as provided by CEM Benchmarking, will be known in spring 2026]

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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

Reporting Period: June-26

OM 15

Operational Measure	Systems Security Awareness
Strategic Goal	Digital Transformation and Secure Service Delivery
Description	Percentage of eligible staff who have completed security training in compliance with the agency's and Commonwealth's security policies
Calculation Methodology	Percentage of eligible staff who have completed the agency's annual security training, VRS User IT Security Policy Training ("security training"), divided by the total eligible agency staff. Employees who join the agency during FY 2026 are required to complete security training within 30 days after their start date. All staff are required to complete the training during the annual training window. The training provides information on such critical security practices as protecting sensitive data, utilizing effective passphrases, reviewing acceptable technology use policies, being on alert for phishing and other malpractices, and more. **The percentage is calculated on a cumulative basis and reported annually (with the total requirement recalculated monthly as new staff are hired and required to obtain security training).**

Data Source	Technology Services SLEs Performance Report	**Reporting Frequency**	Annual
Target (Performance Goal)	100.00%	**Baseline** (Performance History)	100.00%
Target Rationale: *Maintain high security awareness*		***Baseline Rationale:*** *All VRS staff completed security training in FY 2025*	
Current Status	**100.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	100.00%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Unavailability of the Virginia Learning Center (VLC, a non-VRS application) for training	Provide sufficient time for staff to obtain training within prescribed timeline to allow for possible VLC system unavailability
2	Ongoing system enhancements	Enact business continuity plan for technology outages
3	New training requirements as set-forth by the Commonwealth Security Policy that require changes to the prepared security training	Proactively coordinate with different units within VRS to ensure sufficient time and resources to make necessary changes to the prepared training

YTD Performance History

[Reported as an annual measure]

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Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director's Executive Committee (DEC) and the Board of Trustees.

Fiscal Year 2026 Operational Measures

Virginia Retirement System

Reporting Period: June-26

OM 16

Operational Measure	Employee Professional Development
Strategic Goal	Organizational Strength, Culture and Engagement
Description	Percentage of full-time VRS administration employees receiving at least 10 hours of professional development
Calculation Methodology	The number of eligible full-time VRS administration employees who have completed at least 10 hours of professional development, divided by the total number of eligible full-time administration employees. Eligible employees are full-time administration staff hired as of July 1, 2025 who are not on short- or long-term disability or FMLA during FY 2026. Qualifying professional development includes courses designated in the Virginia Learning Center (VLC), as well as conferences, webinars, college or trade school classes, and any other professional development as approved by the Human Resources Director. Number of hours received is tracked on a cumulative basis and reported quarterly.

Data Source	Human Resources Performance Report	**Reporting Frequency**	Annual
Target (Performance Goal)	90.00%	**Baseline** (Performance History)	92.00%
Target Rationale: *Maintain recent performance and increased total # of hours*		***Baseline Rationale: 3*** *year average = 92%*	
Current Status	**93.00%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	93.00%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Limited staff flexibility to obtain professional development due to significant staff time dedicated to new software solution implementations and other system enhancements.	Encourage staff to plan for professional development opportunities before and/or after periods of time dedicated to software solution implementations and other system enhancements.
2	Dependence on IT system availability/accessibility for trainings and/or time tracking	Advise staff to plan to be proactive about obtaining professional development and reporting their hours earned as they go
3	Limited progressive course availability on relevant subject matter area	Ongoing communication between managers and staff to expand and identify new learning opportunities

YTD Performance History

[Reported as an annual measure]

