Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on October 15, 2026, in Richmond, Virginia with the following members participating:

Board members:
Susan T. Gooden, Ph.D., Chair
A. Scott Andrews, Vice Chair
Lawrence A. Bernert, III
John M. Bennett
Rokasha Edmondson, Ed.D.
J. Clifford Foster, IV
Jessica L. Hood
Hon. Matthew James
William H. Leighty

VRS Staff:

Patricia Bishop, Jennifer Schreck, Andrew Junkin, Nikolai Abaev, Rory Badura, Parham Behrooz, Matt Bennett, Ty Bowers, Lee Buchanan, Jessica Budd, Caroline Cardwell, Dorothy Chiddo, Michael Cooper, Perry Corsello, David Cotter, Sara Denson, Michael Desai, Valerie Disanto, Curtis Doughtie, Kenji Epling, Laurie Fennell, Laura Fields, Antonio Fisher, Kenneth Fleming, Josh Fox, Holly Glass, Katie Grawe, JT Grier, Kelly Hiers, Dane Honrado, KC Howell, Taylor Irvin, Ross Kasarda, Mengting Kim, LaShaunda King, Ryan LaRochelloe, Daniel Lipok, Chung Ma, Curt Mattson, Scott Mootz, Peter Murphy, Walker Noland, Greg Oliff, Matt Priestas, Laura Pugliese, Paula Reid, Mark Rein, Andrew Ringle, Dan Schlussler, Michael Scott, Jillian Sherman, Trib Singh, Richard Slate, Amethyst Sloane, Virginia Sowers, Nicole Taylor, Emily Trent, Dan Whitlock and Steve Woodall.

Guests:

Lauren Albanese, Financial Investment News; Jim Anderson, Becky Stouffer and Michael Spardo, Gabriel, Roeder, Smith & Company; Joe Ebisa, WithIntelligence.com; Courtney Degen and Rob Kozlowski, Pensions & Investments; Alexandra Jansson, Joint Legislative Audit and Review Commission; Michael Martz, Richmond Times Dispatch; Elizabeth Myers, Office of the Attorney General; Jacob Rose-Seiden, Osmosis.fm and Ben Sheng, FundFire.

The meeting convened at 1:00 p.m.

Opening Remarks

Dr. Gooden called the meeting to order and welcomed everyone to the October 15, 2026, meeting of the Virginia Retirement System Board of Trustees.

Approval of Minutes

Following a motion by Mr. Leighty, and a second by Mr. Andrews, the VRS Board of Trustees unanimously approved the minutes from its September 17, 2026, meeting.

Report of the Chief Investment Officer

Andrew Junkin, CIO, 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 concluded with discussions of the New Investments and Terminations Report, the DIME Quarterly Report and the External Manager Referral Quarterly Report.

Dr. Gooden thanked Mr. Junkin for his report.

Report of the Benefits and Actuarial Committee

The VRS Board of Trustees received the report of the Benefits and Actuarial Committee following its meeting on October 14, 2026, and placed it on file.

APPROVAL OF MINUTES

The Committee approved the minutes of its June 17, 2026, meeting.

ELECTION OF COMMITTEE VICE CHAIR

The Committee unanimously approved the nomination of Jessica Hood to continue serving as Committee Vice Chair.

VRS FUNDING POLICY STATEMENT AMENDMENTS

Rory Badura, Senior Staff Actuary, presented the recommended amendments to the VRS Funding Policy Statement to the Committee. The changes involve establishing a strategy for amortizing surpluses in all pension and other post-employment benefit (OPEB) plans once a plan reaches 100% funded status in order to protect the plan's funded status. Mr. Badura reviewed the recommended amortization policy and demonstrated how open amortization of funding surplus under the proposed schedule would ease the impact on employers while also protecting plans from becoming excessively overfunded.

Staff recommends the change in order to prioritize protecting the plans' funded status while reducing future risks when plans reach or surpass the funding schedule.

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

Request for Board Action 2026-10-22: *The Board approves the changes to the VRS Funding Policy Statement (Funding Policy) regarding how to amortize surpluses in all pension and OPEB plans once any such plan reaches 100% funded status. Effective October 15, 2026, for actuarial valuations effective June 30, 2026, for all plans that reach or exceed a funded status on an AVA basis, surplus funding will be amortized in accordance with the following schedule:*

Funded Ratio on AVA Basis	Amortization Period
100-120%	20 year open
120-140%	15 year open
140-160%	10 year open
160%+	5 year open

In addition, for statewide pension and OPEB plans, the minimum contribution must be at least equal to the plan's administrative expense.

