

Minutes

A regular meeting of the Virginia Retirement System Administration, Finance and Talent Management Committee was held on September 20, 2023, with the following members participating:

A. Scott Andrews, Chair
Joseph W. Montgomery, Vice Chair
Michael P. Disharoon

Board members present:
John M. Bennett

VRS Staff:

Patricia Bishop, Michael Cooper, Juanita Cribbs, Robert Irving, LaShaunda King, Curt Mattson, Emily Trent, Matt Priestas, Paula Reid, Mark Rein, Cindy Wilkinson, Leslie Weldon, Josh Fox, Jeanne Chenault, Scott Weaver, Jennifer Schreck and Andrew Junkin.

The meeting convened at 1:05 p.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the September 20, 2023, meeting of the Administration, Finance and Talent Management Committee.

Approval of Minutes

Following a motion by Mr. Montgomery, with a second by Mr. Bennett, the Committee approved the minutes of its June 13, 2023, meeting.

Review Attainment of FY 2023 Agency Performance Outcomes (APOs) and Operational Measures

Michael Cooper, Chief Operating Officer, reviewed the results of the FY 2023 agency performance outcomes (APOs) and operational measures. Mr. Cooper noted that the agency had six APOs for the fiscal year, with a target of completing at least five. Staff met this goal by successfully completing all six APOs. In addition, there were sixteen operational measures for the year, of which thirteen had to be met 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. Mr. Cooper noted that while not meeting the call abandonment rate target for the year, the agency's recent SMS surveying data indicates an overwhelmingly positive customer experience for those communicating with the customer contact center.

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

RBA: Attainment of FY 2023 APOs and Operational Measures

Request for Board Action: *The VRS Board of Trustees approves (i) the attainment of FY 2023 APOs and Operational Measures and (ii) a lump-sum bonus equal to 2.5% of salary for eligible administrative employees and eligible Investment Department operations and administration employees.*

Mr. Andrews thanked Mr. Cooper for his presentation.

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

Paula Reid, Human Resources Director, presented a request for board action to approve the performance bonuses for eligible administrative and investment 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, 2023.

Upon a motion by Mr. Montgomery, with a second by Mr. Bennett, the Committee recommended approval of the 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. Andrews thanked Ms. Reid for her presentation.

Budget Update (Year End Results and Biennium Budget Proposal)

Mr. Cooper presented the FY 2023 year-end budget results, explaining that VRS finished with an unexpended appropriation of \$9.94 million, which will be returned to the Fund. Mr. Cooper next provided an update on the agency’s FY 2024 budget, noting that expenses to date are in line with budgeted amounts. Next, Mr. Cooper provided a detailed review of the agency’s FY 2025-2026 biennium budget proposal. Following discussion on the proposals with the Committee members, a request for board action was considered.

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

RBA: Authorize Budget Request to 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.*

Mr. Andrews thanked Mr. Cooper for his presentation.

Reappointment of Investment Advisory Committee (IAC) Members

Andrew Junkin, Chief Investment Officer, informed the Committee of two IAC members due for reappointment. Mr. Junkin indicated that Hance West and Nan Leake have been active and engaged participants of the IAC and each are willing to continue their service on the IAC.

Upon a motion by Mr. Montgomery, with a second by Mr. Bennett, the Committee recommended approval of the 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, 2025.*

Mr. Andrews thanked Mr. Junkin for his presentation.

Approve Revised Pay Plans

Ms. Reid advised the Committee that the Governor has approved the 2023 Appropriation Act, which includes a 2% salary increase for eligible employees of the Commonwealth, as well as related changes to the pay bands of the Commonwealth’s pay plan. In keeping with these changes, Ms. Reid advised that VRS is proposing to amend the pay bands of its three pay plans as well.

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

RBA – Approve Revised Pay Plans

Request for Board Action: *The Board approves an amended Administrative Pay Plan, Investment Operations and Administration Staff Pay Plan and Investment Professionals’ Pay Plan, effective December 10, 2023.*

Mr. Andrews thanked Ms. Reid for her presentation.

Informational Item (Internal Audit Director's Performance Review)

Mr. Andrews informed the Committee that the Audit and Compliance (A&C) Committee reviewed the Internal Audit Director's performance at its September 20, 2023, meeting. Each year, the A&C Committee reviews the Internal Audit Director's performance and makes a recommendation for a performance bonus to the Board of Trustees. A copy of the request for board action to provide a performance bonus in the amount of 7% was shared with the Committee for informational purposes.

Compensation and Benefits (Closed Session)

Mr. Montgomery moved, with a second by Mr. Bennett, that the Administration, Finance and Talent Management 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)*.

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

WHEREAS, the Administration, Finance and Talent Management 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. Montgomery: Aye

Mr. Disharoon: Aye

Mr. Andrews: Aye

RBA: Approve FY 2023 Incentive Pay for Investment Professionals

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

Request for Board Action: *The VRS Board of Trustees approves payment of an incentive amount of approximately \$9,164,370.33 for FY 2023 to VRS investment professionals as authorized by the Investment Professionals' Pay Plan.*

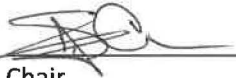
**RBA: Approve Performance Bonus and Supplemental Payment to the VRS Director as Authorized in
the 2023 Appropriations Act**

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

Request for Board Action: *The VRS Board of Trustees approves a 5% performance bonus for the VRS Director payable on October 16, 2023, and supplemental payment of \$89,250.00 made on December 1, 2023, as authorized in the 2023 Appropriation Act.*

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 3:12 p.m.



Chair

2-8-2024

Date