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## Minutes

The Defined Contribution Plans Advisory Committee (DCPAC) of the VRS Board of Trustees met on September 2, 2021, with the following members present:

### **Committee Members:**

Hon. J. Brandon Bell, Chair  
Dr. Susan Gooden  
Shannon Irvin (attended remotely under § 2.2-3708.2(A)(1)(b))  
Rick Larson  
Brenda Madden  
David Winter (attended remotely under § 2.2-3708.2(A)(1)(b))

### **Members of the Board of Trustees:**

O'Kelly E. McWilliams, III\*  
Michael Disharoon\*  
William Garrett\*

### **VRS staff members in attendance:**

Trish Bishop, Steve Cerreto\*, Jeanne Chenault, Michael Cooper\*, Josh Fox\*, Brian Goodman\*, Kelly Hiers, KC Howell, Robert Irving, Ciara Lawson\*, Joyce Monroe\*, Teresa Nguyen\*, Rebecca Nicholas\*, Laura Pugliese, Kristy Scott\*, Michael Scott\*, Jillian Sherman, Jennifer Schreck\*, Ashley Spradley\*, Stacy Taylor\*, Peter Thompson, Bridgette Watkins\*, Rachel Webb\* and Cindy Wilkinson.

Also in attendance were Latosha Johnson\*, Virginia Department of Planning and Budget; and Denise Fortune\*, Voya.

*\*Attended remotely*

The meeting convened at 1:03 p.m.

Chairman Bell welcomed committee members, board members, VRS staff, representatives from other stakeholder groups and members of the public.

Mr. Bell took a roll call of each DCPAC member for attendance purposes:

Dr. Gooden – Present  
Ms. Irvin – Present  
Mr. Larson – Present  
Ms. Madden – Present  
Mr. Winter – Present  
Mr. Bell – Present

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#### **APPROVAL OF MINUTES**

Upon a motion by Mr. Bell, with a second by Dr. Gooden, the minutes of the June 24, 2021 meeting were approved.

Mr. Bell asked for each Committee member to vote on the motion:

Dr. Gooden - Aye  
Ms. Irvin – Aye  
Mr. Larson – Aye  
Ms. Madden – Aye  
Mr. Winter – Aye  
Mr. Bell – Aye

#### **DCPAC APPOINTMENTS**

Trish Bishop, VRS Director, informed the Committee of a nomination to a vacant seat on the DCPAC. The Committee reviewed the biography of Meghan Coates, who is recommended for appointment to fill Ms. Seay's unexpired term ending June 20, 2022. Ms. Seay stepped down from the Committee due to her retirement.

Upon a motion by Mr. Bell, with a second by Ms. Irvin, the Committee concurred in the nomination of Ms. Coates and moved to present the nomination to the Administration and Personnel Committee for recommendation to the Board of Trustees.

#### ***RBA: Appointment of DCPAC Member***

***Request for Board Action:*** *The Board appoints Meghan Coates to fill the unexpired term of Kathleen T. Seay, which ends June 20, 2022.\**

Mr. Bell asked for each Committee member to vote on the motion:

Dr. Gooden – Aye  
Ms. Irvin – Aye  
Mr. Larson – Aye  
Ms. Madden – Aye  
Mr. Winter – Aye  
Mr. Bell – Aye

*\*Subsequent to the DCPAC meeting, Ms. Coates withdrew her name from consideration for the DCPAC. Staff has reached out to the Virginia Municipal League and Virginia Association of Counties for a new recommendation to fill this seat on the DCPAC.*

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## DC PLANS INVESTMENTS UPDATE

Laura Pugliese, Portfolio Manager, Defined Contribution Plans, provided an overview of the Annual Investments Review as of June 30, 2021 to the DCPAC.

### DC Plans Investment Belief Statements

Ms. Pugliese provided final revisions of the VRS Defined Contribution Plans Investment Belief Statements, which resulted from a comprehensive review that began in April 2021 by the Committee and staff. Ms. Pugliese noted the additional revisions provided further clarification and improved sentence structure. She put forth a recommendation for the DCPAC to approve the revisions and recommend revisions to the Board.

Upon a motion by Mr. Bell, with a second by Ms. Madden, the Committee recommended approval of the following action to the full Board:

### ***RBA: Approve Revisions to The Defined Contribution Plans Investment Belief Statements***

***Request for Board Action:*** *The VRS Board of Trustees approves revisions to the VRS Defined Contribution Plans Investment Belief Statements.*

*The Board adopts these Investment Belief Statements pursuant to the duty to oversee investments under the standard set forth in Code of Virginia § 51.1-124.30. Moreover, Code of Virginia § 51.1-124.22 authorizes the Board to promulgate regulations and procedures and make determinations necessary to carry out the provisions of Title 51.1.*

Mr. Bell asked for each Committee member to vote on the motion:

Dr. Gooden - Aye  
Ms. Irvin – Aye  
Mr. Larson – Aye  
Ms. Madden – Aye  
Mr. Winter – Aye  
Mr. Bell – Aye

### Annual Investments Review

Ms. Pugliese provided an overview of the DCPAC duties and responsibilities as required by the Charter, including the duty to review trends and best practices, assist staff with identifying potential asset classes and investment strategies, review the VRS Defined Contribution Plans Investment Belief Statements and DC Plans Investment Policy Statements, and provide recommendations to the Board as needed. She

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noted there were no recommended changes at this time to the two DC Plans Investment Policy Statements for the unbundled and bundled program structures.