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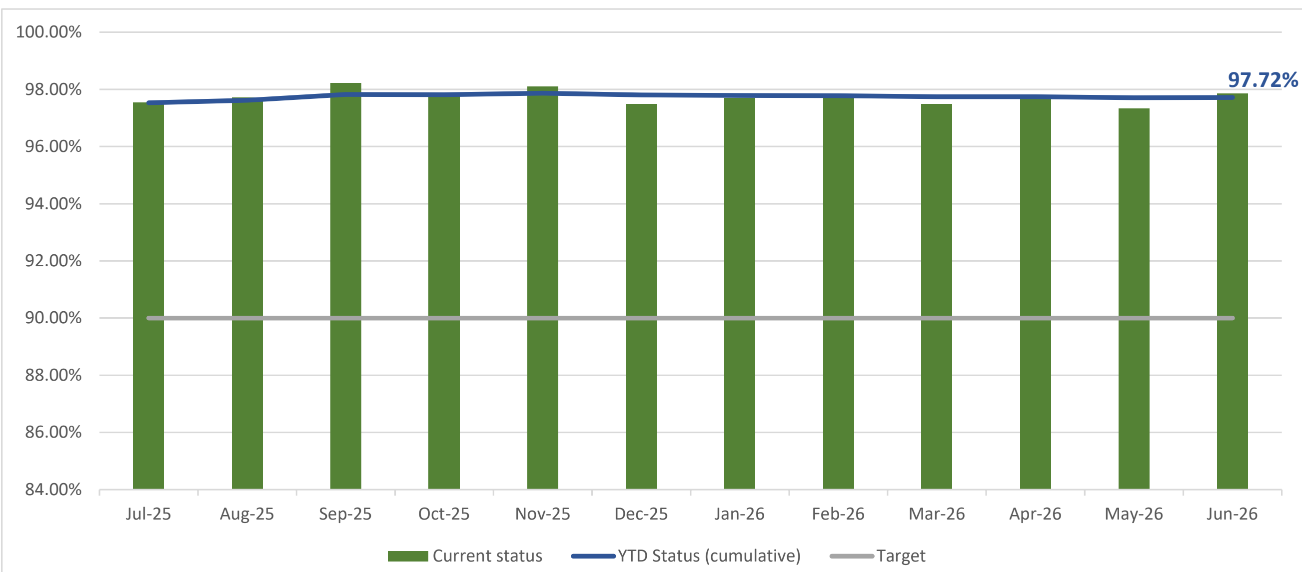
Overall Measure: 13 of 16 meet or exceed target

Changes to operational measure targets and/or calculation methodologies require approval by both the Director’s Executive Committee (DEC) and the Board of Trustees.

Virginia Retirement System	**Fiscal Year 2026 Operational Measures** **Reporting Period: June-26**			**OM P1**
Operational Measure	Customer Satisfaction			
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership			
Description	Percentage of respondents indicating a satisfactory rating in response to the CCC post-interaction survey.			
Calculation Methodology	The number of survey responses indicating a customer satisifaction rating of 4 or higher (the scale is 1-5, with 5 being the highest score), divided by the total number of survey responses. Average rate is calculated on a cumulative basis.			
Data Source	Telephony System Reporting Module	**Reporting Frequency**	Monthly	
Target (Performance Goal)	>90%	**Baseline** (Performance History)	-	
Target Rationale: *Based on initial data after system implemented in 2024.*		***Baseline Rationale: N/A***		
Current Reporting Month Status	**97.85%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	97.72%	

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Resources constraints that impact the ability to respond to customers in a timely manner, resulting in lower customer satisfaction scores	Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes
2	Ongoing system enhancements	Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes
3	Need for increased security requirements for accessing members' records in accordance with industry best practices which cause longer customer interaction times	Identify opportunities to expedite the requisite validation process while still ensuring compliance with VRS security protocols to protect member data

YTD Performance History



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Fiscal Year 2026 Operational Measures

