

Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on December 11, 2025, in Richmond, Virginia with the following members participating:

Board members:

A. Scott Andrews, Chair
Lawrence A. Bernert III, Vice Chair
Hon. J. Brandon Bell, II
John M. Bennett
J. Clifford Foster, IV
Susan T. Gooden, Ph.D.
Jessica L. Hood
Hon. Matthew James
Lindsey K. Pantele (*attended remotely from Henrico, VA under § 2.2-3708.3(B)(4)*)

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Stephen Adelaar, Advait Apte, Rory Badura, Matt Bennett, Judy Bolt, Ty Bowers, Lee Buchanan, Jessica Budd, Caroline Cardwell, Dorothy Chiddo, Michael Cooper, Perry Corsello, David Cotter, Sara Denson, Valerie Disanto, Curtis Doughtie, Kenji Epling, Laurie Fennell, Laura Fields, Josh Fox, Katherine Grawe, JT Grier, KC Howell, Taylor Irving, Sandy Jack, Mengting Kim, LaShaunda King, Kristina Koutrakos, Matthew Lacy, Daniel Lipok, Chung Ma, Curt Mattson, Scott Mootz, Walker Noland, Greg Oliff, Matt Priestas, Mark Rein, Gregory Salvati, Dan Schlussler, Kristy Scott, Michael Scott, Amethyst Sloane, Virginia Sowers, Jummai Sarki-Hurd, Larry Tentor, Korey Turner and Daniel Whitlock.

Guests:

Jeremy Bennett, Virginia Association of Counties; Joe Ebisa, WithIntelligence; Lisa Giaffo, Osmosis; Jacob Hodges, Encore; Alexandra Jansson and Kimberly Sarte, Joint Legislative Audit and Review Commission; Elizabeth Myers, Office of the Attorney General; Marshall Ren, J.P. Morgan; Ben Sheng, FundFire; and Sabrina Ticer-Wurr, MandateWire.

The meeting convened at 1:00 p.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the December 11, 2025, meeting of the Virginia Retirement System Board of Trustees.

Approval of Minutes

Following a motion by Senator Bell, and a second by Dr. Gooden, the VRS Board of Trustees unanimously approved the minutes from its November 13, 2025, meeting.

Report of the Chief Investment Officer

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

Mr. Andrews thanked Mr. Junkin for his report.

Report of the Defined Contribution Plans Advisory Committee

The VRS Board of Trustees received the report of the Defined Contribution Plans Advisory Committee following its meeting on December 4, 2025, and placed it on file.

WELCOME AND INTRODUCTION

Dr. Gooden welcomed Committee members, Board members, agency officials, representatives from stakeholder groups, and other members of the public joining in person and through electronic means to the DCPAC.

APPROVAL OF MINUTES

The Committee approved the minutes of its September 11, 2025, meeting.

ADMINISTRATION

Administrative Report & Communications

Staff provided an overview of the Defined Contribution Plans, as well as an update on administrative reports for the third quarter of 2025, which included reviewing assets and accounts across the various plans. Staff advised the Committee that plan assets increased, as did the total number of plan accounts.

Staff provided an update on Section 603 of the federal law SECURE 2.0, which requires age-based catch-up contributions to be made as Roth contributions for participants with wages over \$150,000 in the previous year. Staff also provided an overview of advice and managed accounts, including the number of participants using each service.

DC Plans and Hybrid Plan Update

Staff provided an update on auto-escalation with the next escalation cycle occurring in January 2026. Communications have gone out to prepare employers and participants for auto-escalation. It was noted that more than 145,000 active Hybrid Plan members are eligible for the January 2026 escalation. Participants who do not wish to increase their voluntary contributions may opt out during the month of December.

ORPHE Update

Staff provided an overview of ORPHE reports for the third quarter of 2025, including plan assets and accounts.

ORPHE Employer Update Report

Ms. Sanderlin provided an overview of the ORPHE Annual Employer Update hosted by VRS on September 17, 2025. She noted that nineteen participating institutions were represented.

