
Minutes

A regular meeting of the Administration and Personnel Committee of the VRS Board of Trustees was held on April 9, 2018 in Richmond, Virginia with the following members present:

Mitchell L. Nason, Chair
Diana F. Cantor, Vice-Chair
Wallace G. Harris
Joseph W. Montgomery

Board members present:
William H. Leighty
Troilen Gainey Seward

Also present: Trish Bishop, Ron Schmitz, Jeanne Chenault, Michael Cooper, Juanita Cribbs, Barry Faison, Brian Goodman, Robert Irving, Curt Mattson, Andrea Peeks, Matt Priestas, Jennifer Schreck, and Capri Stanley-Smith of the VRS staff; and Joe McMahon of the Joint Legislative Audit and Review Commission.

Mr. Nason welcomed everyone and called the meeting to order at 9:11 a.m.

Approval of Minutes

Upon a motion of Mr. Montgomery, with a second by Ms. Cantor, the minutes of the February 8, 2018 Administration and Personnel Committee meeting were approved.

Absolute Return Adjustment Discussion

Ms. Bishop discussed a proposed amendment to the Appropriation Act that would have modified the manner in which the absolute return adjustment to incentive pay is calculated for VRS investment staff. The Committee discussed VRS' governance structure and more broadly the Board of Trustees' fiduciary duties and responsibilities. Further, the Committee discussed the proposed amendment at length, and suggested considering the use of an outside consultant to comprehensively review the entire Investment Professionals' Pay Plan, including the use of an absolute return adjustment.

Reappointment of IAC Members

The Administration and Personnel Committee recommends reappointments for Theodore Economou and Deborah Allen Hewitt, Ph.D. to the IAC for additional two-year terms.

On a motion from Mr. Montgomery and a second from Ms. Cantor, the Committee voted to recommend the following action to the Board:

RBA: Reappointment of IAC Members

Request for Board Action: The Board reappoints to the Investment Advisory Committee: Theodore Economou for a two-year term ending September 13, 2020; and Deborah Allen Hewitt, Ph.D., for a two-year term ending October 16, 2020.

Reappointment of DCPAC Members

The DCPAC Committee recommended the appointment of Allan M. Carmody and Ravindra Deo, and the reappointment of Margaret M. Maslak, each for two-year terms.

On a motion from Mr. Montgomery and a second from Mr. Harris, the Committee voted to recommend the following action to the Board:

RBA: Reappointment of DCPAC Members

Request/or Board Action: The Board appoints Allan M. Carmody and Ravindra Deo, and reappoints Margaret M. Maslak, to the Defined Contribution Plans Advisory Committee, each for a two-year term ending June 20, 2020.

Discussion and Consideration of FY 2019 Agency Performance Outcomes (APOs) and Operational Measures

Ms. Bishop briefed the Committee on the proposed FY 2019 Agency Performance Outcomes (APOs) and Operational Measures. The APOs focus on implementing changes in support of Modernization, initiating RIMS decommissioning, implementing the Cardinal Payroll System, and Enterprise Risk Management Phase 1. Ms. Bishop outlined the complexity and magnitude of implementing Phase 4 of Modernization in FY 2019, as detailed in the proposed APOs. Ms. Bishop also noted that external factors beyond staff's control - such as the major initiatives related to VITA's mainframe migration and implementation of DOA's Cardinal payroll system - may impact the timing of the agency's deliverables.

VRS identified sixteen (16) key operational measures and six (6) APOs for FY 2019. Successful attainment of the APOs and operational measures is the gainsharing portion of the performance management program of the Administrative Pay Plan.

After discussion, the Committee agreed with the proposal, but suggested that it review the RBA at the next Administration and Personnel Committee meeting and make its formal recommendation to the Board at that time.

Quarterly Budget Variance Report

A review of the budget variance report for the third quarter (July 2017 - March 2018) was provided. The report indicated unfavorable variances for both the Administrative and Investment departments. However, those variances will become favorable pending anticipated adjustments to the current Appropriation Act. All other accounts appear to be on track for favorable variances for the fiscal year that ends on June 30, 2018.

Next Committee Meeting

The next Committee meeting will be confirmed via email.

Adjournment

There being no further business, Mr. Nason adjourned the meeting at 10:36 a.m.

6-7-18

Date



Mitchell L. Nason, Chair