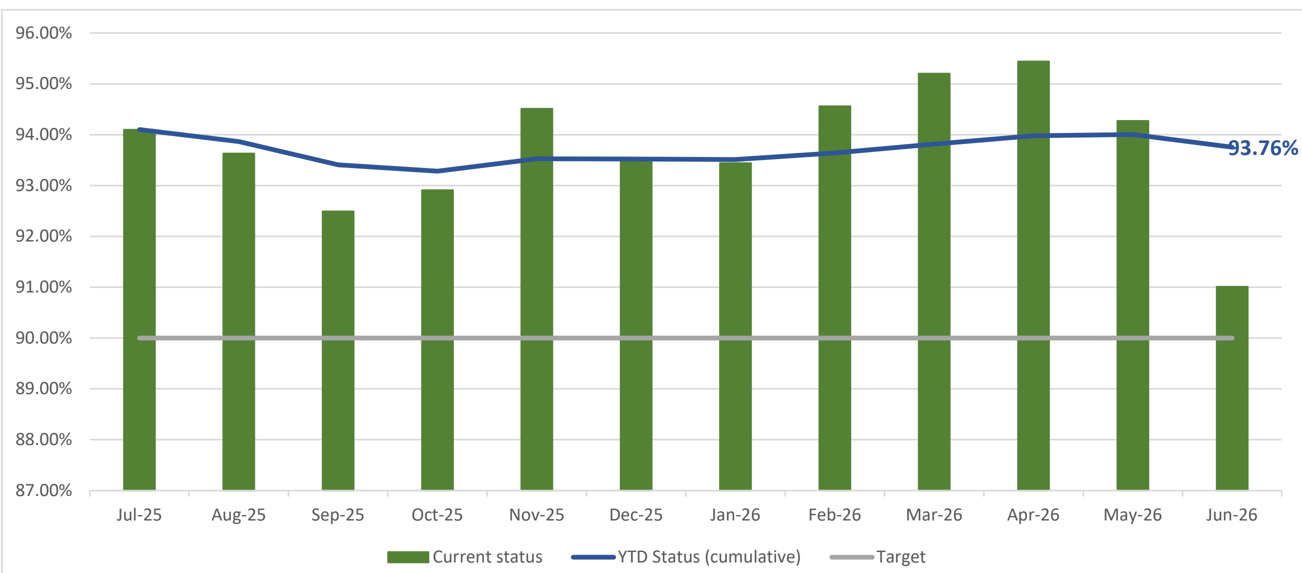
Reporting Period: June-26

OM P2

Operational Measure	Quality Assurance Score		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of quality assurance (QA) reviews scoring at least 90.		
Calculation Methodology	The number of quality assurance reviews (an assessment of an individual customer call based on multiple categories) scoring at least 90 (100 is the highest score possible), divided by the total number of quality assurance reviews completed. Average rate is calculated on a cumulative basis.		
Data Source	Customer Counseling Center Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	>90%	**Baseline** (Performance History)	-
Target Rationale: *Based on initial data available.*		***Baseline Rationale: N/A***	
Current Reporting Month Status	**91.01%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	93.76%

	Potential Constraints to Meeting Target	**Mitigation Strategies**
1	Ongoing telephony system enhancements	Provide job aides and training for new system enhancements
2	Unexpected system downtime	Prepare communication and talking points to address system outage
3	Insufficient training for employees, including ongoing training for existing staff	Identify gaps in training and prepare updated training materials for use by staff

YTD Performance History



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Fiscal Year 2026 Operational Measures

