



February 10, 2020

MEMORANDUM

TO: VRS Board of Trustees

FROM: Patricia S. Bishop
Director

RE: Agenda Materials for February 13th Board Meeting

Enclosed are the agenda materials for the February 13th Board meeting that begins at 1:00 p.m.

The meeting will be held in our normal location at 1111 E. Main St., Bank of America Pavilion, 3rd floor Board Room. Boxed lunches will be available beginning at 12:00 p.m.

Listed below is a recap of the meetings scheduled for this week:

Meeting	Date	Location
Benefits and Actuarial Committee	Wednesday, February 12 th , 1:00 p.m.	Bank of America Pavilion, 1111 E. Main St., 3 rd floor conference room
Administration and Personnel Committee	Thursday, February 13 th , 10:30 a.m.	Bank of America Pavilion, 1111 E. Main St., 3 rd floor conference room
Investment Policy Committee – Brown Bag Lunch Session	Thursday, February 13 th , 12:00 p.m.	Bank of America Pavilion, 1111 E. Main St., 3 rd floor conference room
Board of Trustees	Thursday, February 13 th , 1:00 p.m.	Bank of America Pavilion, 1111 E. Main St., 3 rd floor conference room

Thanks, and I look forward to seeing you soon.

Attachments

cc: The Honorable Aubrey Layne, Secretary of Finance
Joe Flores, Office of the Secretary of Finance
June Jennings, Office of the Secretary of Finance
Craig Burns, Department of Taxation
Michael Jay, House Appropriations Committee
Sarah Herzog, Senate Finance Committee
Zack Borgerding, Auditor of Public of Accounts
Jon Howe, Department of Planning and Budget
Dean Lynch, VA Association of Counties
Katie Boyle, VA Association of Counties
Kathy Burcher, VA Education Association
Bea Snidow, VA Education Association
Jamie Bitz, Joint Legislative Audit & Review Commission
Kimberly Sarte, Joint Legislative Audit & Review Commission
Hal Greer, Joint Legislative Audit & Review Commission
Elizabeth Bushnell Myers, Office of the Attorney General
Jessica Ackerman, VA Municipal League
Lawrence Kochard, VRS Investment Advisory Committee
Bonnie Atwood, VA Retired Teachers Association



Board of Trustees Meeting
VRS, 1111 E. Main St., 3rd Floor Board Room
Thursday, 2/13/2020
1:00 - 4:00 PM ET

I. Approve Minutes

- **December 12, 2019**

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II. Report of the Chief Investment Officer

Asset Allocation Report 12.31.19 - Page 8

Daily Asset Allocation Report 2.5.2020 - Page 9

Performance Summary 12.31.19 - Page 10

Plan Tracking Error 12.31.19 - Page 11

New Investments and Terminations - Page 12

WaM Quarterly Summary 12.31.19 - Page 13

Manager Referral Quarterly Summary 12.31.19 - Page 17

III. Report of the Benefits and Actuarial Committee

Report of the B&A Committee - Page 18

Audit COLA Memorandum - 2020 - Final with CavMac Letter - Page 20

- **RBA – Approve July 1, 2020 COLA Increases Relating to VSDP**

RBA - Approve VSDP COLA - Page 24

- **RBA – Approve July 1, 2020 COLA Increases Relating to VLDP**

RBA - Approve VLDP COLA - Page 26

IV. Report of the Administration and Personnel Committee

Report of the A&P Committee - Page 27

- **RBA – Tuition Reimbursement and Tenure Agreement**

RBA - Authorize Tuition Reimbursement and Tenure Agreement - Page 29

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

RBA - Approve New APO #6 - Page 31

FY20 APO Revised - Page 32

- **RBA – Reappointment of IAC Member**

RBA - Reappointment of IAC Member - Page 39

Bio for Bryan Lewis - Page 40

- **RBA – Appointment of DCPAC Member**

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Bio for Kathy Seay - Page 43

V. Legislative Update

Legislative Update - Page 44

VI. Report of the Director

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FY 2020 Agency Roadmap Update - January - Page 65

CVC 2020 - Page 68

Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on December 12, 2019 in Richmond, Virginia with the following members present:

Board members:

Mitchell L. Nason, Chair
Diana F. Cantor, Vice Chair
Hon. J. Brandon Bell, II
Wallace G. Harris, Ph.D.
W. Brett Hayes
William H. Leighty
O'Kelly E. McWilliams, III
Joseph W. Montgomery
Troilen G. Seward

VRS Staff:

Patricia Bishop, Ron Schmitz, Jennifer Schreck, Rory Badura, Farley Beaton, Jeanne Chenault, Michael Cooper, Perry Corsello, Harriet Covey, Sara Denson, Pam Elam, Barry Faison, Laurie Fennell, Brian Goodman, JT Grier, Dane Honrado, KC Howell, Ross Kasarda, LaShaunda King, Matt Lacy, Chung Ma, Curt Mattson, Steve McClelland, Peter Murphy, Walker Noland, Angela Payne, Andrea Peeks, Cat Pelletier, Steven Peterson, Cindy Wilkinson and Dan Whitlock.

Guests present were:

Kam Mangat, CEM Benchmarking, Inc.; Lauren Axselle, Joint Legislative Audit and Review Commission; Elizabeth Myers and Rachel Snead, Office of the Attorney General; Adam Rosatelli, Senate Finance Committee; Jessica Ackerman, Virginia Municipal League; Rick Fowler, Virginia Governmental Employees Association; Jeremy Bennett, Virginia Association of Counties; and Bea Snidow, Virginia Education Association.

The meeting convened at 1:04 p.m.

Approval of Minutes

Upon a motion by Ms. Cantor, with a second by Mr. Montgomery, the minutes of the November 20, 2019 Board meeting and the minutes of the November 21, 2019 Investment Symposium were approved.

CEM Cost Effective Analysis of VRS Investment Program

Mr. Schmitz introduced Kam Mangat with CEM Benchmarking, Inc., who presented the Investment Benchmarking results for the 5-year period ending December 2018. The U.S. Public 5-year policy return median was 5.3%. VRS surpassed the U.S. median with a 5-year policy return of 5.6%, which was primarily due to policy mix differences. VRS' 5-year net value added was 0.3%, compared to the peer group median of 0.0%, which translates into approximately \$1.2 billion of cumulative value added over the last 5-year period.

Ms. Mangat advised that the benchmark cost analysis suggests that the VRS fund was lower cost than its peers by 5 basis points in 2018. She explained that VRS' investment cost was 62.8 basis points and below the benchmark cost of 67.8 basis points, indicating lower costs associated with services and implementation style when compared to the peer group.

Mr. Nason thanked Ms. Mangat for her presentation.

