

Minutes

A regular meeting of the Virginia Retirement System Administration, Finance and Talent Management Committee was held on June 11, 2024, with the following members participating:

A. Scott Andrews, Chair (*attended remotely from The Plains, Virginia under § 2.2-3708.3(B)(1) due to a temporary medical condition*)

Michael P. Disharoon, Vice Chair

Lawrence A. Bernert, III

Board members present:

John M. Bennett

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Jeanne Chenault, Michael Cooper, David Cotter, Juanita Cribbs, Jon Farmer, Robert Irving, Sandy Jack, LaShaunda King, Curt Mattson, Matt Priestas, Paula Reid, Mark Rein, Emily Trent and Scott Weaver.

Guests:

Jamie Bitz, Joint Legislative Audit and Review Commission.

The meeting convened at 10:31 a.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the June 11, 2024, meeting of the Administration, Finance and Talent Management Committee.

Approval of Minutes

Following a motion by Mr. Disharoon, with a second by Mr. Bennett, the Committee approved the minutes of its February 8, 2024, meeting.

Discussion and Consideration of FY 2025 Agency Performance Outcomes (APOs) and Operational Measures

Michael Cooper, Chief Operating Officer, reviewed the proposed Agency Performance Outcomes (APOs) and Operational Measures for FY 2025. Mr. Cooper noted that APOs are considered stretch goals for the organization, requiring input across all business units, and operational measures reflect the agency's day-to-day business operations.

Staff is proposing five APOs for FY 2025, each with multiple subcomponents. Sixteen operational measures are also proposed for the fiscal year. To satisfy the requirements for the gainsharing bonus, staff must accomplish four of the five APOs and 13 of the 16 operational measures. The Board discussed amendments to the operational measures for FY 2025.

Upon a motion by Mr. Disharoon, with a second by Mr. Bennett, the Committee recommended approval of the action to the full Board of Trustees subject to forthcoming changes as discussed by Committee and to be presented at the upcoming Board meeting:

RBA: Approve FY 2025 APOs and Operational Measures

Request for Board Action: The VRS Board of Trustees approves the FY 2025 Agency Performance Outcomes (APOs) and Agency Operational Measures.

Administration, Finance and Talent Management Committee Charter Review

Sandy Jack, Director of Policy, Planning and Compliance, advised the Committee of proposed changes to the Administration, Finance and Talent Management (AFT) Committee Charter. Ms. Jack presented the substantive changes and informed the Board that periodic reviews are conducted on all Committee Charters to make sure they accurately recite the proper duties and procedures and reflect current Board governance best practices. The AFT Committee will review all recommended changes for each committee charter at the September AFT Committee meeting.

Upon a motion by Mr. Bernert, with a second by Mr. Disharoon, the Committee approved the changes to its charter submitted at this meeting, as amended, with such ministerial changes as necessary, and recommended that the Board of Trustees approve such changes.

Reappointment of DCPAC Members

Trish Bishop, Director, presented the recommendations for reappointment of three members of the Defined Contribution Plans Advisory Committee (DCPAC). Ms. Bishop advised the members' terms are set to expire and all have expressed an interest in continuing to serve on the DCPAC.

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

RBA: Reappointment of DCPAC Members

Request for Board Action: The Board reappoints Ravindra Deo, Brenda Madden, and C. Matt Harris to the Defined Contribution Plans Advisory Committee (DCPAC), each for a two-year term ending June 20, 2026.

Appointment of DCPAC Members

Next, Ms. Bishop presented the recommendation to appoint Kate Jonas to the Defined Contribution Plans Advisory Committee (DCPAC) to fill the term of Dr. Arun Muralidhar upon its expiration on June 20, 2024, and appoint Monique G. Barnes to the DCPAC to fill the unexpired term of Shannon Irving, which expires on June 20, 2025.

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

RBA: Appointment of DCPAC Members

Request for Board Action: The Board appoints Kate Jonas and Monique G. Barnes to the Defined Contribution Plans Advisory Committee (DCPAC), each for a two-year term ending June 20, 2026.

Reappointment of IAC Member

Andrew Junkin, Chief Investment Officer, informed the Committee of an Investment Advisory Committee (IAC) member due for reappointment. Mr. Junkin indicated that Bryan Lewis has been an active and engaged participant of the IAC and is willing to continue his service.

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

RBA: Reappointment of IAC Member

Request for Board Action: *The Board reappoints Bryan Lewis to the Investment Advisory Committee (IAC) for a two-year term ending March 31, 2026.*

FOIA Electronic Meeting Attendance Policy

Next, Ms. Jack advised that during the 2024 session, the General Assembly adopted amendments to the Freedom of Information Act (FOIA), effective July 1, 2024, that change the methods by and circumstances under which public bodies may meet virtually. *Code of Virginia* §§ 2.2-3708.2 and 2.2-3708.3 govern meetings held through electronic communication means. Ms. Jack presented the required updates to the policy.

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

RBA: Adopt a revised "FOIA Electronic Meeting Attendance Policy"

Request for Board Action: *The Board adopts a revised "FOIA Electronic Meeting Attendance Policy."*

External Investment Manager Referral Policy

Ms. Jack provided the Board with suggested amendments to the current External Investment Manager Referral Policy, adopted in 2012, to enhance the already high level of transparency in the hiring process for all external investment managers in keeping with VRS' commitment to operating under the highest ethical standards. The amendments accomplish this by expanding (i) the categories of officials whose communications trigger the Policy to include all elected Virginia officials, Deputy/Assistant Secretaries, and agency heads; and (ii) the categories of individuals who must report such communications to include members of the Board, the Director, and members of the Director's Executive Committee. There are also amendments to clarify the reporting process and update language used throughout the Policy.

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

Request for Board Action: *The VRS Board of Trustees approves amendments to the Investment Department Policy on External Investment Manager Referrals.*

Mr. Andrews thanked Ms. Jack for her presentation.

Quarterly Budget Update

Next, Jonathan Farmer, Budget and Performance Reporting Manager, provided a quarterly budget update to the Committee. Mr. Farmer reviewed the agency's expenditures through April 30, 2024, and outlined anticipated spending through the remainder of the fiscal year. He also explained that in previous years there have been larger unexpended balances with personnel vacancies as a driving factor. The reduction in the anticipated administration surplus variance is due to the agency's absorption of two salary increases authorized in the FY24 Appropriation Act and changes to the compensation structure. Technical services, IT and Investments expenses were also driving factors in increased expenditures. Mr. Farmer indicated that VRS is still on track to finish the year with a surplus of approximately \$8 million.

Mr. Andrews thanked Mr. Farmer for the update.

Succession Management Update

Next, Paula Reid, Director of Human Resources, provided a succession management overview to the Committee. The succession management initiative addresses three concerns: 1) the loss of intellectual capital in key positions as more employees become eligible to retire; 2) the decreasing number of younger adults in the workforce available to develop the skills necessary to move into higher-level positions and shorter tenures; and 3) reducing risk by ensuring business continuity. Ms. Reid identified key steps for an effective initiative and VRS-planned efforts to support succession management, highlighting individual and group discussions in addition to leadership meetings. The Board will continue to receive updates as the initiative progresses.

Mr. Andrews thanked Ms. Reid for the update.

Adjournment

There being no further business and following a motion by Mr. Bernert, with a second by Mr. Bennett, the Committee agreed to adjourn the meeting at 11:42 a.m.



Chair

9-18-24

Date