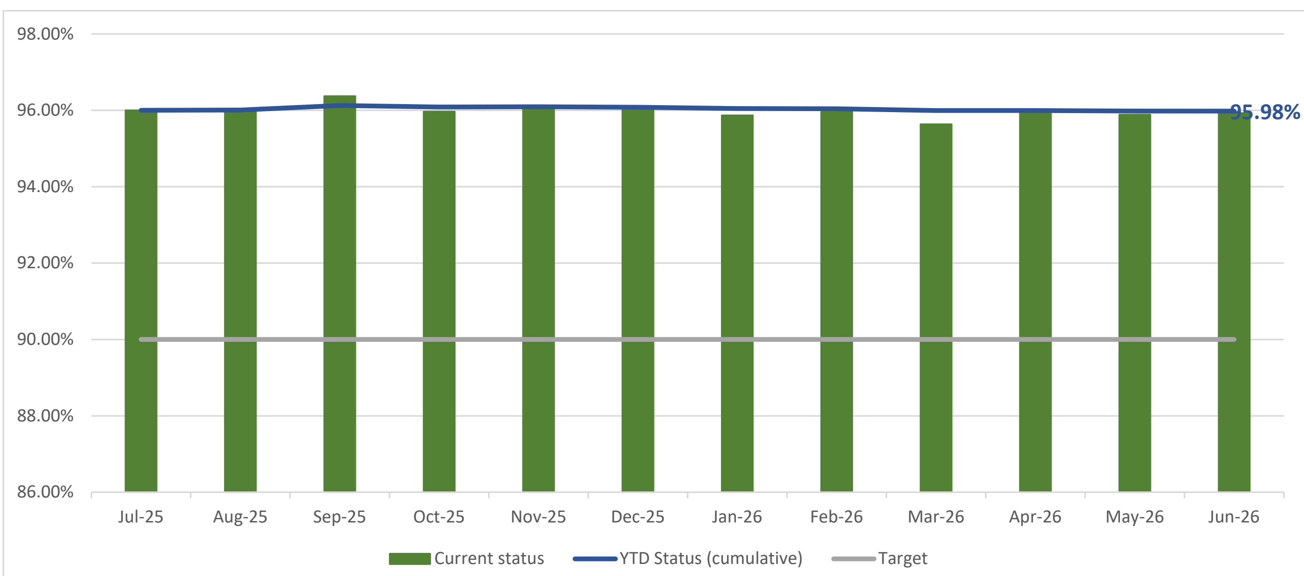
Reporting Period: June-26

OM P3

Operational Measure	First Contact Resolution		
Strategic Goal	Member, Retiree and Employer Education, Outreach and Partnership		
Description	Percentage of customers indicating that they were able to complete all of their business needs with their initial interaction with the CCC.		
Calculation Methodology	The number of responses to the "I was able to complete all of my business needs today" survey question indicating a rating of 4 or higher (the scale is 1-5, with 5 being the highest score), divided by the total number of survey responses. Average rate is calculated on a cumulative basis.		
Data Source	Customer Counseling Center Performance Report	**Reporting Frequency**	Monthly
Target (Performance Goal)	>90%	**Baseline** (Performance History)	-
Target Rationale: *Based on initial data available.*		***Baseline Rationale: N/A***	
Current Reporting Month Status	**95.93%**	**YTD Status** (Cumulative; used at year-end to determine whether target has been met)	95.98%

	Potential Constraints to Meeting Target	Mitigation Strategies
1	Ongoing telephony system enhancements	Provide job aides and training for new system enhancements
2	Unexpected system downtime	Prepare communication and talking points to address system outage
3	Regulatory or legislative changes that impact customer benefits and result in increased customer inquiries (i.e. federal tax code change)	Prepare sufficient job aides and talking points for CCC staff to use in response to inquiries. Prepare and implement a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes due to external causes

YTD Performance History



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Request for Board Action
RBA 2026-09-____

Performance bonuses for eligible administrative employees and Investment Department operations and administration employees.

Requested Action

The VRS Board of Trustees approves performance lump-sum bonuses for eligible administrative employees and eligible Investment Department operations and administration employees.

Description/Background

The Board approved the current Administrative Pay Plan and the current Investment Operations and Administration Staff Pay Plan on June 17, 2026, and the plans became effective on July 1, 2026. Each of the plans state:

> Subject to the approval of the VRS Board of Trustees, eligible employees who receive an overall rating of “exceptional” will receive a 4% bonus and employees who receive an overall rating of “exceeds” will receive a 2% bonus, based on their salary as of June 30.

Cost: The approximate total cost for the FY 2026 performance bonus payments to eligible employees is $802,522.14 to be paid from the FY 2027 budget.

Rationale for Requested Action

Bonus payments recognize and reward the positive contributions of individual performance that enable VRS to achieve and exceed its goals and objectives.

Authority for Requested Action

Code of Virginia § 51.1-124.22(A)(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

______________________________	______________________
Susan T. Gooden, Ph.D., Chair VRS Board of Trustees	Date

Virginia Retirement System (VRS)

