



**Administration and Personnel Committee (A&P) Meeting**

**VRS, 1111 E. Main St., 3rd Floor Board Room**

**Thursday, 2/13/2020  
10:30 AM - 11:30 PM ET**

**I. Approve Minutes**

- **November 20, 2019**

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**II. RBA – Tuition Reimbursement and Tenure Agreement**

*RBA - Authorize Tuition Reimbursement and Tenure Agreement - Page 5*

**III. RBA – Review and Approve New FY 2020 Agency Performance Outcome (APO) #6**

*RBA - Approve New APO #6 - Page 7*

*FY20 APO Revised - Page 8*

**IV. RBA – Reappointment of IAC Member**

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*Bio for Bryan Lewis - Page 16*

**V. RBA – Appointment of DCPAC Member**

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*Bio for Kathy Seay - Page 19*

**VI. Budget Update**

*Budget Report - Page 20*

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## Minutes

A regular meeting of the Administration and Personnel Committee was held on November 20, 2019 in Richmond, Virginia with the following members present:

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

Board Members present:

William H. Leighty  
O'Kelly E. McWilliams, III  
Troilen G. Seward

Also present:

Patricia Bishop, Ron Schmitz, Jennifer Schreck, Jeanne Chenault, Michael Cooper, Juanita Cribbs, Barry Faison, Brian Goodman, Robert Irving, LaShaunda King, Curt Mattson, Angela Payne, Andrea Peek, Cat Pelletier, Cindy Wilkinson of the VRS Staff; Lauren Axselle and Jamie Bitz of the Joint Legislative Audit and Review Commission; and Latosha Johnson of the Department of Planning and Budget.

The meeting convened at 11:02 a.m.

### Approval of Minutes

Upon a motion by Ms. Cantor, with a second by Mr. Montgomery, the minutes of the September 9, 2019 meeting were approved.

### Review and Approve Revised Pay Plan for Investment Operations and Administration Employees

Mr. Cooper presented the amended Investment Operations and Administration Staff Pay Plan to the Committee. Mr. Cooper advised that, in accordance with the requirements of the pay plan, staff contracted with Gallagher, a third-party vendor, to conduct a classification and compensation study to ensure that the plan remains competitive with market conditions. The analysis resulted in three (3) recommendations:

- Implement the recommended 7% salary bands increase, effective November 20, 2019.
- Implement the recommended grade changes for three (3) positions and adding four (4) new vacant positions to allow for succession planning and career path development, effective November 20, 2019.
- Conduct an external competitive review every 2-3 years, and as needed for key or hard-to-fill positions.

Mr. Cooper noted that the 2019 Appropriation Act required 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. The Board approved the 5% increase to the VRS Administrative Pay Plan salary bands on June 13, 2019; however, no changes were made to the Investment Operations and Administration Staff Pay Plan salary bands at that time as the classification and compensation study was not complete. As a result of the study, the 7% salary band increase is recommended instead of the 5% pay band increase set forth in the 2019 Appropriation Act.

The Committee discussed using historical documentation of VRS' classification and compensation studies for comparison and support of future pay band decisions.

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

**RBA: Approve amended Investment Operations and Administration Staff Pay Plan**

***Request for Board Action:*** The VRS Board of Trustees approves an amended Investment Operations and Administration Staff Pay Plan.

**Review Revised Board's Code of Ethics and Standards of Conduct Policy**

Next, Mr. Cooper discussed the revisions to the Board's Code of Ethics and Standards of Conduct Policy. At the last meeting, the Committee agreed to postpone the RBA pending clarification of certain definitions in the policy. Mr. Cooper advised that staff revised the policy to clearly indicate that members of advisory committees are not fiduciaries of the VRS trust.

Mr. Cooper also noted that the annual Code of Ethics review will be provided to Board members electronically and affirmations are due by the end of the calendar year.

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

**RBA: Approve amendments to Board's Code of Ethics and Conduct**

***Request for Board Action:*** The VRS Board of Trustees approves the amendments to the Board's Code of Ethics and Conduct pursuant to the recommendations of staff and the Administration and Personnel Committee.