Report of the Chief Investment Officer

Next, Mr. Schmitz provided the Board with a market overview. He discussed asset allocation and reviewed plan performance, which generally continues to be strong relative to benchmarks with the exception of Public Equity. He then discussed tracking error, information ratio and fund volatility, concluding that risk measures are all within Board-approved levels. Mr. Schmitz then reviewed the New Investments and Terminations Report, the WaM Quarterly Summary Report and the Manager Referral Quarterly Summary Report with the Board.

Mr. Nason thanked Mr. Schmitz for his report.

Report of the Audit and Compliance Committee

The Board received the Audit and Compliance Committee report of December 12, 2019 and placed it on file.

Quality Assurance Review of the Internal Audit Department

Mr. Leighty began his report by discussing the results of the Department's Annual Quality Assurance Improvement Program Review as of June 30, 2019 and noted that the review concluded there is reasonable assurance that the VRS Internal Audit Department is operating in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The external reviewer presented the results of the quinquennial external quality assurance review and concluded that the internal audit activity at VRS generally conforms with the *International Standards for the Professional Practice of Internal Auditing*. The reviewer noted certain opportunities for continuous improvement for the Department to consider.

Exit Conference on the 2019 Comprehensive Annual Financial Audit

Mr. Leighty advised that the APA informed the Committee the audit work over the 2019 Comprehensive Annual Financial Report (CAFR) was in its final stage. Upon completion, the APA anticipates issuing an unmodified opinion on VRS' financial statements. They noted their companion "Report on Internal Controls and Compliance" would be issued later this month (December) and at this time they do not anticipate including any formal recommendations.

Entrance with the APA Regarding Employer Assurances (GASB 68 and 75)

The APA provided the A&C Committee with an overview of its upcoming examinations designed to provide participating employers and their auditors the assurances necessary to prepare their own

annual financial statements in accordance with Governmental Accounting Standards Board (GASB) Statements:

- No. 68, which focuses on employer reporting over pension plans.
- No. 75, which deals with employer reporting over other post-employment benefit plans.

The APA anticipates issuing its opinions on these matters on or about June 30, 2020.

Audit Reports

The Committee received one audit report.

- The review of the *Credit Strategies Program* determined VRS' due diligence and monitoring activities are adequate and align with the applicable Investment Policy Statement.

Quarterly Review on Modernization Program – Phase 4

Management presented its status report on the Modernization Program – Phase 4. Management highlighted progress since the April go-live activities, noting:

- All RIMS environments, except for one, will be decommissioned by the end of December 2019.
- The remaining RIMS environment will be kept available until March 2020 to facilitate specific research.
- The online retirements project is underway and will be finalized by the end of the fiscal year.
- Quality monitoring and operational support activities continue.

Internal Audit presented its Quarterly Review and indicated agreement with management's representations regarding the Modernization Program – Phase 4 overall schedule, budget and scope. Internal Audit acknowledged management's efforts and continued work on this initiative.

Quarterly Report on Fraud, Waste and Abuse Hotline Cases

One alleged Fraud, Waste and Abuse Hotline complaint that was reported to Internal Audit via the Office of the State Inspector General during the period of August 1, 2019 through October 31, 2019 was presented to the Committee. The complaint alleged abuse of the long-term disability program. The allegation could not be substantiated and therefore the case was closed.

Management's Quarterly Travel Expense and Per Diem Report

The Committee received management's quarterly travel expense and per diem report.

Miscellaneous Updates

The Committee's next meeting is scheduled for March 19, 2020 at 2 p.m.

Mr. Nason thanked Mr. Leighty for his report.

2020 General Assembly Session Update

Next, Ms. Wilkinson provided an update on the 2020 General Assembly session. She began by noting that the General Assembly will convene on January 8, 2020. The first bill Ms. Wilkinson discussed involves the Board-approved changes to the funding structure for VRS' obligation to fund a savings trust account for higher education for a qualifying child of a VRS member who dies as a result of an accident caused by a felonious assault. She next discussed other VRS-related bills regarding adding certain cancers to the list of presumed occupational diseases for firefighters and certain other first responders covered by the Virginia Workers' Compensation Act, and noted these bills could affect disability retirement, VLDP, VSDP and LODA. Lastly, she reviewed the proposed bill that provides that children born or adopted after the death or disability of an employee covered by the Line of Duty Act (LODA) are eligible for health insurance coverage if such coverage does not result in a premium increase.

Report of the Director

Ms. Bishop began her report by noting the new VRS coverage elections. She then reviewed the VRS Agency Roadmap for Fiscal Year 2020 and remarked that most projects have either moved into "green status" or "completed status", with the exception of the Cardinal Payroll System Implementation. While the host agency, Department of Accounts (DOA), continues to evaluate its revised project schedule, VRS has completed all requirements to date and will resume project activities when the new project schedule is released.

Ms. Bishop advised that the Board Chair, Chief Investment Officer and she will attend the upcoming meeting of the Joint Legislative Audit and Review Commission (JLARC) on December 16, 2019.

Ms. Bishop provided the Board with the following updates:

- Board members will be receiving the annual "Conflict of Interest" filing instructions and "Code of Ethics and Standards of Conduct" policy affirmations via email.
- The Annual Agency Meeting and Breakfast will be held December 18, 2019.
- Interviews are complete and an offer has been extended regarding the position of VRS Human Resources Director.

Lastly, the Board viewed a video presentation from the recent meeting of the Virginia Retired Teachers Association.

Mr. Nason thanked Ms. Bishop for her report.

Securities Litigation Update

Brian Goodman presented information regarding a settlement reached between UBS AG and 41 State Attorneys General (including Virginia). Among other things, the bank is alleged to have manipulated the U.S. Dollar London Interbank Offered Rate (LIBOR) without disclosure to its U.S. counterparties. Under the settlement, in which VRS was a counterparty to UBS AG in connection with certain of the affected LIBOR benchmark interest rate financial instruments, VRS will receive a cash payment of \$195,832.60.

Upon a motion by Mr. McWilliams, with a second by Mr. Montgomery, the Board agreed to participate in the settlement with UBS AG and 41 State Attorneys General, including Virginia, in the manner outlined in the notice letter to VRS dated November 18, 2019.

There being no further business, the meeting adjourned at 2:04 p.m.