FY 2026 Year-End Budget to Actual Report

	Final Budget[1]	Expenses through 6/30/2026	Variance Favorable/ (Unfavorable)	% Remaining
	A	*B*	*E = A - D*	*F = E / A*
Administration				
Personnel				
Salaries & Wages	24,414,000	23,822,000	592,000	
Fringe Benefits	9,837,000	9,791,000	46,000	
Incentive Compensation	1,556,000	1,542,000	14,000	
Contractual Services				
Management & Administration[2]	2,663,000	1,616,000	1,047,000	
Professional Services[3]	5,728,000	4,403,000	1,325,000	
Technical Services[4]	4,896,000	4,169,000	727,000	
Travel & Training	711,000	488,000	223,000	
Network Infrastructure	2,105,000	1,803,000	302,000	
Equipment & Supplies	2,292,000	2,166,000	126,000	
Facility	5,041,000	4,311,000	730,000	
Administration Total	**59,243,000**	**54,111,000**	**5,132,000**	**8.7%**
Information Technology				
Personnel				
Salaries & Wages	8,025,000	7,772,000	253,000	
Fringe Benefits	3,093,000	3,041,000	52,000	
Incentive Compensation	400,000	384,000	16,000	
Contractual Services				
Management & Administration[2]	1,219,000	1,158,000	61,000	
Professional Services[3]	94,000	53,000	41,000	
Technical Services[4]	11,071,000	10,370,000	701,000	
Travel & Training	130,000	101,000	29,000	
Network Infrastructure	9,581,000	8,623,000	958,000	
Equipment & Supplies	79,000	61,000	18,000	
Facility	299,000	290,000	9,000	
Information Technology Total[5]	**33,991,000**	**31,853,000**	**2,138,000**	**6.3%**

Virginia Retirement System (VRS)
FY 2026 Year-End Budget to Actual Report

	Final Budget[1]	Expenses through 6/30/2026	Variance Favorable/ (Unfavorable)	% Remaining
	A	*B*	*E = A - D*	*E / A*
Investment Management				
Personnel				
Salaries & Wages	18,680,000	18,789,000	(109,000)	
Fringe Benefits	5,835,000	6,097,000	(262,000)	
Incentive Compensation	8,284,000	8,119,000	165,000	
Contractual Services				
Management & Administration[2]	366,000	312,000	54,000	
Professional Services[3]	2,200,000	2,115,000	85,000	
Technical Services[4]	13,418,000	12,850,000	568,000	
Travel & Training	896,000	572,000	324,000	
Network Infrastructure	344,000	275,000	69,000	
Equipment & Supplies	13,000	10,000	3,000	
Facility	692,000	669,000	23,000	
Investment Management Total	**50,728,000**	**49,808,000**	**920,000**	**1.8%**
VRS Subtotal	**143,962,000**	**135,772,000**	**8,190,000**	**5.7%**

[1] *Original budget plus/minus transfers; includes carry-over appropriation*

[2] *Management & Administration includes postage, printing, communications, memberships, subscriptions, insurance, claims and bonds*

[3] *Professional Services includes fiscal services, management services, legal services, media services, medical services, and auditing services*

[4] *Technical Services includes computer operating services, contractors and data feeds*

[5] *Does not include funds obligated through POs, but not yet paid*

Virginia Retirement System (VRS)
FY 2027 Beginning Budget Report

	FY27 Budget *A*	FY26 Budget *B*	Change *C = A - B*	% Increase *D = C/A*
Administration				
Personnel				
Salaries & Wages	29,694,000	24,414,000	5,280,000	
Fringe Benefits	10,620,000	9,837,000	783,000	
Incentive Compensation	1,550,000	1,556,000	(6,000)	
Contractual Services				
Management & Administration[2]	2,663,000	2,663,000	-	
Professional Services[3]	7,328,000	5,728,000	1,600,000	
Technical Services[4]	3,540,000	4,896,000	(1,356,000)	
Travel & Training	685,000	711,000	(26,000)	
Network Infrastructure	2,501,000	2,105,000	396,000	
Equipment & Supplies	205,000	2,292,000	(2,087,000)	
Facility	4,611,000	5,041,000	(430,000)	
Administration Total	**63,397,000**	**59,243,000**	**4,154,000**	**6.6%**
Information Technology				
Personnel				
Salaries & Wages	9,819,000	8,025,000	1,794,000	
Fringe Benefits	2,547,000	3,093,000	(546,000)	
Incentive Compensation	324,000	400,000	(76,000)	
Contractual Services				
Management & Administration[2]	1,326,000	1,219,000	107,000	
Professional Services[3]	104,000	94,000	10,000	
Technical Services[4]	10,230,000	11,071,000	(841,000)	
Travel & Training	103,000	130,000	(27,000)	
Network Infrastructure	10,197,000	9,581,000	616,000	
Equipment & Supplies	1,482,000	79,000	1,403,000	
Facility	266,000	299,000	(33,000)	
Information Technology Total	**36,398,000**	**33,991,000**	**2,407,000**	**6.6%**