Ms. Pugliese provided an overview of the Annual Investments Review as of June 30, 2021 to the DCPAC. Total DC Plan assets in the unbundled DC Plans structure and bundled ORPHE structure was \$6.6 billion for the Fiscal Year ending June 30, 2021. She informed the Committee that no changes were made to either the unbundled DC plans investment platform or the bundled TIAA ORPHE investment platform.

Ms. Pugliese provided a review of the investment performance and annual operating expenses in the unbundled DC Plans and bundled TIAA ORPHE Retirement Choice (RC) contract for the Fiscal Year ending June 30, 2021.

Ms. Pugliese shared with the Committee that the complete annual investment review package was included in the appendix.

#### **ADMINISTRATIVE REPORTS AND COMMUNICATIONS UPDATE**

Kelly Hiers, DC Plans Administrator, provided an update on the VRS Defined Contribution Plans for the second quarter ending June 30, 2021. Ms. Hiers shared the total assets and accounts under management across all DC plans as of June 30, 2021.

Ms. Hiers informed the Committee that the final renewal of the contract for the current record keeper for the unbundled DC Plans ends December 31, 2024. She provided an overview of the projected timeline as it relates to the request for proposal (RFP) for a new contract for a record keeper, starting with the issuance of a Consultant RFP in September 2021 to assist with developing and issuing the record keeper RFP. Ms. Hiers noted that due to the complexity and customization of the unbundled DC Plans, an 18 to 24-month implementation period to onboard a new record keeper is needed if there is a change.

Ms. Hiers shared that VRS DC Plans was the recipient of the 2021 NAGDCA Leadership Award in two categories: COVID-19 Virtual Response and Technology, and Interactive Multimedia for Interactive Virtual Tools.

#### **DC Plans and Hybrid Plan Update**

Ms. Hiers provided an update on total assets and accounts in the COV 457 and Virginia Cash Match plans through June 30, 2021. She also provided an overview of total assets and accounts in the VRS Hybrid Retirement Plan and highlighted hybrid plan participation, noting the overall participation in hybrid voluntary contributions and number of hybrid plan members making voluntary contributions.

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Ms. Hiers provided an overview of the population of hybrid plan members also eligible for the Commonwealth of Virginia 457 Deferred Compensation Plan. She shared that analysis is conducted on a quarterly basis to identify trends in this population and also to evaluate opportunities to improve communications and outreach efforts to members not maximizing voluntary contributions to the Hybrid 457 Plan and missing out on employer matching contributions.

Ms. Hiers provided an overview of the second quarter DC Plans goal focused on Asset Retention, including asset retention metrics in the unbundled DC plans. She provided an overview of assets by age and employment status, distribution type in the COV 457 and Hybrid 401(a) plans, rollovers and unforeseen emergency withdrawals (UEWs). Ms. Hiers noted the year-over-year decrease in UEWs from 2019 to 2020 due to the availability of coronavirus-related distributions and the moratorium on evictions and foreclosures as a result of the pandemic. Ms. Hiers informed the Committee of new and ongoing asset retention efforts, including targeted communications to separated individuals, outbound calls to participants who have rolled amounts greater than \$100,000 out of the plan, and resources specifically designed for participants eligible for distribution.

#### ORPHE Update

Ms. Hiers provided an overview by provider of total ORPHE assets, participants and average balances for the second quarter of 2021.

Ms. Hiers informed the Committee of amendment changes to the TIAA ORPHE contract, effective October 1, 2021. She noted the changes will include the implementation of multiple performance standards, finalization of updates not captured or completed in the previous contract amendment, and a pricing reduction to the revenue requirement from \$66 per year for unique participants in the active Retirement Choice (RC) contract to \$28 per year for all unique participants, including participants in the inactive legacy contracts. Ms. Hiers shared that there were several contributing factors to the pricing change, including higher total plan assets and average account balances held by participants, more plan administration efficiencies and automated processes, technology platform enhancements, and competitive pressures among plan administration record keepers.

Ms. Hiers provided an update on efforts underway to retire the existing Quarterly Service Review provided by MissionSquare and replace with three high-level dashboards that focus on primary plan metrics. Ms. Hiers informed the Committee the dashboards are in the development phase and encouraged Committee members to share feedback as to any information or metrics they would like to see presented.

The Committee thanked Ms. Hiers for her presentation.

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**OTHER BUSINESS**

Discussion of New Ideas

There was no discussion of new ideas.

**UPCOMING DEFINED CONTRIBUTION PLANS ADVISORY COMMITTEE MEETINGS**

Mr. Bell confirmed the following DCPAC meeting dates for 2021:

The next meeting of the DCPAC will take place on December 2<sup>nd</sup> from 1:00 p.m. to 4:00 p.m.

The ORPHE Annual Employer Update is scheduled for September 30<sup>th</sup>, as required by the DCPAC Charter. This is not a DCPAC Committee meeting, however members may attend if interested.

**ADJOURNMENT**

Mr. Larson made a motion to adjourn the meeting. Ms. Madden seconded the motion.

There being no further business, Mr. Bell adjourned the meeting at 2:21 p.m.



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J. Brandon Bell, Chair  
Defined Contribution Plans Advisory Committee