**Appointment of Defined Contribution Plans Advisory Committee Member**

Ms. Bishop presented the recommendation to appoint Brenda O. Madden to the Defined Contribution Plans Advisory Committee (DCPAC) to fill the unexpired term of Margaret M. Maslak, which ends June 20, 2020. The recommendation also includes the reappointment of Ms. Madden for a two-year term ending June 20, 2022.

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

**RBA: Appointment of DCPAC Member**

***Request for Board Action:*** The Board appoints Brenda O. Madden to fill the unexpired term of Margaret M. Maslak, which ends June 20, 2020, and reappoints Ms. Madden for a two-year term ending June 20, 2022.

**Appointment of Investment Advisory Committee Member**

Mr. Schmitz presented the recommendation to appoint Nan Leake to the Investment Advisory Committee (IAC). Ms. Leake's current term as a member of the Board of the Richmond Retirement System expires on December 31, 2019. The Committee noted that the VRS Board of Trustees may approve the recommendation of Ms. Leake to the IAC on November 20, 2019; however, the two-year term would begin January 1, 2020 and end December 31, 2021. The RBA will be amended to reflect the effective dates.

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

**RBA: Appointment of IAC Member**

***Request for Board Action:*** The Board appoints Ms. Nan Leake to the Investment Advisory Committee for a two-year term beginning January 1, 2020 and ending on December 31, 2021.

**Budget Update**

Ms. Peek provided the Committee with an update on the FY 2020 budget.

There being no further business, the meeting adjourned at 11:34 a.m.

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Mitchell L. Nason, Chair  
Administration and Personnel Committee

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**Authorize Tuition Reimbursement and Tenure Agreement.**

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**Requested Action**

The VRS Board of Trustees authorizes the Chief Investment Officer to execute a tenure agreement with and reimburse tuition payments for certain investment professional staff.

**Rationale for Requested Action**

The Virginia Retirement System (VRS) is committed to supporting employee education activities to improve the knowledge and abilities of its staff. VRS maintains policies related to financial support for education of its employees. For investment department staff, VRS adheres to the Education and Development for Investment Professionals Policy (Policy). The Policy outlines the process for requesting, approving and reimbursing allowable expenses for training, tuition reimbursement and attainment of professional designations. Additionally, the Policy supports the retention of current investment professionals and attraction of new talent.

The Policy authorizes the VRS Chief Investment Officer (CIO) to approve tuition reimbursement for investment professionals unless the estimated cost exceeds \$100,000. When the estimated cost of tuition-related expenses exceeds \$100,000, the VRS Board of Trustees (Board) must review and approve the request.

In addition, the requesting investment professional must enter a tenure agreement with VRS. The tenure agreement must provide for at least 48 months of continued employment after the investment professional completes his or her course of study. The Policy further requires an investment professional to repay VRS if i) he or she prematurely ends the course of study or ii) does not continue employment with VRS for the agreed upon period of time after completing the course of study.

The employee requesting tuition reimbursement is a VRS investment professional and eligible to receive tuition reimbursement in accordance with the Policy. The employee has requested approval of reimbursement and the estimated cost is \$141,950. If approved, the reimbursement will cover tuition and related expenses for the employee's pursuit of an Executive Master of Business Administration degree. This degree will further the education of the VRS investment professional and improve the knowledge and abilities of the investment department as a whole.

**Authority for Requested Action**

*Code of Virginia* § 51.1-124.22(A)(8) authorizes the Board to promulgate regulations and procedures and make determinations necessary to carry out the provisions of Title 51.1 of the *Code of Virginia*. Section 51.1-124.24(A) permits the Board to employ a CIO to direct, manage, and administer the investment department.

Section V. (B)(14) of the Board's Governance Policy delegates authority to the CIO for developing, implementing, and supervising plans, policies, standards, programs, and services for investment personnel. This RBA authorizes the CIO to proceed with an action that requires prior Board approval pursuant to the Policy.

The above action is approved.