Virginia Retirement System (VRS)
FY 2027 Beginning Budget Report

	FY27 Budget	FY26 Budget	Change	% Increase
	A	*B*	*C = A - B*	*D = C/A*
Investment Management				
Personnel				
Salaries & Wages	22,038,000	18,680,000	3,358,000	
Fringe Benefits	6,516,000	5,835,000	681,000	
Incentive Compensation	8,896,000	8,284,000	612,000	
Contractual Services				
Management & Administration[2]	1,218,000	366,000	852,000	
Professional Services[3]	4,397,000	2,200,000	2,197,000	
Technical Services[4]	18,996,000	13,418,000	5,578,000	
Travel & Training	700,000	896,000	(196,000)	
Network Infrastructure	2,807,000	344,000	2,463,000	
Equipment & Supplies	32,000	13,000	19,000	
Facility	958,000	692,000	266,000	
Investment Management Total	**66,558,000**	**50,728,000**	**15,830,000**	**23.8%**
VRS Subtotal	**166,353,000**	**143,962,000**	**22,391,000**	**13.5%**

[1] *Original budget plus/minus transfers; includes carry-over appropriation*

[2] *Management & Administration includes postage, printing, communications, memberships, subscriptions, insurance, claims and bonds*

[3] *Professional Services includes fiscal services, management services, legal services, media services, medical services, and auditing services*

[4] *Technical Services includes computer operating services, contractors and data feeds*

Request for Board Action
RBA 2026-09-____

Audit Director's Performance Review.

Requested Action

The VRS Board of Trustees approves a 7% performance bonus for the Audit Director.

Description/Background

The Audit and Compliance Committee reviewed and evaluated the performance of the Audit Director. Based on this review and evaluation, the Committee recommends that the Board approve a 7% performance bonus for the Audit Director payable October 16, 2026.

Rationale for Requested Action

The Audit and Compliance Committee recommends that the Board approve a 7% performance bonus for the Audit Director, payable October 16, 2026, based on the Committee's review and evaluation of the Audit Director's performance during FY 2026. The Audit and Compliance Committee Charter in paragraph 18 of the duties and responsibilities section states that the Committee shall "[r]eview and make recommendations to the Board through the Administration, Finance and Talent Management Committee regarding the performance of the Audit Director." Section IV.H.8 of the Board Governance Policy provides that the Board may review, monitor and oversee the performance of the Audit Director. Also, the Executive Pay Plan contemplates granting a performance bonus to the Audit Director.

Authority for Requested Action

Code of Virginia § 51.1-124.22(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

____	______________________________
Susan T. Gooden, Ph.D., Chair VRS Board of Trustees	Date

Virginia Retirement System

Request for Board Action
RBA 2026-09-____

Affirm FOIA Electronic Meeting Attendance Policy.

Requested Action

The Board affirms its FOIA Electronic Meeting Attendance Policy.

Description/Background

Pursuant to Va. Code § 2.2-3708.3(D) as amended in 2024, the Board must approve its remote meeting policy by recorded vote at a public meeting at least once annually.

The Board adopted a remote meeting policy at its May 4, 2015, meeting to comply with the Virginia Freedom of Information Act (FOIA) and has periodically approved revisions related to statutory changes. At its 2026 session, the General Assembly made no changes to the methods by which public bodies may meet virtually.

A copy of the current policy is attached to this RBA.

Authority for Requested Action

Code *of Virginia* § 51.1-124.22(A)(8) authorizes the Board to promulgate regulations and procedures and make determinations necessary to carry out the provisions of Title 51.1 of the *Code of Virginia*.

Code of Virginia § 2.2-3708.3 requires a public body to adopt a written policy on an annual basis in order to be able to allow individuals to meet remotely or the public body to hold an all-virtual meeting as provided under FOIA.

The above action is approved and will be effective September 17, 2026.