Annual Administrative Expenses Reports

Staff provided an overview of the administrative expense report and annual cost update for FY 2025, as required by the DCPAC Charter. The report provided total participant counts, as well as direct and indirect costs associated with administering VRS' Defined Contributions Plans. Total administrative costs related to participants and expenditures for FY 2025 were provided, along with a table containing cost data for the five-year period from FY 2021 to FY 2025.

INVESTMENTS

Performance Reports

Staff provided the Committee with its annual review as of September 30, 2025, which included a review of DC governing documents, investment performance and investment fund expenses for the unbundled DC plans and the bundled TIAA ORPHE. Staff highlighted the plans' target date portfolios, which serve as the plan's default investment option, and the various asset classes used within the portfolios. Staff also outlined the wide range of asset classes and types of funds used as standalone investment options for those participants who desire to construct their own portfolios. Staff explained the breakdown of the unbundled DC plans as it pertains to the use of collective investment trusts (CITs), white label funds, passively managed investments, and the VRS investment portfolio (VRSIP). Staff shared the TIAA ORPHE investment program includes passively managed funds as well as TIAA's proprietary fixed annuity and real estate variable annuity product offerings.

CEM Defined Contribution Plans Survey

Staff provided an overview of highlights from the CEM 2024 DC Trends survey, which was included in the Appendix of the meeting materials. The survey was comprised of 97 corporate plans and 23 public plans representing \$2.5 trillion in assets. Staff noted the survey results included the VRS supplemental 457 deferred compensation plan and the TIAA ORPHE Retirement Choice (RC) contract. Staff informed the Committee that asset mixes selected by plan participants among a plan's investment menu opportunity set influence a plan's total return measures. Additionally, differences in plan size and participant account balances are attributed to many factors including if a plan is a primary or supplemental plan, contributions, and matching rates as well as participant demographics.

OTHER BUSINESS

Code of Ethics

Staff informed the Committee that an email notification would be forthcoming that will include instructions for completing the review and affirmation of the Board of Trustees' Code of Ethics and Conduct, an annual requirement of VRS advisory committee members. Staff shared that Committee members will be able to electronically sign and submit the affirmation statement. Committee members will also receive the annual Conflict of Interest Act (COIA) filing requirement from the Virginia Conflict of Interest and Ethics Advisory Council in the next few weeks.

Discussion of New Ideas

No new ideas were presented.

2026 MEETINGS

Dr. Gooden confirmed the DCPAC meeting dates for 2026:

- March 12, 2026, at 1:00 pm
- May 14, 2026, at 1:00 pm
- September 10, 2026, at 1:00 pm
- December 3, 2026, at 1:00 pm

Mr. Andrews thanked Dr. Gooden for her report.

Report of the Audit and Compliance Committee

The VRS Board of Trustees received the report of the Audit and Compliance Committee following its meeting on December 11, 2025, and placed it on file.

APPROVAL OF MINUTES

The committee approved the minutes of its September 24, 2025, meeting.

EXIT ON THE AUDITOR OF PUBLIC ACCOUNTS (APA) 2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AUDIT

The APA informed the committee they anticipate substantially completing their audit work over VRS' 2025 Annual Comprehensive Financial Report no later than December 15th and issuing an unmodified opinion on VRS' financial statements. Further, they noted their companion "Report on Internal Controls and Compliance" would be issued next month (January 2026).

ENTRANCE WITH THE APA REGARDING EMPLOYER ASSURANCES (GASB 68 AND 75)

The APA then provided the committee with an overview of the upcoming examinations designed to provide participating employers and their auditors the assurances necessary to prepare their own annual comprehensive financial statements in accordance with Governmental Accounting Standards Board Statements:

- No. 68, which focuses on employer reporting over pension plans.
- No. 75, which deals with employer reporting over other post-employment benefit plans.

The APA anticipates issuing its opinions on these matters on or about June 30, 2026.

AUDIT REPORT

The committee received one audit report.

- The review of Health Insurance Credits and Premiums determined overall, health insurance credits are valid and complete and health insurance premiums are properly withheld, remitted and recorded. There was 1 formal recommendation resulting from this review.

QUALITY ASSURANCE REVIEW OF THE INTERNAL AUDIT DEPARTMENT

The Audit Director presented the results of the department's Annual Quality Assurance Improvement Program Review as of June 30, 2025, noting the review concluded there is reasonable assurance VRS' Internal Audit Department generally conforms with the Global Internal Audit Standards.