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Mitchell L. Nason, Chairman  
VRS Board of Trustees

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Date



**Review and approve new FY 2020 Agency Performance Outcome (APO) #6.**

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**Requested Action**

The Board approves new FY 2020 APO #6, Implement FY 2020 Legislation.

**Description/Background**

Each year the VRS Board of Trustees approves Agency Performance Outcomes (APOs) and Operating Standards. The APOs are stretch goals for the Administrative staff. The Operating Standards are agency performance standards.

At its June 13, 2019 meeting, the VRS Board of Trustees approved the FY 2020 APOs. The complete listing of the FY 2020 APOs, including the new APO #6, are outlined in [Attachment 1](#).

Successful attainment of the APOs is the gain-sharing portion of the performance management program of the Administrative Pay Plan. Under the gain-sharing portion of the performance management program of the Investment Operations and Administration Pay Plan, staff are eligible for a bonus if their performance meets or exceeds expectations or is exceptional, as rated in their annual performance assessment and the employee consistently works, as a team member, to accomplish the goals of the Investment Department. Both bonuses are normally paid as a lump sum equal to 2.5% of salary.

**Rationale for Requested Action**

The APOs are stretch goals for VRS. Both the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan contain gain-sharing language to reward the teamwork and collaboration to achieve the results as outlined in the APOs and Operating Standards.

A significant amount of legislation impacting VRS is expected to be approved during the 2020 General Assembly session. Further, the anticipated changes will likely require implementation by July 1, 2020. The resources required for legislation implementation will impact other key agency initiatives, including those outlined in the other APOs, and the teamwork and collaboration required to achieve APO #6 will dovetail with the established effort to achieve those approved previously by the Board.

**Authority for Requested Action**

*Code of Virginia* § 51.1-124.22(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

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Mitchell L. Nason, Chairman  
VRS Board of Trustees

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Date



# **AGENCY PERFORMANCE OUTCOMES STATUS REPORT** **FISCAL YEAR 2020** **Summary**

**APO Status Indicator**

- Proceeding as planned
- Off plan, mitigation in place
- Off plan, mitigation needed
- Completed
- N/S** Not started

*Overall Measure: 4 of 6 completed*

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
1	Implement New myVRS Functionality - Online Retirement Processing (Measure: 3 of 4 completed)												
2	Implement New myVRS Functionality - Payment, Health Insurance Maintenance (Measure: 3 of 4 completed)												
3	ERM Phase 2 (Measure: 2 of 2 completed)												
4	ORPHE Lineup Change (Measure: 6 of 6 completed)												
5	Reengineer VRS Business Continuity Plans (Measure: 4 of 5 completed)												
6	Implement FY 2020 Legislation (Measure: 2 of 2 completed)												

Note: APO project schedules are tracked through the Roadmap process. APO outcomes are reported to the Board of Trustees at the conclusion of the fiscal year.





## AGENCY PERFORMANCE OUTCOMES STATUS REPORT

### FISCAL YEAR 2020

#### APO 1

#### APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

*APO 1 Measure: 3 of 4 completed*

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
<b>1 Implement New myVRS Functionality - Online Retirement Processing</b>													
1.1	Complete staff and employer readiness activities, including staff training, for Member Portal (Online Retirement)												
1.2	Member Portal (Online Retirement) software is tested and ready for deployment												
1.3	Complete phased ramp-up of online retirement processing functionality												
1.4	Conduct quality monitoring for online retirement processing												



## AGENCY PERFORMANCE OUTCOMES STATUS REPORT

### FISCAL YEAR 2020

#### APO 2

#### APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

*APO 2 Measure: 3 of 4 completed*

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
<b>2 Implement New myVRS Functionality - Payment, Health Insurance Maintenance</b>													
2.1	Complete staff and employer readiness activities, including staff training, for Payment/Health Insurance Maintenance												
2.2	Payment/Health Insurance Maintenance software is tested and ready for deployment												
2.3	Complete phased ramp-up of payment, health insurance maintenance functionality												
2.4	Initiate and conduct quality monitoring for payment, health insurance maintenance functionality												