______________________________________	______________________________
Susan T. Gooden, Ph.D., Chair VRS Board of Trustees	Date

Introduction

Section 2.2-3708.3 of the *Code of Virginia* (the Virginia Freedom of Information Act, or FOIA) requires VRS to develop a remote participation policy prior to allowing remote electronic participation under subsection B or subsection C. The policy must be applied uniformly to all members and all requests. Effective July 1, 2024, § 2.2-3708.3(D) of the *Code of Virginia* requires that this policy must be adopted at least annually by recorded vote.

Policy

It is the policy of Virginia Retirement System Board of Trustees that individual Board members or members of a Committee of the Board may participate in meetings of the Board or Committee by electronic means as permitted by § 2.2-3708.3 of the *Code of Virginia*. The Board of Trustees as well as standing, advisory, and ad hoc committees of the Board, may also elect to hold an all-virtual public meeting without a quorum physically assembled, as permitted by § 2.2-3708.3(C) of the *Code of Virginia*. This policy shall apply to the entire membership and without regard to the identity of the member requesting remote participation or the matters that will be considered or voted on at the meeting.

Effective September 1, 2022, the following definitions in the *Code of Virginia* apply:

- "All-virtual public meeting" means a public meeting (i) conducted by a public body, other than those excepted pursuant to subsection C of § 2.2-3708.3, using electronic communication means, (ii) during which all members of the public body who participate do so remotely rather than being assembled in one physical location, and (iii) to which public access is provided through electronic communication means.
- "Remote participation" means participation by an individual member of a public body by electronic communication means in a public meeting where a quorum of the public body is otherwise physically assembled.

<u>In accordance with state law, this policy does not prohibit or restrict any individual member of the public body who is participating in an all-virtual public meeting or who is using remote participation from voting on matters before the public body.</u>

<u>Remote Participation by Individual Members</u>

Individual members may participate remotely for the following reasons under § 2.2-3708.3 B[1]:

1. A temporary or permanent disability or medical condition that prevents the member's physical attendance, under § 2.2-3708.3(B)(1) of the *Code of Virginia*. For purposes of determining

[1] Note: As of September 1, 2022, former § 2.2-3708.2(D) of the *Code of Virginia*, allowing an individual to participate remotely for any reason with public notice at least three working days in advance of the meeting, has been removed. Accordingly, the *Code of Virginia* also no longer requires a public body to provide FOIA public comment forms for electronic meetings or an annual electronic meeting report to the FOIA Council.

whether a quorum is physically assembled, an individual member of a public body who is a person with a disability as defined in § 51.5-40.1 of the *Code of Virginia* and uses remote participation counts toward the quorum as if the individual was physically present.

In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to a temporary or permanent disability or medical condition that prevents his or her physical presence.

2. A family member's medical condition that requires the member to provide care that prevents the member's physical attendance, or the member is a caregiver who must provide care for a person with a disability at the time the public meeting is being held thereby preventing the member's physical attendance, under § 2.2-3708.3(B)(2) of the *Code of Virginia*. For purposes of determining whether a quorum is physically assembled, an individual member of a public body who is a caregiver for a person with a disability and uses remote participation counts toward the quorum as if the individual was physically present.

   In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to a family member's medical condition that requires the member to provide care that prevents his or her physical presence.

3. The member's principal residence is more than 60 miles from the meeting location identified in the required notice for such meeting, under § 2.2-3708.3(B)(3) of the *Code of Virginia*.

   In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to the member's residence being more than 60 miles from the meeting location.

4. A personal matter, under § 2.2-3708.3(B)(4) of the *Code of Virginia*.
   a. In advance of the meeting, the member shall notify the VRS FOIA Officer and the chair of the public body that the member is unable to attend the meeting due to a personal matter. The member must identify with specificity the nature of the personal matter.
   b. When such individual participation is due to a personal matter, such participation is limited by law to two meetings of the public body or 25% of the meetings held rounded up to the next whole number, whichever is greater, per member each calendar year. Participation limits are counted separately for the VRS Board of Trustees and each Committee of the Board.