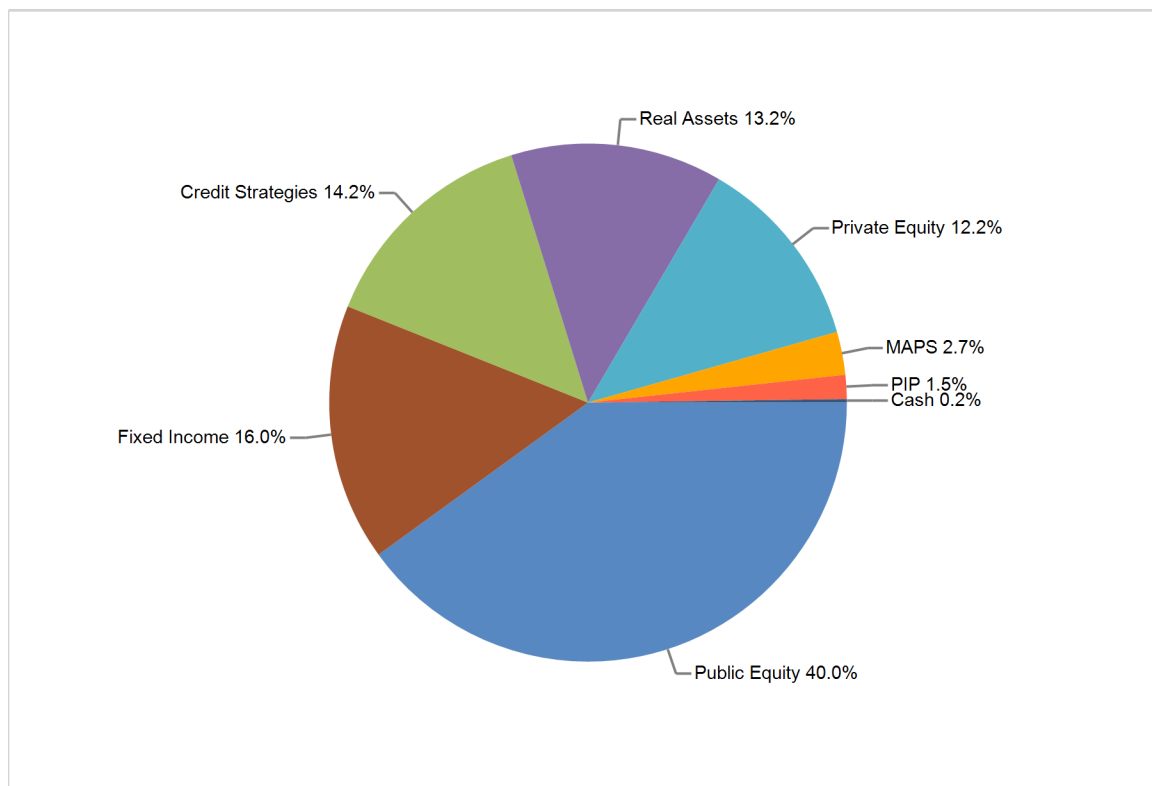
Chair

Secretary

Asset Allocation Report

December 31, 2019

For Internal Investment Purposes Only



	Current \$Bil	Current Weight	Policy Weight	Variance	Allowable Range		Internal %
TOTAL FUND	85.4						33.2%
Public Equity	34.2	40.0%	40.0%	0.0%	-5%	+5%	40.9%
Global Equity	26.9	31.5%	32.0%	-0.5%			51.9%
Equity HF	7.3	8.5%	8.0%	0.5%			
Fixed Income	13.7	16.0%	16.0%	0.0%	-2%	+5%	100.0%
Credit Strategies	12.1	14.2%	14.0%	0.2%	-5%	+5%	
EM Debt	2.2	2.5%	3.0%	-0.5%			
RS Credit	2.5	3.0%	4.5%	-1.5%			
NRS Credit	5.3	6.2%	4.5%	1.7%			
Convertibles	2.1	2.4%	3.0%	-0.6%			
Real Assets	11.3	13.2%	14.0%	-0.8%	-5%	+5%	5.8%
Public RE	1.2	1.4%					54.2%
Private RE	6.6	7.8%					
Other RA	3.5	4.1%					
Private Equity	10.4	12.2%	11.0%	1.2%	-5%	+5%	
MAPS	2.3	2.7%	3.0%	-0.3%	-1%	+1%	
DSTRAT	1.0	1.2%					
RBI	1.3	1.5%					5.1%
PIP	1.3	1.5%	2.0%	-0.5%	-1%	+1%	
Cash	0.2	0.2%	0.0%	0.2%	0%	+5%	

	Current \$Bil	Current Weight	Policy Limit
Hedge Funds	9.2	10.7%	15.0%

3 Year Tracking Error
 Total Fund: **1.38%**
 Total Public: **0.46%**

*Total Fund includes the following amt held by the Treasurer of VA: \$ 41 million

• The values shown for each asset class on this report may differ from the VRS Monthly Performance Report due to adjustments related to derivative positions in the Rebalance Account, pending transactions, and certain accruals. The values on this report are a more descriptive representation of the Virginia Retirement System's true economic exposure to each asset class.(5 adjustments applied)

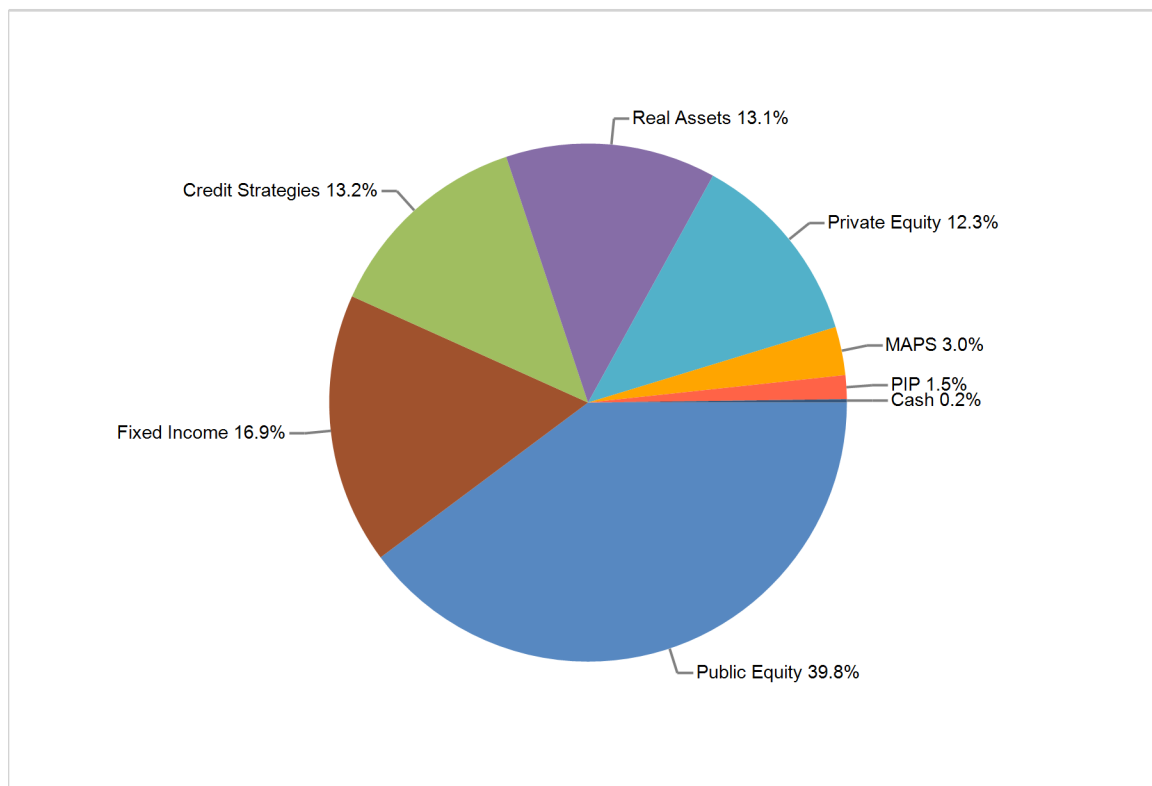
*Total Fund and Total Public tracking error are calculated using monthly returns, then annualized

* Differences in totals are due to rounding.