# AGENCY PERFORMANCE OUTCOMES STATUS REPORT

## FISCAL YEAR 2020

### APO 3

#### APO Status Indicator

- Proceeding as planned
- Off plan, mitigation in place
- Off plan, mitigation needed
- Completed
- Not started

APO 3 Measure: 2 of 2 completed

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
3	ERM Phase 2												
3.1	Initiate risk assessment to validate and prioritize risks identified in the risk portfolio												
3.2	Develop initial risk response plan based on the outcomes of the risk assessment												



## AGENCY PERFORMANCE OUTCOMES STATUS REPORT

### FISCAL YEAR 2020

#### APO 4

#### APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

*APO 4 Measure: 6 of 6 completed*

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
<b>4 ORPHE Lineup Change</b>													
4.1	Conduct communications and outreach to plan participants, including mailings, meetings and webinars												
4.2	Conduct open enrollment with new provider options and offer election window for members who wish to retain existing Fidelity assets												
4.3	Implement related system changes that support the ORPHE structure changes												
4.4	Implement necessary changes as a result of the revisions to the TIAA investment menu												
4.5	Complete Fidelity deselection process for ongoing contributions, effective January 1, 2020												
4.6	Successfully transition assets from Fidelity to selected provider.												



# **AGENCY PERFORMANCE OUTCOMES STATUS REPORT** **FISCAL YEAR 2020** **APO 5**

## **APO Status Indicator**

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

*APO 5 Measure: 4 of 5 completed*

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
<b>5 Reengineer VRS Business Continuity Plans</b>													
5.1	Redesign and rewrite VRS Business Impact Analysis												
5.2	Redesign and rewrite VRS Risk Assessments												
5.3	Update Technology Disaster Recovery Plan												
5.4	Update Facilities Recovery Plan												
5.5	Redesign and rewrite VRS Continuity of Operations Plan												



## AGENCY PERFORMANCE OUTCOMES STATUS REPORT

### FISCAL YEAR 2020

#### APO 6

#### APO Status Indicator

- Proceeding as planned
- ▲ Off plan, mitigation in place
- ◆ Off plan, mitigation needed
- ★ Completed
- N/S** Not started

*APO 6 Measure: 2 of 2 completed*

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
<b>6 Implement FY 2020 Legislation</b>													
6.1	Implement process, system and communication changes necessary to satisfy the minimum requirements of approved Return to Work related legislation (Note: Additional time will be required to more fully optimize and execute changes related to the implementation of legislation.)												
6.2	Implement process, system and communication changes necessary to satisfy the minimum requirements of approved legislation related to benefits expansion, including, but not limited to, Workers' Compensation, Line of Duty Act (LODA), Hazardous Duty and Health Insurance Credit (HIC) (Note: Additional time will be required to more fully optimize and execute changes related to the implementation of legislation.)												

Note: The amount of legislation impacting VRS is expected to be very high in 2020, with a short time window for implementation (July 1). This will significantly impact resources required to complete other APO-related initiatives, including myVRS enhancements. Final legislative outcomes will not be known until after the reconvened session on April 22.

**Reappointment of IAC Member.**

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**Requested Action**

The Board reappoints W. Bryan Lewis to the Investment Advisory Committee for a two-year term ending March 31, 2022.

**Rationale for Requested Action**

Bryan Lewis currently serves on the Investment Advisory Committee (IAC) and is willing to be reappointed for another two-year term. Mr. Lewis is Vice President & Chief Investment Officer for the United States Steel Corporation.

**Authority for Requested Action**

*Code of Virginia* § 51.1-124.26 requires the Board to appoint an Investment Advisory Committee to provide the Board with sophisticated, objective, and prudent investment advice, which will further assist the Board in fulfilling its fiduciary duty as trustee of the funds of the Retirement System.

The above action is approved.

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Mitchell L. Nason, Chairman  
VRS Board of Trustees

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Date

## **Bryan Lewis**

### **Vice President and Chief Investment Officer**

Bryan Lewis joined U. S. Steel in August 2019 as vice president and chief investment officer. He has executive responsibility for the company's global investments for both the defined contribution and defined benefit plans, as well as other related programs.

