

Minutes

An electronic meeting of the Virginia Retirement System Administration and Personnel Committee was held on June 14, 2022, with the following members participating:

A. Scott Andrews, Chair
Joseph W. Montgomery, Vice Chair
W. Brett Hayes
Troilen G. Seward, Ed.S.

Board members present:

John M. Bennett
Hon. J. Brandon Bell, II (attended remotely under § 2.2-3708.2(A)(1)(b))

VRS Staff:

Patricia Bishop, Ron Schmitz, Michael Cooper, David Cotter, Harriet Covey, Juanita Cribbs, Valerie Disanto, Barry Faison, Jon Farmer, Robert Irving, LaShaunda King, Curt Mattson, Angela Payne, Matt Priestas, Steven Ramirez, Paula Reid, Mark Rein, Virginia Sowers and Cindy Wilkinson.

Guests:

Kimberly Sarte, Joint Legislative Audit and Review Commission.

The meeting convened at 1:06 p.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the June 14, 2022, meeting of the Administration and Personnel Committee. After noting that the meeting was being held in accordance with § 2.2-3708.2(A)(1)(b) of the *Code of Virginia* and the VRS Remote Meeting Attendance Policy, Mr. Andrews took a roll call for attendance:

Senator Bell: Present
Mr. Bennett: Present
Mr. Hayes: Present
Mr. Montgomery: Present
Ms. Seward: Present
Mr. Andrews: Present

Approval of Minutes

Following Mr. Montgomery's motion, with a second by Mr. Bennett, the Committee approved the minutes of its April 6, 2022, meeting with the following roll call vote:

Senator Bell: Aye
Mr. Bennett: Aye
Mr. Hayes: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. Andrews: Aye

Discussion and Consideration of Revised FY 2022 Agency Performance Outcome (APO) #1

Michael Cooper, Chief Operating Officer, advised the Committee of changes to the current Agency Performance Outcome (APO) #1. Mr. Cooper explained that while the original APO indicated a full migration to the public cloud, the team has determined that a hyper converged infrastructure (HCI) data center is the most appropriate path forward for the agency's information technology infrastructure. Therefore, the APO language was updated to reflect the ongoing work related to the HCI data center migration, which requires approval by the Committee and the Board.

RBA: Approve Revised Agency Performance Outcome (APO) #1.

Request for Board Action: *The VRS Board of Trustees approves revisions to Agency Performance Outcome #1 for FY 2022.*

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

Senator Bell: Aye
Mr. Bennett: Aye
Mr. Hayes: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. Andrews: Aye

Discussion and Consideration of FY 2023 Agency Performance Outcomes (APOs) and Operational Measures

Next, Mr. Cooper reviewed the proposed Agency Performance Outcomes (APOs) and Operational Measures for FY 2023. Mr. Cooper noted that the APOs are considered stretch goals for the organization, requiring input across all business units, and the Operational Measures reflect the agency's day-to-day business operations.

Staff is proposing six APOs, each with multiple components, and sixteen Operational Measures for FY 2023. To satisfy the requirements for the gainsharing bonus, staff must accomplish five of the six APOs and 13 of the 16 Operational Measures. In addition, Mr. Cooper noted that consistent with the strategic plan and APO #5 (Customer Experience Review), the agency will be reviewing and potentially updating its Operational Measures and has included this work in the FY 2023 Agency Roadmap.

RBA: Approve FY 2023 APOs and Operational Measures.

Request for Board Action: *The VRS Board of Trustees approves the FY 2023 Agency Performance Outcomes (APOs) and Agency Operational Measures.*

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

Senator Bell: Aye
Mr. Bennett: Aye
Mr. Hayes: Aye
Mr. Montgomery: Aye

Ms. Seward: Aye

Mr. Andrews: Aye

Mr. Andrews thanked Mr. Cooper for his presentation.

Approve Revised Investment Professionals' Pay Plan

Paula Reid, Human Resources Director, updated the Committee on proposed changes to the Investment Professionals' Pay Plan. Ms. Reid noted the changes include:

- Adding the position of Chief Managing Director to ensure the smooth transition of the new Chief Investment Officer.
- Reflecting the current assumed rate of return.
- Providing clarifying language within several sections of the pay plan.

In addition, the updates include a 5% increase to the minimum and maximum of each of the salary bands, consistent with Item 483 of the 2023 Appropriation Act, effective July 10, 2022. This change is contingent upon the Appropriation Act's passage.

RBA: Approve Changes to the Investment Professionals' Pay Plan.

***Request for Board Action:** The Virginia Retirement System Board of Trustees approves an amended Investment Professionals' Pay Plan ("Pay Plan"), effective July 10, 2022.*

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

Senator Bell: Aye

Mr. Bennett: Aye

Mr. Hayes: Aye

Mr. Montgomery: Aye

Ms. Seward: Aye

Mr. Andrews: Aye

Approve Revised Administrative and Investment Operations and Administration Pay Plans

Next, Ms. Reid updated the Committee on proposed changes to the Administrative and Investment Operations and Administration Pay Plans. Item 483 of the 2023 Appropriation Act, contingent upon its passage, will require the Department of Human Resource Management to increase by 5% the minimum and maximum of each of the salary bands in the Commonwealth's Classified Compensation Plan. Generally, the VRS Board of Trustees also adjusts the salary scales in its pay plans in accordance with the requirements of the Appropriation Act. An increase of 5% to the minimum and maximum of each grade of the salary scales in the Administrative Pay Plan and the Investment Operations and Administration Pay Plan, effective July 10, 2022, is consistent with the changes to be made to the Commonwealth's Classified Compensation Plan.

RBA: Approve Amended Administrative Pay Plan, and Investment Operations and Administration Staff Pay Plan

Request for Board Action: *The VRS Board of Trustees approves an amended Administrative Pay Plan and Investment Operations and Administration Staff Pay Plan, effective July 10, 2022.*

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

Senator Bell: Aye
Mr. Bennett: Aye
Mr. Hayes: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. Andrews: Aye

Mr. Andrews thanked Ms. Reid for her presentation.

Quarterly Budget Update

Next, Jon Farmer, Budget and Performance Reporting Manager, presented an update on the agency's budget. Mr. Farmer reviewed the agency's expenditures through April 30, 2022 and outlined anticipated spending through the remainder of the fiscal year. He also explained that the reduction in the anticipated surplus from February is due to the agency's absorption of the 5% salary increases authorized in the FY 2022 Appropriation Act. Mr. Farmer indicated that VRS is still on track to finish the year with a surplus of approximately \$5.46 million.

Mr. Andrews thanked Mr. Farmer for his report.

Other Business

Mr. Andrews noted that the Audit and Compliance Committee will meet at 2:00 p.m. on June 16 and the Board of Trustees will meet at 1:00 p.m. on June 23.

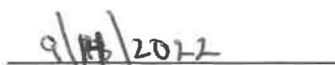
Adjournment

Upon a motion by Mr. Montgomery, with a second by Mr. Hayes, the Committee agreed to adjourn the meeting with the following roll call vote:

Senator Bell: Aye
Mr. Bennett: Aye
Mr. Hayes: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. Andrews: Aye

There being no further business, the meeting concluded at 1:34 p.m.


Chair


Date