Daily Asset Allocation Report

February 05, 2020

For Internal Investment Purposes Only



	Current \$Bil	Current Weight	Policy Weight	Variance	Allowable Range		Internal %
TOTAL FUND	85.6						34.2%
Public Equity	34.1	39.8%	40.0%	-0.2%	-5%	+5%	41.3%
Global Equity	26.7	31.2%	32.0%	-0.8%			52.7%
Equity HF	7.4	8.6%	8.0%	0.6%			
Fixed Income	14.5	16.9%	16.0%	0.9%	-2%	+5%	100.0%
Credit Strategies	11.3	13.2%	14.0%	-0.8%	-5%	+5%	
EM Debt	0.0	0.0%	3.0%	-3.0%			
RS Credit	4.1	4.8%	4.5%	0.3%			
NRS Credit	5.7	6.7%	4.5%	2.2%			
Convertibles	0.7	0.8%	3.0%	-2.2%			
Real Assets	11.3	13.1%	14.0%	-0.9%	-5%	+5%	6.0%
Public RE	1.2	1.4%					55.1%
Private RE	6.6	7.7%					
Other RA	3.5	4.0%					
Private Equity	10.5	12.3%	11.0%	1.3%	-5%	+5%	
MAPS	2.6	3.0%	3.0%	0.0%	-1%	+1%	
DSTRAT	1.2	1.4%					
RBI	1.4	1.6%					3.3%
PIP	1.3	1.5%	2.0%	-0.5%	-1%	+1%	
Cash	0.2	0.2%	0.0%	0.2%	0%	+5%	

	Current \$Bil	Current Weight	Policy Limit
Hedge Funds	9.3	10.9%	15.0%

3 Year Tracking Error

Total Fund: **1.38%**

Total Public: **0.46%**

*Total Fund includes the following amt held by the Treasurer of VA: \$ 42 million

• The values shown for each asset class on this report may reflect adjustments related to derivative positions in the Rebalance Account, pending transactions and certain accruals, in order to provide a more descriptive representation of the true economic exposure to each asset class (5 adjustments applied)

*Total Fund and Total Public tracking error are calculated using monthly returns, then annualized

* Differences in totals are due to rounding.

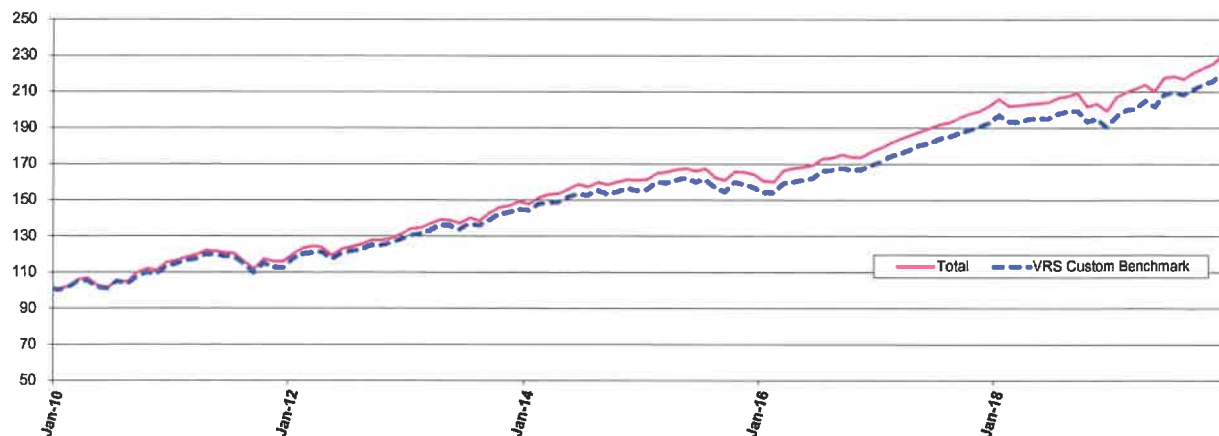
PERFORMANCE SUMMARY
Rolling Periods Ending
December 31, 2019



TOTAL FUND PERFORMANCE

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
Total Public Equity Strategies	9.3	8.0	10.7	23.2	7.9	2.8	8.1	23.2	34,086
<i>Benchmark</i>	9.0	8.2	11.5	24.2	8.0	3.1	8.4	24.2	
Total Investment-Grade Fixed Income	4.5	3.6	4.5	9.4	0.3	0.0	2.8	9.4	12,699
<i>Benchmark</i>	3.8	3.0	4.0	8.7	0.2	-0.1	2.5	8.7	
Total Credit Strategies	6.9	5.8	6.9	11.6	2.6	1.6	3.2	11.6	12,095
<i>Benchmark</i>	6.3	5.8	6.8	14.0	3.1	1.8	4.2	14.0	
Total Real Assets	11.6	9.8	9.3	8.5	1.5	1.5	3.6	8.5	11,314
<i>Benchmark</i>	9.7	8.0	7.1	6.8	1.1	0.3	2.6	6.8	
Total Private Equity	14.4	13.4	16.6	12.9	3.2	3.2	7.7	12.9	10,382
<i>Benchmark</i>	13.9	11.0	13.9	6.9	1.5	2.8	5.6	6.9	
Total Private Investment Partnerships	n/a	7.4	8.4	5.1	0.8	0.8	3.6	5.1	1,282
<i>Benchmark</i>	n/a	7.4	8.4	5.1	1.1	1.2	3.6	5.1	
Total Multi-Asset Public Strategies	n/a	n/a	n/a	10.0	3.0	1.4	3.8	10.0	2,296
<i>Benchmark</i>	n/a	n/a	n/a	15.4	2.9	1.6	4.4	15.4	
Total Fund	8.5	7.4	9.2	15.3	4.2	2.0	5.7	15.3	85,430
<i>VRS Custom Benchmark</i>	8.0	7.2	9.1	15.4	4.1	1.9	5.6	15.4	

10-Year Performance
Indexed to 100



Effective July 2013, the VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.