Whenever an individual member wishes to participate from a remote location (other than the all-virtual option or state of emergency exemption), the law requires a quorum of the Board or Committee to be physically assembled at the primary or central meeting location, and there must be arrangements for the voice of the remote participant to be heard by all persons at the primary or central meeting location. The minutes shall record the specific nature of the personal matter, the fact of the disability or other condition, the fact of the family member's medical condition, or the fact of the distance from the member's principal residence, and the remote location from which the absent member participated.

The specific requirements and limitations on electronic participation described in this policy apply only to the members of the public body holding a public meeting. Procedural requirements for remote participation that apply to members of the public body do not apply to the general public or other meeting attendees, including employees (unless such employee is a named member of the public body), guest presenters, attendees from other public or private organizations, or members of other, non-VRS public bodies.

Automatic Approval of Remote Participation:

VRS' FOIA Officer is responsible for tracking and approving individual remote participation for all VRS-related public bodies. Individual participation from a remote location shall be approved unless such participation would violate this policy or the provisions of the Virginia Freedom of Information Act. If a member's participation from a remote location is challenged, then the Board or Committee shall vote on whether to allow such participation. If a member's participation from a remote location is disapproved because such participation would violate this policy, such disapproval shall be recorded in the minutes with specificity. The member may then monitor the meeting, but may not participate in actions of the Board or Committee.

All-Virtual Public Meetings of the Entire Public Body

There are two exceptions to the requirement that a quorum be physically assembled at the primary or central meeting location, described in § 2.2-3708.2 and § 2.2-3708.3(C) of the *Code of Virginia*.

Under § 2.2-3708.2 of the *Code of Virginia*, a public body may meet remotely without a quorum assembled when the Governor has declared a state of emergency in accordance with *Code of Virginia* § 44-146.17 or the locality in which the public body is located has declared a local state of emergency pursuant to § 44-146.21, provided that (i) the catastrophic nature of the declared emergency makes it impracticable or unsafe to assemble a quorum in a single location and (ii) the purpose of the meeting is to provide for the continuity of operations of the public body or the discharge of its purposes, duties, and responsibilities. The public body must follow the requirements established in §2.2-3708.2 of the *Code of Virginia* regarding access, notice and minutes.

Under § 2.2-3708.3(C) of the *Code of Virginia*, certain public bodies, including VRS, may hold an all-virtual public meeting with no members of the public body participating in person. The public body may not convene an all-virtual meeting more than two times per calendar year or 50% of the meetings held per calendar year, rounded up to the next whole number, whichever is greater, or consecutively with another all-virtual public meeting. When the public body chooses to meet remotely:

- the public must have access to the meeting and be able to hear and, when possible, see the members participating;
- if visual communication is voluntarily disconnected or fails, or if audio communication fails, the member shall be considered absent for purposes of a quorum;
- a phone number or other live contact information must be provided to the public to alert the public body if the audio or video transmission of the meeting fails. The public body must take a recess until access is restored if the audio or video transmission fails for the public;
- all materials must be made available to the public electronically at the same time that materials are provided to the public body;
- no more than two members of the public body may be together in one remote location unless that location is open to the public to physically access it;
- transmission of the meeting must resume after a closed session is held, before the public body certifies the closed meeting under § 2.2-3712 of the *Code of Virginia*; and
- minutes must be taken as required under § 2.2-3707 of the *Code of Virginia* and include that the

meeting was held by electronic communication as well as the type of electronic communication used. If a member's participation was disapproved under this subsection of the *Code of Virginia*, that shall also be included in the minutes with specificity.

Approval of Requests for All-Virtual Public Meetings

The Board Secretary or designee is responsible for processing requests for all-virtual meetings for all VRS-related public bodies. Requests for all-virtual meetings shall be considered by the Board Secretary or designee and the Chair of the Board of Trustees or relevant Committee Chair and approved in appropriate circumstances unless such participation would violate this policy or the provisions of the Virginia Freedom of Information Act.

If a request is disapproved because participation would violate this policy, the Board or Committee must reschedule a regular meeting with appropriate notice.

Individual member use of remote meeting participation for a specific public body under § 2.2-3708.3(B) of the *Code of Virginia* does not affect requirements for all-virtual remote meetings of the public body under § 2.2-3708.3(C) of the *Code of Virginia*.