MISCELLANEOUS UPDATES

The committee received the following miscellaneous updates:

Quarterly Report on Fraud, Waste and Abuse Hotline Cases

The Audit Director shared there were no fraud, waste and abuse hotline complaints reported to Internal Audit through the Office of the State Inspector General, or any other source, during the period of August 1, 2025, through October 31, 2025.

Management's Quarterly Travel Expenses and Per Diem Reports

The committee received Management's Quarterly Travel Expenses and Per Diem report.

Next Committee Meeting Date

The committee's next meeting is scheduled for Wednesday, March 25, 2026, at 1:00 p.m.
Respectfully submitted to the Board of Trustees on December 11, 2025.

Mr. Andrews thanked Senator Bell for his report.

Report of the Director

Ms. Bishop, Director, began her report with an update on the agency roadmap for FY 2026, noting all projects are progressing while noting that the Enterprise Content Management System Implementation has been delayed. Staff has been diligently working with the vendor and anticipates resolution to bring the project back on schedule.

Ms. Bishop then provided the following updates to the Board:

- The annual Conflict of Interest Act (COIA) filing is due by February 2, 2026, for Statements of Economic Interests and Financial Disclosure statements. The filing period covers January 1, 2025, to December 31, 2025.
- The annual Code of Ethics and Standards of Conduct training will be distributed to the Board electronically.

- Cost-of-Living adjustments (COLAs) were discussed with the Board. Historically, the Bureau of Labor Statistics (BLS) reports the Consumer Price Index (CPI-U) index each month. However, in October 2025, due to the government shutdown, no value was reported. VRS is monitoring to see if they will still report an average for the calendar year given October was not reported. Per § 51.1-166 of the *Code of Virginia*, VRS post-retirement supplements shall be determined annually by reference to the increase in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics of the United States Department of Labor.
- The Board considered the Request for Board Action to request a legislative amendment to permit use of an alternate measure of inflation to calculate cost-of-living adjustments (COLAs) if the Average Annual CPI-U is unavailable.

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

RBA: Authorize Staff to Request the General Assembly for the Ability to Use an Alternate Measure of Inflation to Calculate COLAs if the Average Annual CPI-U is Unavailable

Request for Board Action 2025-12-28: The VRS Board of Trustees authorizes staff to request a legislative amendment to permit the use of an alternate measure of inflation to calculate any change to post-retirement supplements in the event that the average annual increase in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics (BLS), United States Department of Labor, is unavailable for calendar year 2025.

Ms. Bishop continued the Director's Report discussing key measures related to the Defined Benefit Plan and how they are tracking compared to assumptions. Rory Badura, Senior Actuary, updated the Board on inflation and actual versus expected market value. Andrew Junkin addressed fund market values and investment returns net of benefit payments and contributions.

Lastly, Ms. Bishop gave a preview of upcoming meetings:

- Benefits and Actuarial Committee – February 4 at 1:00 p.m.
- Board of Trustees – February 5 at 1:00 p.m.
- Board Retreat – March 17 & 18

Mr. Andrews thanked Ms. Bishop for her report.

Adjournment

There being no further business and following a motion by Senator Bell, with a second by Delegate James, the VRS Board of Trustees agreed to adjourn the meeting at 1:29 p.m.



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Board of Trustees
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Chair



Patricia Bishop

Secretary

Report

The Defined Contribution Plans Advisory Committee (DCPAC) convened on December 4, 2025, at 1:00 p.m. and took up the following matters:

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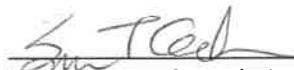
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There was no other business to come before the Committee.

Submitted to the Board of Trustees on December 11, 2025.



Susan T. Gooden, Chair
Defined Contribution Plans Advisory Committee

Report

The Audit and Compliance Committee (committee) met on December 11, 2025. Senator Bell welcomed committee members, board members, agency officials, representatives from stakeholder groups and other members of the public joining in person and through electronic means. The committee discussed the following:

APPROVAL OF MINUTES

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Sen. J. Brandon Bell, II, Chair
Audit and Compliance Committee