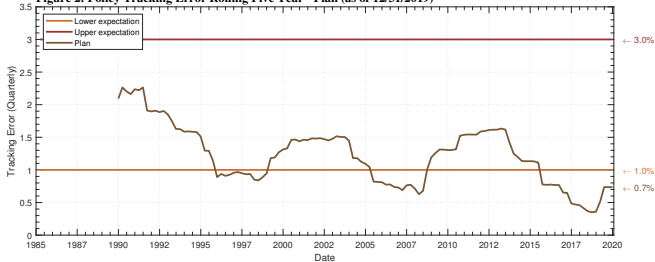
The VRS Cash Account, the Treasurer Short-Term Investment Account, the VRS Rebalancing Account, transition activity and accounts with market values of less than \$1 million are included in the Total Fund's market value. Differences in market value totals are due to rounding.

Total Fund Tracking Error

Figure 1: Policy Tracking Error Rolling Three Year - Plan (as of 12/31/2019)



Figure 2: Policy Tracking Error Rolling Five Year - Plan (as of 12/31/2019)



The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range as the allowable observed tracking error calculated quarterly using 5 years of history.

Program	Action	Effective Date	Commitment/ Current Value	Funding/ Defunding Period	Description
Fixed Income	Hired	02/03/2020	\$300 Million	Immediate	AQR Systematic High Yield – A separately managed account allocation to a systematic high yield credit strategy.
Credit Strategies	Terminated	01/01/2020	\$502 Million	6 Months	Zazove Convertible – A separate account investing in convertible securities.
Private Equity	Hired	12/17/2019	\$100 Million	6 Years	Madison Dearborn VIII – A mid-market private equity fund focusing on buyout and growth investments in five industry verticals.
Private Equity	Hired	01/21/2020	\$150 Million	5 Years	Insight XI – A large private equity fund targeting growth software investments with an emphasis on software as a service companies.
Private Equity	Hired	01/31/2020	\$100 Million	6 Years	Odyssey VI – A U.S. focused mid-market buyout fund following a business transformation and buy and build strategy.
Risk-Based Investments	Terminated	12/31/2019	\$150 Million	Immediate	Bridgewater Optimal Portfolio – A global risk parity fund.

VRS Investment Department
WaM Quarterly Report
Activity for Quarter Ending December 31, 2019

Investment Program	Activity	Manager Name	Description	VRS Action
Public Equity	On-Going Monitoring of Current VRS Manager	Kylin Management (minority-owned firm)	Current VRS public equity hedge fund manager.	Staff performed on-going due diligence and monitoring of this current VRS minority manager during the quarter.
Public Equity	On-Going Monitoring of Current VRS Manager	Ariel Global (minority and women-owned firm)	Current VRS global equity manager.	Staff performed on-going due diligence and monitoring of this current VRS minority and women-owned manager during the quarter.
Public Equity	Manager Meeting	Tensile Capital Management LLC (minority-owned firm)	Manager concentrates on a long-only opportunistic value strategy.	Staff had a meeting with this manager to discuss the firm and their strategies.
Public Equity	Telephone Call with Manager	Channing Capital Management (minority-owned firm)	Manager specializing in emerging markets, global, and international equity strategies.	Staff had an update call with this manager to discuss the firm and their strategies.
Public Equity	Telephone Call with Manager	Impactive Capital LP (minority and women-owned firm)	Manager invests in small and mid-cap companies and utilizes an activist approach and ESG focus.	Staff had an introductory call with this manager to discuss the firm and their strategies.
Public Equity	Telephone Call with Manager	KG Investments Fund LLC (minority-owned firm)	Manager with strategy that focuses on long/short equity investing with an emphasis on catalyst or special situation events.	Staff had an introductory call with this manager to discuss the firm and their strategies.
Credit Strategies	On-Going Monitoring of Current VRS Manager	Payden & Rygel (women-owned firm)	Current VRS emerging market debt manager.	Staff had various interactions with this current VRS women-owned manager during the quarter.
Credit Strategies	On-Going Monitoring of Current VRS Manager	Advent Capital Management (minority-owned firm)	Current VRS convertible bond manager.	Staff had various interactions with this current VRS minority manager during the quarter, including a review of an additional strategy offering.
Credit Strategies	On-Going Monitoring of Current VRS Manager	SSG Capital Management, Ltd. (minority-owned firm)	Current VRS emerging market debt manager.	Staff had various interactions with this current VRS minority manager during the quarter.

VRS Investment Department
WaM Quarterly Report
Activity for Quarter Ending December 31, 2019

Investment Program	Activity	Manager Name	Description	VRS Action
Public Equity and Credit Strategies	Periodic Update Communication with Consultant	N/A	Aon Hewitt Investment Consulting is the consultant used by these two investment programs.	Periodic communication to review the WaM monitoring activity done on behalf of VRS as well as industry trends.
Real Assets	On-Going Monitoring of Current VRS Manager	Artemis Real Estate Partners (women-owned firm)	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring of this current VRS women-owned manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Tristan Capital Partners (minority-owned firm)	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring of this current VRS minority-owned manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Pritzker Realty Group (women-owned firm)	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring of this current VRS women-owned manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Capri EGM (minority-owned firm)	Current VRS real estate manager.	Staff performed on-going due diligence and monitoring of this current VRS minority-owned manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Grain Management (minority-owned firm)	Current VRS infrastructure manager.	Staff performed on-going due diligence and monitoring of this current VRS minority-owned manager during the quarter.
Real Assets	On-Going Monitoring of Current VRS Manager	Pantheon Ventures	Current VRS infrastructure and natural resource fund-of-funds manager.	Staff had periodic communication with this manager to discuss potential WaM firms in their market.
Real Assets	Manager Meeting	Warwick Energy Group (women-owned firm)	Manager focuses on U.S. upstream energy investments.	Staff held an update meeting with the firm.

VRS Investment Department
WaM Quarterly Report
Activity for Quarter Ending December 31, 2019

Investment Program	Activity	Manager Name	Description	VRS Action
Real Assets	Telephone Call with Manager	EIV Capital (minority-owned firm)	Manager is a North American focused midstream investment manager.	Staff had an introductory call with this manager to discuss the firm and their strategies. Staff will evaluate additional materials.
Real Assets	Telephone Call with Manager	Upshot Capital Advisors (minority-owned firm)	Manager is an alternative asset management and advisory firm.	Staff had an introductory call with this manager to discuss the firm and their strategies.
Real Assets	Email Correspondence	Basis Investment Group (minority and women-owned firm)	U.S. focused, real estate debt manager.	Staff briefly met with the manager at an industry conference and had subsequent email correspondence.
Real Assets	Email Correspondence	Sound Mark Partners (women-owned firm)	U.S. focused, real estate debt manager.	Email correspondence between Staff and this manager upon receipt of updated marketing materials.
Real Assets	Periodic Update Communication with Consultant	N/A	The Townsend Group is the consultant used by Real Assets.	Periodic communication to review the WaM monitoring activity done on behalf of VRS as well as real estate and infrastructure industry trends.
Private Equity	On-Going Monitoring of Current VRS Manager	Asia Alternatives (minority and women-owned firm)	A fund-of-funds manager focusing on alternative investments in Asia.	Staff had a call with this manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Clearlake Capital Group (minority-owned firm)	A private equity fund investing in special situations and distressed opportunities in small and medium-sized companies.	Staff had a call with this manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	MBK Partners (minority-owned firm)	A North Asia private equity firm.	Staff had a meeting with this manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	SIRIS Capital (minority-owned firm)	A middle market buyout firm making control investments in data/telecommunications, technology and technology-enabled business service companies in North America.	Staff had a meeting with this manager during the quarter.

