
Minutes

A regular meeting of the Virginia Retirement System Administration and Personnel Committee was held September 15, 2021 in Richmond, Virginia with the following members participating:

O'Kelly E. McWilliams, III, Chair
Joseph W. Montgomery, Vice Chair
W. Brett Hayes
Troilen G. Seward, Ed.S.

Board members present:

John M. Bennett
William A. Garrett

VRS Staff:

Patricia Bishop, Ron Schmitz, Jennifer Schreck, Jeanne Chenault, Michael Cooper, Harriet Covey, Juanita Cribbs, Valerie Disanto, Barry Faison, Jonathan Farmer, Josh Fox, Brian Goodman, LaShaunda King, Curt Mattson, Angela Payne, Matt Priestas, Paula Reid, Mark Rein, Jillian Sherman and Cindy Wilkinson.

Guests:

Adam Rosatelli, Senate Finance and Appropriations Committee; Jamie Bitz, Joint Legislative Audit and Review Commission; and Latosha Johnson, Department of Planning and Budget.

The meeting convened at 10:01 a.m.

Opening Remarks

O'Kelly E. McWilliams, III, called the meeting to order and welcomed everyone to the September 15, 2021 meeting of the Administration and Personnel Committee.

Mr. McWilliams noted that the nominee to fill the vacant seat on the Defined Contribution Plans Advisory Committee (DCPAC) had withdrawn her name from consideration prior to the meeting, and the agenda was updated to remove the associated agenda item.

Approve Minutes

Upon Mr. Bennett's motion, with a second by Mr. Montgomery, the Committee approved the minutes of its June 2, 2021 meeting.

Review Attainment of FY 2021 Agency Performance Outcomes (APOs) and Operational Measures

Michael Cooper, Chief Operating Officer, reviewed the results of the FY 2021 agency performance outcomes (APOs) and operational measures. Mr. Cooper noted that the agency had four APOs for the fiscal year, with a target of completing at least three. Staff met this goal by successfully completing all four APOs. In addition, there were sixteen operational measures for the year, of which thirteen had to

be met in order to meet the target for the year. Staff successfully met its target for fifteen of the sixteen operational measures. The only measure not met for the year was the call abandonment rate, which was impacted by the ongoing pandemic.

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

RBA: Approve attainment of FY 2021 APOs and Operational Measures and corresponding lump-sum bonus equal to 2.5% of salary for eligible administrative employees and Investment Department operations and administration employees.

Request for Board Action: The VRS Board of Trustees approves (i) the attainment of FY 2021 APOs and Operational Measures and (ii) a lump-sum bonus equal to 2.5% for eligible administrative employees and eligible Investment Department operations and administration employees.

Review Performance Bonuses for Eligible Administrative and Investment Operations and Administration Employees

Next, Mr. Cooper presented a request for board action to approve the performance bonuses for eligible administrative and investment department operations and administration employees. Eligible employees who earn an “exceptional” rating on their performance evaluation qualify for a 4% bonus. Employees who earn an “exceeds” rating on their performance evaluation are eligible for a 2% bonus. The bonus amount is based on their salary as of June 30, 2021.

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

RBA: Approve lump-sum performance bonuses for eligible administrative employees and Investment Department operations and administration employees.

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

Mr. McWilliams thanked Mr. Cooper for his presentation.

Reappointment of Investment Advisory Committee (IAC) Members

Ron Schmitz, Chief Investment Officer, advised the Committee of two IAC members whose terms are set to expire. Mr. Schmitz indicated that Hance West and Nan Leake each wish to continue their service on the IAC. The IAC reviewed the reappointments at its August 26, 2021 meeting and recommended approval of the reappointment of Mr. West and Ms. Leake.

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

RBA: Reappointment of IAC Members.

Request for Board Action: *The Board reappoints William “Hance” West and Nancy G. Leake to the Investment Advisory Committee, each for a two-year term ending December 31, 2023.*

Budget Update (Year End Results and Biennium Budget Proposal)

Mr. Cooper introduced Jon Farmer, Budget and Performance Reporting Manager, who presented the FY 2021 year-end budget results, explaining that VRS finished the year with a surplus of \$14.7 million, which will be returned to the Fund. Mr. Farmer next reviewed the FY 2022 year-to-date budget and indicated that estimated expenditures remain on track for the year. Next, Mr. Farmer provided a detailed review of the eight initiatives in the agency’s FY 2023-2024 biennium budget proposal.

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

RBA: Authorize staff to request spending authority from the Department of Planning and Budget.

Request for Board Action: *The VRS Board of Trustees authorizes staff to request spending authority from the Department of Planning and Budget and legislature, as applicable, to execute planned initiatives for the next two fiscal years.*

Strategic Plan Update

Next, Ms. Bishop and Mr. Cooper provided an update on the agency’s strategic planning process. A draft of the detailed plan, which also incorporated the feedback shared by the Board after its last meeting, was shared with the committee. In addition to the agency’s Mission, Vision and Commitment statements, staff included a Diversity, Equity and Inclusion (DEI) statement and definitions consistent with the Commonwealth’s *ONE Virginia* plan. The plan includes goals with measures and targets to ensure that the agency’s efforts are meeting the strategies outlined for each goal.

Ms. Bishop advised the Committee that staff expects to finalize the strategic plan in the coming weeks and will provide a copy of the final plan to the Board later this fall.

Information Item

Next, as an information item, Mr. McWilliams advised that the Audit and Compliance (A&C) Committee had reviewed and evaluated the performance of the Audit Director. Based on its review and evaluation, the A&C Committee recommends that the Board approve a 7% performance bonus for the Audit Director. The Board will take up the following action at its September 21st meeting.

RBA: Approve a 7% performance bonus for the Audit Director

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

Compensation and Benefits (Closed Meeting)

Mr. Montgomery moved, with a second by Mr. Bennett, that the Administration and Personnel Committee of the Virginia Retirement System Board of Trustees convene a closed meeting under the

Virginia Freedom of Information Act to discuss the compensation and benefits of specific employees pursuant to the personnel exemption at *Code of Virginia* § 2.2-3711(A)(1).

The closed meeting convened upon the following roll call vote:

Mr. Bennett: Aye
Mr. Garrett: Aye
Mr. Hayes: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Committee 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 Committee.

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

Mr. Bennett: Aye
Mr. Garrett: Aye
Mr. Hayes: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Review FY 2021 Incentive Pay for Investment Professionals

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

RBA: Approve FY 2021 incentive payments for VRS Investment professionals.

Request for Board Action: *The VRS Board of Trustees approves payment of an incentive amount of approximately \$7,853,280.10 for FY 2021 to VRS investment professionals as authorized by the Investment Professionals' Pay Plan.*

Director's Performance Review

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

RBA: Approve performance bonus and supplemental payment to the VRS Director as authorized in the 2021 Appropriation Act.

***Request for Board Action:** The VRS Board of Trustees approves a performance bonus for the VRS Director payable on October 15, 2021 and a supplemental payment made December 1, 2021 as authorized in the 2021 Appropriation Act.*

Other Business

Lastly, Mr. McWilliams noted the VRS Board of Trustees will meet September 21, 2021 at 1:00 p.m.

Adjournment

There being no further business and following a motion by Mr. Montgomery, with a second by Mr. Bennett, the Committee agreed to adjourn the meeting at 12:30 p.m.



November 16, 2021

Chair

Date