There are also technical amendments to the Funding Policy to remove unnecessary appendices.

ACTUARIAL VALUATION RESULTS FOR THE FIVE STATEWIDE RETIREMENT PLANS, GROUP LIFE INSURANCE, STATE AND TEACHER RETIREE HEALTH INSURANCE CREDIT, AND THE VIRGINIA SICKNESS AND DISABILITY PROGRAM (INCLUDES SELF-FUNDED LONG-TERM CARE)

Jim Anderson and Becky Stouffer from the VRS plan actuary, Gabriel, Roeder, Smith & Company (GRS), presented the June 30, 2026, actuarial valuations for the Five Statewide Retirement Plans, Group Life Insurance, the State and Teacher Health Insurance Credit and the Virginia Sickness and Disability Program (VSDP). The VRS actuary conducts annual valuations as of the close of the fiscal year (June 30). In odd-numbered years, the valuations are used to establish employer contribution rates. The results in even-numbered years are shared with the Board of Trustees to inform the Board of any emerging trends or indications of the magnitude and direction of changes to contribution rates.

The market value return for the total fund of 12.1% exceeded the long-term assumed rate of return of 6.75% for fiscal year 2026. For most statewide plans, the investment gain had the greatest impact on plan experience during the year which resulted in funded status increases for most plans and employer contribution rates trending lower. The other notable change was due to modeling updates to better align liabilities for members with multiple employments across different employers. While this change had only minor impacts on most statewide plans, the VaLORS plan experienced a noteworthy increase in liabilities due to the level of turnover experienced by members of this plan.

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

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

Request for Board Action 2026-10-23: *The Virginia Retirement System Board of Trustees accepts the June 30, 2026, Actuarial Valuations conducted by the VRS plan actuary, Gabriel, Roeder, Smith & Company, for (i) the Five Statewide Retirement Plans: State Employees, Teachers, Judicial Retirement System, State Police Officers' Retirement System, and Virginia Law Officers' Retirement System; and (ii) the associated other post-employment benefits (OPEBs): Group Life Insurance, Health Insurance Credit*

for both State and Teachers, and the Virginia Sickness and Disability Program, including self-funded Long-Term Care.

Dr. Gooden thanked Mr. Bernert for his report.

Report of the Administration, Finance and Talent Management Committee

The VRS Board of Trustees received the report of the Administration, Finance, and Talent Management Committee following its meeting on September 16, 2026, and placed it on file.

APPROVAL OF MINUTES

The Committee approved the minutes of its September 16, 2026, meeting.

MERCER PRESENTATION ON THE 2026 COMPENSATION STUDY – INVESTMENT PROFESSIONALS

Josh Wilson of Mercer presented the results of its 2026 compensation study related to investment professionals. The review included a full competitive assessment of base salaries and total cash compensation for positions within the Investment Professionals' Pay Plan. Results indicate that, on average, VRS' base salary is 7% below market 75th percentile and total cash is 19% below the market 50th percentile. Recommendations for changes to the pay plan were presented to the Committee.

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

Request for Board Action 2026-10-24: *The VRS Board of Trustees approves an amended Investment Professionals' Pay Plan (Pay Plan), effective October 25, 2026.*

COMPENSATION AND BENEFITS (CLOSED SESSION)

The Committee went into closed session to discuss benefits and compensation related to specific VRS employees.

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

Request for Board Action 2026-10-25: *The VRS Board of Trustees approves a $176,575.00 salary adjustment for the Chief Investment Officer (CIO).*

Report of the Director

Ms. Bishop, Director, began her report with an update on the agency road map for FY 2027, noting all projects are progressing as planned, as well as a review of New Coverage Elections.

Ms. Bishop discussed the VRS Strategic Plan. The current four-year plan expires December 2026. The Executive team and facilitator have a new plan in development which will align with the fiscal year versus the calendar year. The plan will drive Agency Performance Outcomes and allow VRS to operate with increased agility.