VRS Investment Department
WaM Quarterly Report
Activity for Quarter Ending December 31, 2019

Investment Program	Activity	Manager Name	Description	VRS Action
Private Equity	On-Going Monitoring of Current VRS Manager	Sycamore Partners (minority-owned firm)	Middle market buyout fund targeting consumer and retail companies.	Staff had a meeting with this manager during the quarter.
Private Equity	On-Going Monitoring of Current VRS Manager	Vista Equity Partners (minority-owned firm)	A large market buyout fund targeting enterprise software companies.	Staff had a meeting with this manager during the quarter.
Private Equity	Attend WaM Conference	Grosvenor Small and Emerging Managers Conference	Attended a conference focused on raising the visibility of small, emerging and diverse investment managers.	Discussed the VRS Private Equity program. Met several new potential WaM managers.
Private Equity	Periodic Update Communication with Consultant	N/A	Grosvenor Capital Management Customized Fund Investment Group is the consultant used by Private Equity.	Periodic communication to review the WaM monitoring activity done on behalf of VRS as well as industry trends.
Risk-Based Investments	Telephone Call with Manager	Vassalou Capital Management, LP (women-owned firm)	A provider of quantitative global macro strategies.	Staff had a call with this manager to further discuss their firm and strategies.
Risk-Based Investments	Telephone Call with Manager	Systematica Investments Limited (women-owned firm)	A provider of trend following and relative value strategies.	Staff had a call with this manager to further discuss their firm and strategies.

VRS Investment Department
Quarterly External Investment Manager Referral Report
Activity for Quarter Ending December 31, 2019

Investment Program	Type of Contact	Investment Manager Name	Official Making Referral	VRS Action
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No activity to report this quarter.

Report

The Benefits and Actuarial Committee met on February 12, 2020 and discussed the following:

APPROVAL OF MINUTES

The Committee approved the minutes of its November 19, 2019 meeting.

STATUTORY COST OF LIVING ADJUSTMENTS

VIRGINIA SICKNESS AND DISABILITY PROGRAM

Ms. Bishop and Mr. Badura presented the recommendations of Cavanaugh Macdonald Consulting, LLC, the Plan Actuary, regarding statutory annual adjustments to Virginia Sickness and Disability Program (VSDP) creditable compensation for members on long-term disability. For VSDP, Mr. Badura advised that the Plan Actuary recommends an increase in the creditable compensation for VRS pension benefit purposes of 4.00% effective July 1, 2020. In addition, a COLA in the amount of 1.81% shall be applied to long-term disability (LTD) benefit payments for Plan 1, Plan 2, and Hybrid Retirement Plan members who have been the recipients of LTD benefit for at least one year under VSDP.

The Committee recommends the approval of the following actions to the full Board:

Request for Board Action: Effective July 1, 2020 the following increases shall apply:

- *The creditable compensation used in calculating the member's average final compensation at retirement shall be increased in the amount of 4% for a member who has been the recipient of long-term disability (LTD) benefits for at least one year under VSDP; and*
- *For members who have been the recipient of long-term disability (LTD) benefits for at least one year under VSDP, a cost-of-living adjustment of 1.81% shall be applied to the net LTD benefit payment for Plan 1 members vested prior to January 1, 2013, Plan 1 members not vested by January 1, 2013, and all Plan 2 and Hybrid Retirement Plan members.*

The calculations for increases in creditable compensation and the LTD COLAs were reviewed by VRS staff and Internal Audit.

VIRGINIA LOCAL DISABILITY PROGRAM

Mr. Badura advised that the Plan Actuary recommends an increase in the creditable compensation of 4.00% for each recipient of long-term disability (LTD) benefits under the Virginia Local Disability Program (VDLP) effective July 1, 2020. The calculations for the increase in creditable compensation were reviewed by VRS staff and Internal Audit.

Request for Board Action: Effective July 1, 2020, each recipient of LTD benefits under the Virginia Local Disability Program (VDLP) who has been receiving LTD benefits for at least one calendar year, and who ultimately retires directly from LTD, will have their creditable compensation at date of disability increased by an amount set by the Board to be used in determining the member's average final

compensation for disability retirement. The recommendation applicable July 1, 2020 is an increase of 4% to be applied to a recipient's creditable compensation.

INFORMATION ITEMS

2020 COLAs Called for Under Statute Not Requiring Board Approval

Mr. Badura advised that the Plan 1, Plan 2 and Hybrid Retirement Plan members' COLA, effective July 1, 2020, is 1.81%. This figure was calculated by the VRS Plan Actuary, Cavanaugh Macdonald Consulting, LLC, and verified by VRS and Internal Audit Staff.

The Group Life Insurance Program minimum benefit for members retired with at least 30 years of service is to be increased by the same COLA applicable to VRS Plan 2 and Hybrid Retirement Plan members, or 1.81%, effective July 1, 2020. The new minimum life insurance payout effective July 1, 2020 will be \$8,616. The COLA did not require action by the Committee. The calculations were reviewed by VRS staff and Internal Audit.

2020 Legislative Update

Ms. Wilkinson provided an update on the VRS-related legislation in the 2020 General Assembly session.

Upcoming B&A Committee meetings:

- June 10, 2020 at 1:00 p.m.
- October 14, 2020 at 1:00 p.m.
- November 16, 2020 at 1:00 p.m.

Submitted to the Board of Trustees on February 13, 2020.

Wallace G. Harris, Chair
Benefits and Actuarial Committee



MEMORANDUM

TO: Patricia S. Bishop, VRS Director

FROM: Jennifer P. Bell Schreck, VRS Internal Audit Director

DATE: January 29, 2020

RE: Cost of Living Adjustments (COLAs)

Internal Audit has reviewed the amounts referred to as "Cost of Living Adjustments" as set forth in the attached letter and supporting table from VRS' actuary, Cavanaugh Macdonald Consulting, LLC, dated January 21, 2020.

In conducting our review, we independently recalculated the "Cost of Living Adjustments" using data and procedures provided by management and the actuary, while confirming certain external components associated with such calculations. We also examined the Code of Virginia sections referred to in the actuary's letter and supporting table.