Mr. Lewis arrived at U. S. Steel from the Pennsylvania State Employees' Retirement System (SERS), where he served as chief investment officer and managed a \$30 billion pension fund for the prior three years. Prior to that, he served as the executive director of the \$20 billion Illinois State Universities Retirement System.

Earlier in his career, Mr. Lewis spent six years in senior investment management roles with the North Carolina Department of State Treasurer. In this capacity, he was responsible for the management, investment and operational strategy, legislative policy and regulatory compliance of the division that managed the \$90 billion North Carolina Retirement Systems. In addition, Mr. Lewis created the Emerging Manager Program, identifying high-performing asset management companies owned by minorities and women.



Mr. Lewis is a member of the board of AIF Global, National Institute of Public Finance and the Institute for Private Capital. He is also a member of the Investment Advisory Committee for the Virginia Retirement System. In addition, Mr. Lewis was a fellow of the inaugural class of the Finance Leaders Fellowship and is a member of the Aspen Global Leadership Network.

A native of Rocky Mount, N.C., Mr. Lewis earned a bachelor's degree in economics from the University of Maryland at College Park, and completed a master's degree in business administration at the University of Miami in Coral Gables, Fla.

**Appointment of DCPAC member.**

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**Requested Action**

The Board appoints Kathleen T. Seay to fill the unexpired term of Allen Carmody, which ends June 20, 2020, and reappoints Ms. Seay for a two-year term ending June 20, 2022.

**Rationale for Requested Action**

Mr. Carmody informed the Defined Contribution Plans Advisory Committee (DCPAC) that he would step down from the committee effective December 31, 2019. His term expires on June 20, 2020.

Ms. Seay was appointed Deputy County Administrator for Hanover County in October 2016. Previously, Ms. Seay served as Director of Finance and Management Services for Hanover County. She is a Past President of the Virginia Government Finance Officers Association (VGFOA) and serves on the Greater Richmond Convention Center Authority (GRCCA) Finance Committee. Ms. Seay is a graduate of the University of Richmond, where she received a B.S. in Finance with a minor in Economics. She is a Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA) and an International City/County Management Association Credentialed Manager (ICMA-CM).

Ms. Seay is highly qualified and willing to be appointed to the DCPAC, and it is the Board's pleasure to appoint her to the Committee. Given the short time frame for the unexpired term, it is the Board's pleasure to subsequently reappoint Ms. Seay to a subsequent two-year term that will end on June 20, 2022.

**Authority for Requested Action**

*Code of Virginia* § 51.1-124.26 authorizes the Board to appoint such other advisory committees as it deems necessary. Each member appointment requires a two-thirds vote of the Board, and advisory committee members serve at the pleasure of the Board.

The above action is approved.

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Mitchell L. Nason, Chairman  
VRS Board of Trustees

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Date

Kathleen T. Seay was appointed Deputy County Administrator in October 2016. Prior to this appointment, Mrs. Seay served as Director of Finance and Management Services since 2010, being responsible for the department's Budget, Accounting and Purchasing Divisions. She served as Hanover County's first Director of Internal Audit from 2001-2010. Prior to being hired by Hanover County, she had been a Vice President and Nationwide Audit Manager at Bank of America. Mrs. Seay is a Past President of the Virginia Government Finance Officers Association (VGFOA) and has also served as a member of the Committee on Economic Development and Capital Planning for the national GFOA. She also serves on the Greater Richmond Convention Center Authority (GRCCA) Finance Committee. She served on the State Wireless E-911 Services Board and is a member of the 2018 class of Leadership Metro Richmond. Mrs. Seay is a graduate of the University of Richmond, where she received a B.S. in Finance with a minor in Economics. She is an International City/County Management Association Credentialed Manager (ICMA-CM), a Certified Public Accountant (CPA) and a Certified Information Systems Auditor (CISA).