Ms. Bishop reported that Courtney Shearer, David Porter and Caroline Cardwell represented VRS as panelists during the Government Finance Officers Association (GFOA's) virtual Best Practices Forum. Their presentation showcased how ongoing collaboration between finance and communications teams transforms complex financial data into compelling popular annual financial reports.

Ms. Bishop provided a preview of upcoming meetings and events.

Dr. Gooden thanked Ms. Bishop for her report.

Information Technology (Closed Session)

Upon a motion by Mr. Andrews, with a second by Mr. Leighty, the Virginia Retirement System Board of Trustees convened a closed meeting under the Virginia Freedom of Information Act for the purpose of discussion of an information technology system or software program where discussion in an open meeting would jeopardize the security of such information technology system or program, pursuant to the exemption contained in *Code of Virginia* § 2.2-3711(A)(19).

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

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

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

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

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

Mr. Andrews: Aye
Mr. Bernert: Aye
Mr. Bennett: Aye
Dr. Edmondson: Aye
Mr. Foster: Aye
Ms. Hood: Aye
Delegate James: Aye
Ms. Leighty: Aye
Dr. Gooden: Aye

Other Business

Lastly, Dr. Gooden reviewed the following meeting schedule:

- Investment Advisory Committee – November 4 at 9:00 a.m.
- Benefits and Actuarial Committee – November 12 at 10:00 a.m.
- Board of Trustees – November 12 at 1:00 p.m.

Adjournment

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

Zina T. Gooden
Chair

Patricia J. Bishop
Secretary

Report

The Virginia Retirement System Benefits and Actuarial Committee met on October 14, 2026, and took up the following matters:

APPROVAL OF MINUTES

The Committee approved the minutes of its June 17, 2026, meeting.

ELECTION OF COMMITTEE VICE CHAIR

The Committee unanimously approved the nomination of Jessica Hood to continue serving as Committee Vice Chair.

VRS FUNDING POLICY STATEMENT AMENDMENTS

Rory Badura, Senior Staff Actuary, presented the recommended amendments to the VRS Funding Policy Statement to the Committee. The changes involve establishing a strategy for amortizing surpluses in all pension and other post-employment benefit (OPEB) plans once a plan reaches 100% funded status in order to protect the plan's funded status. Mr. Badura reviewed the recommended amortization policy and demonstrated how open amortization of funding surplus under the proposed schedule would ease the impact on employers while also protecting plans from becoming excessively overfunded.

Staff recommends the change in order to prioritize protecting the plans' funded status while reducing future risks when plans reach or surpass the funding schedule.

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

Request for Board Action: *The Board approves the changes to the VRS Funding Policy Statement (Funding Policy) regarding how to amortize surpluses in all pension and OPEB plans once any such plan reaches 100% funded status. Effective October 15, 2026, for actuarial valuations effective June 30, 2026, for all plans that reach or exceed a funded status on an AVA basis, surplus funding will be amortized in accordance with the following schedule:*

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Submitted to the Board of Trustees on October 15, 2026.

Lawrence A. Bernert, III, Chair
Benefits and Actuarial Committee

Report

The Administration, Finance and Talent Management Committee met on October 15, 2026, and discussed the following:

APPROVAL OF MINUTES

The Committee approved the minutes of its September 16, 2026, meeting.

MERCER PRESENTATION ON THE 2026 COMPENSATION STUDY – INVESTMENT PROFESSIONALS

Josh Wilson of Mercer presented the results of its 2026 compensation study related to investment professionals. The review included a full competitive assessment of base salaries and total cash compensation for positions within the Investment Professionals' Pay Plan. Results indicate that, on average, VRS' base salary is 7% below market 75th percentile and total cash is 19% below the market 50th percentile. Recommendations for changes to the pay plan were presented to the Committee.

The Committee recommends approval of the following action to the full Board:

Request for Board Action: *The VRS Board of Trustees approves an amended Investment Professionals' Pay Plan (Pay Plan), effective October 25, 2026.*

COMPENSATION AND BENEFITS (CLOSED SESSION)

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Upon returning to open meeting, the Committee recommended approval of the following actions to the full Board:

Request for Board Action: *The VRS Board of Trustees approves a $176,575.00 salary adjustment for the Chief Investment Officer (CIO).*

Submitted to the Board of Trustees on October 15, 2026.

Susan T. Gooden, Ph.D., Chair
Administration, Finance and Talent Management Committee