Based upon our review, we found the "Cost of Living Adjustments" in the above referenced letter and table to be valid and accurate, based on the data provided, subject to the assumptions included therein with respect to increases in both VSDP LTD benefits and VSDP and VLDP creditable compensation, where the amounts are not specified by statute, but instead are to be recommended by the actuary and approved by the Board.

Please let me know if you have any questions. I ask that you share this information with the Benefits and Actuarial Committee.

Attachment



Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

January 21, 2020

Mr. Rory Badura, ASA, EA, MAAA
Senior Staff Actuary
Virginia Retirement System
1200 E. Main Street
Richmond, VA 23219

2020 Cost of Living Adjustments

Dear Rory:

As requested, we have calculated the Cost of Living Adjustments (COLAs) called for under Virginia Statutes for VRS, VSDP, and VLDP.

In the table enclosed we present the COLAs to be effective July 1, 2020.

By statute, the VRS COLA is based on the ratio of the average of the monthly CPI-U for the 2019 calendar year (255.657) to the average of the monthly CPI-U for the most recent calendar year used in the determination of a COLA, 2018 calendar year (251.107). The result is 1.81%. The VRS COLA formula is applied to the CPI increase to produce COLAs effective July 1, 2020 of 1.81% for Plan 1 members vested as of January 1, 2013 and 1.81% for Plan 1 members not vested as of January 1, 2013 and all Plan 2 and Hybrid Plan members.

Statute also provides a COLA under the Group Life Insurance program in the minimum \$8,000 life insurance amount for members with at least 30 years of creditable service. The increase is the same percentage as the VRS COLA of 1.81% used for Plan 1 members not vested as of January 1, 2013 and all Plan 2 and Hybrid Plan members. Applying this increase to the prior year minimum of \$8,463, the minimum effective life insurance amount for members with at least 30 years of creditable service will increase to \$8,616 effective July 1, 2020.

The VSDP and VLDP COLAs are required by statute but the actual amounts are set by Board resolution. We have calculated the VSDP increase in creditable compensation for VRS pension benefit purposes based on the approach adopted in 2011. As recommended in 2011, the VSDP creditable compensation COLA is based on the increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA. For 2020, it would be the ratio of the annual pays as of June 30, 2019 to the annual pays as of June 30, 2018 for VSDP members who were active in the State, SPORS and VaLORS plans as of both dates. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year. On this basis we have determined a VSDP creditable compensation COLA of 6.85% effective July 1, 2020. Our calculation is based on the data provided by VRS for the June 30, 2018 and 2019 actuarial valuations. Finally, under the current approach the VSDP creditable compensation COLA would be capped at 4.00% per year.



Mr. Rory Badura
January 21, 2020
Page 2

We used a similar approach to determine the VLDP creditable compensation COLA. That is, we have based the VLDP creditable compensation COLA on the increase in the pay rate for Teachers and non-hazardous Political Subdivision Hybrid plan members active at the beginning and the end of the most recent plan year before the date of determination of the COLA. For 2020, it would be the ratio of the annual pays as of June 30, 2019 to the annual pays as of June 30, 2018 for non-hazardous members who were active in the Teachers and Political Subdivision Hybrid plans as of both dates. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year. On this basis we have determined a VLDP creditable compensation COLA of 6.52% effective July 1, 2020. Our calculation is based on the data provided by VRS for the June 30, 2018 and 2019 actuarial valuations. However, as with the current approach with VSDP, we have assumed the VLDP creditable compensation COLA would be capped at 4.00% per year.

We have enclosed a table showing the calculations of the COLAs in detail.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'LL' with a stylized flourish at the end.

Larry Langer, ASA, FCA, EA, MAAA
Principal and Consulting Actuary

Enc.

Copy to: Cynthia Wilkinson (VRS)

S:\2020\Virginia Retirement System\COLA Update\VRS COLA Letter 2020.docx



**Virginia Retirement System (VRS), Virginia Sickness and Disability Program (VSDP), Virginia Local Disability Program (VLDP)
and Group Life Insurance Program**

Cost of Living Adjustments (COLAs) Recommendations Effective July 1, 2020

Item	Code Section(s)	CPI-U		CPI Increase	COLA Calculation		
		2018	2019		100% of First 3%	50% of Next 4%	COLA (maximum 5%)
VRS COLA - Plan 1 vested as of 1/1/2013 - (100% of the increase in the CPI-U up to 3%, plus 50% of the next 4%, with a maximum COLA of 5%)	51.1-166	251.107	255.657	1.81% *	1.81%	0.00%	1.81%

Item	Code Section(s)	CPI-U		CPI Increase	COLA Calculation		
		2018	2019		100% of First 2%	50% of Next 2%	COLA (maximum 3%)
VRS COLA - Plan 1 non-vested as of 1/1/2013, Plan 2 and Hybrid Plan - (100% of the increase in the CPI-U up to 2%, plus 50% of the next 2%, with a maximum COLA of 3%)	51.1-166	251.107	255.657	1.81%	1.81%	0.00%	1.81%

Item	Code Section(s)	Creditable Compensation		Increase in Pay	COLA Calculation		
		2018	2019		100% of First 4%		COLA (maximum 4%)
VSDP increase in creditable compensation for VRS pension benefit purposes (100% of the increase in the pay over the previous plan year for continuing active VSDP members in the State, SPORS and VaLORS plans, with a maximum COLA of 4%)	51.1-1117 51.1-1123 51.1-1128	\$3,546,691,674	\$3,789,688,338	6.85%	4.00%		4.00%

Item	Code Section(s)	Creditable Compensation		Increase in Pay	COLA Calculation		
		2018	2019		100% of First 4%		COLA (maximum 4%)
VLDP increase in creditable compensation for VRS pension benefit purposes (100% of the increase in the pay over the previous plan year for non-hazardous continuing active members in the Teachers and Political Subdivision Hybrid plans, with a maximum COLA of 4%)	51.1-1161 51.1-1169	\$2,177,450,001	\$2,319,357,590	6.52%	4.00%		4.00%

Item	Code Section(s)				COLA Calculation		
							COLA
VSDP increase in net LTD benefit - Plan 1 vested as of 1/1/2013 - (100% of the VRS COLA for Plan 1 vested as of 1/1/2013)	51.1-1112						1.81%

Item	Code Section(s)				COLA Calculation		
							COLA
VSDP increase in net LTD benefit - Plan 1 non-vested as of 1/1/2013, Plan 2 and Hybrid Plan - (100% of the VRS COLA for Plan 1 non-vested as of 1/1/2013, Plan 2 and Hybrid Plan)	51.1-1112						1.81%

Item	Code Section(s)					COLA
Increase in minimum \$8,000 life insurance amount for members with at least 30 years of creditable service - (100% of the VRS COLA for Plan 1 non-vested as of 1/1/2013, Plan 2 and Hybrid Plan)	51.1-505.B.					1.81%

* CPI-U increase is ratio or percentage increase of CPI-U indices year over year (255.657/251.107 - 1 = 1.81%)



Approval of July 1, 2020 increase relating to VSDP creditable compensation and VSDP COLA.