# Virginia Retirement System (VRS)

## FY 2020 Budget Update

	Current Budget A	YTD Expenses through 12/31/19 B	Projected Remaining Expenses* C	Projected Total FY 2020 Expenses D = B + C	Projected Variance Favorable/ (Unfavorable) E = A - D	% Remaining E / A
<b>Administration</b>						
<b>Personnel</b>						
Salaries, Wages & Benefits	32,623,000	16,568,000	15,581,000	32,149,000	474,000	1.5% **
Bonuses & Incentives	1,051,000	970,000	80,000	1,050,000	1,000	0.1%
Training & Travel	556,000	216,000	308,000	524,000	32,000	5.8%
<b>Facility</b>	1,888,000	887,000	1,001,000	1,888,000	-	-
<b>Contractual Services</b>						
Fiscal & Management Services	1,733,000	723,000	877,000	1,600,000	133,000	7.7%
Medical Review Services	804,000	330,000	474,000	804,000	-	-
Other Contractual Services	2,657,000	813,000	1,653,000	2,466,000	191,000	7.2%
<b>Information Technology</b>						
Modernization	799,000	-	799,000	799,000	-	-
Software Solution Delivery & Support	8,535,000	3,844,000	4,691,000	8,535,000	-	-
Supporting Infrastructure	3,638,000	1,329,000	2,305,000	3,634,000	4,000	0.1%
Technology Security	1,270,000	232,000	1,035,000	1,267,000	3,000	0.2%
<b>Other Operating</b>	1,177,000	195,000	967,000	1,162,000	15,000	1.3%
<b>Retirement Commission</b>	300,000	-	-	-	300,000	100.0%
<b>Administration Total</b>	<b>57,031,000</b>	<b>26,107,000</b>	<b>29,771,000</b>	<b>55,878,000</b>	<b>1,153,000</b>	<b>2.0%</b>
<b>Investments</b>						
<b>Personnel</b>						
Salaries, Wages & Benefits	16,286,000	8,457,000	7,211,000	15,668,000	618,000	3.8% **
Bonuses & Incentives	7,425,000	4,202,000	130,000	4,332,000	3,093,000	41.7% ***
Training & Travel	862,000	258,000	520,000	778,000	84,000	9.7%
<b>Facility</b>	661,000	317,000	325,000	642,000	19,000	2.9%
<b>Fiscal &amp; Management Services</b>	2,003,000	722,000	1,075,000	1,797,000	206,000	10.3%
<b>Data Feeds &amp; Data Management</b>	9,229,000	2,809,000	6,196,000	9,005,000	224,000	2.4%
<b>Other Operating</b>	525,000	185,000	292,000	477,000	48,000	9.1%
<b>Investments Total</b>	<b>36,991,000</b>	<b>16,950,000</b>	<b>15,749,000</b>	<b>32,699,000</b>	<b>4,292,000</b>	<b>11.6%</b>
<b>VRS Total</b>	<b>\$94,022,000</b>	<b>\$43,057,000</b>	<b>\$45,520,000</b>	<b>\$88,577,000</b>	<b>\$5,445,000</b>	<b>5.8%</b>

Appropriation Adjustments Pending 1,985,000 \*\*

Preliminary Reserve for Legislation Planning & Implementation (750,000)

Additional Projected Uses (3,082,000) \*\*\*

**Projected Ending FY 2020 Balance \$3,598,000 3.8%**

\* Projected expenses are best estimates as of a point in time and are subject to change.

\*\* \$1.985M is the calculated FY 2020 impact of the salary increases authorized by Item 474 of the 2019 Appropriation Act; appropriation in this amount is pending transfer to VRS by the Department of Planning and Budget (DPB). Per standard practice, the transfer is expected to occur in the second half of the fiscal year. VRS will coordinate with DPB to determine the final amount of the transfer.

\*\*\* Due to market and other conditions, actual incentive compensation was less than the budgeted amount. Funds will be reallocated for the following projects:

### Amount

1,200,000 Planned use of funds to expedite implementing Investments' research infrastructure and other initiatives

780,000 Additional capacity to support key technology initiatives (RAMS rollout, ALM reduction, Cloud computing, etc.)

750,000 External review of VRS data and security program

352,000 Support effective business solutions (technology support for Investments, contract management software, financial system replacement)

3,082,000 Total amount to be reallocated to identified projects