Requested Action

Effective July 1, 2020 the following increases shall apply:

- The creditable compensation used in calculating the member's average final compensation at retirement shall be increased in the amount of 4% for a Plan 1, Plan 2 or Hybrid member who has been the recipient of long-term disability (LTD) benefits for at least one year under the Virginia Sickness and Disability Program (VSDP); and
- A cost of living adjustment of 1.81% shall be applied to the net LTD benefit payment for Plan 1 members vested prior to January 1, 2013, Plan 1 members not vested by January 1, 2013, and all Plan 2 and Hybrid Retirement Plan members.

Description/Background

Code of Virginia § 51.1-1112(C) provides: "Creditable compensation during periods an employee receives long-term disability benefits shall (i) not include salary increases awarded during the period covered by long-term disability benefits and (ii) be increased annually by an amount recommended by the actuary of the Virginia Sickness and Disability Program and approved by the Board."

Code of Virginia § 51.1-1117(B) provides: "The average final compensation of any participating full-time employee taking a service retirement under any provision of this title shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement."

Code of Virginia § 51.1-1128(B) provides the same requirement for participating full-time employees receiving supplemental (work-related) disability benefits: "The employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the actuary of the Virginia Retirement System, and approved by the Board, from the date of the commencement of the disability to the date of retirement."

In accordance with these provisions, each year VRS requests that the plan actuary recommend the cost of living adjustment (COLA) to be applied to the benefit paid and to the creditable compensation of LTD recipients who have been receiving such benefits for at least one calendar year under VSDP.

In 2011 the Board amended the process for determining the COLA to be applied to the creditable compensation of LTD recipients for purposes of calculating service retirement. It is now based on the combined average increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA.

Rationale for Requested Action

Per the attached January 21, 2020 letter, the VRS plan actuary, Cavanaugh Macdonald Consulting, LLC, observed increases in creditable compensation of 6.85% during fiscal year 2019 for members enrolled in

VSDP. Based on the recommendation from the plan actuary, and consistent with past practice, the recommended increase in creditable compensation for purposes of service retirement from disability shall be capped at 4.0%, and after offsets, an adjustment to the benefit payments of VSDP LTD recipients who have been receiving such payments for at least one calendar year of 1.81% for Plan 1 members vested as of January 1, 2013, Plan 1 members not vested by January 1, 2013, and all Plan 2 and Hybrid members.

Authority for Requested Action

The Board's authority for this action is contained in *Code of Virginia* §§ 51.1-1112, -1117, and -1128.

The above action is approved.

Mitchell L. Nason, Chairman
VRS Board of Trustees

Date



Approval of July 1, 2020 increase relating to VLDP creditable compensation.

Requested Action

Effective July 1, 2020, each recipient of LTD benefits under the Virginia Local Disability Program (VLDP) who has been receiving LTD benefits for at least one calendar year, and who ultimately retires directly from LTD, will have their creditable compensation at date of disability increased by an amount set by the Board to be used in determining the member's average final compensation for disability retirement. The recommendation applicable July 1, 2020 is an increase of 4% to be applied to a recipient's creditable compensation.

Description/Background

Code of Virginia § 51.1-1161(C) provides: "The average final compensation of any participating full-time employee taking a service retirement under any provision of this title shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the program actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement."

Code of Virginia § 51.1-1169(C) provides: "The employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by the actuary of the Virginia Retirement System, and approved by the Board, from the date of the commencement of the disability to the date of retirement."

In accordance with these provisions, VRS requested that its actuary recommend the COLA to be applied to the creditable compensation of LTD recipients who have been receiving such benefits for at least one calendar year under VLDP.

Rationale for Requested Action

Per the attached January 21, 2020 letter, the VRS plan actuary, Cavanaugh Macdonald Consulting, LLC, observed increases in creditable compensation of 6.52% during fiscal year 2019 for VLDP members. Based on the recommendation from the plan actuary, and consistent with past practice the recommended increase in creditable compensation for purposes of service retirement from disability shall be capped at 4.0%.

Authority for Requested Action

The Board's authority for this action is contained in *Code of Virginia §§ 51.1-1161 and -1169*.

The above action is approved.

Mitchell L. Nason, Chairman
VRS Board of Trustees

Date

Report

The Administration and Personnel Committee met February 13, 2020 and discussed the following:

APPROVAL OF MINUTES

The Committee approved the minutes of its November 20, 2019 meeting.

TUITION REIMBURSEMENT AND TENURE AGREEMENT

Mr. Schmitz presented the request for authorization to execute a tenure agreement and reimburse tuition payments for certain investment professionals. The investment department adheres to the Education and Development for Investment Professionals Policy that covers the process for requesting, approving and reimbursing allowable expenses for training, tuition reimbursement and attainment of professional designations. The Policy supports the retention of current investment professionals and attraction of new talent.

The Committee recommends approval of the following action to the full Board:

Request for Board 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.*

REVIEW AND APPROVE NEW FY 2020 AGENCY PERFORMANCE OUTCOME (APO) #6

Ms. Bishop and Mr. Cooper presented a new proposed new Agency Performance Outcome (APO) #6, Implement FY 2020 Legislation. A significant amount of legislation impacting VRS is expected to be approved during the 2020 General Assembly session, and is likely to require implementation by July 1, 2020. The resources required for legislation implementation will impact other key agency initiatives, including those outlined in the other FY 2020 APOs. The teamwork and collaboration required to achieve APO #6 will dovetail with the established effort to achieve the previously-approved APOs.

The Committee recommends approval of the following action to the full Board:

Request for Board Action: *The Board approves new FY 2020 APO #6, Implement FY 2020 Legislation.*

REAPPOINTMENT OF IAC MEMBER

Mr. Schmitz presented the recommendation to reappoint W. Bryan Lewis to the Investment Advisory Committee for a two-year term ending March 31, 2022.

The Committee recommends approval of the following action to the full Board:

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

APPOINTMENT OF DCPAC MEMBER

Ms. Bishop presented the recommendation to appoint Kathleen T. Seay to the Defined Contribution Plans Advisory Committee (DCPAC). Ms. Seay would fill the unexpired term of Allen Carmody which ends June 20, 2020 and, given the short duration of the unexpired term, the Committee is recommending the subsequent reappointment of Ms. Seay to a full term that will end June 20, 2022.

The Committee recommends approval of the following action to the full Board:

Request for Board 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.*

BUDGET UPDATE

Mr. Faison provided a budget update for FY 2020 to the Committee. Mr. Faison noted that due to market and other conditions, actual incentive compensation was less than budgeted for investment professionals. Therefore, staff is requesting approval to reallocate the remaining funds to other key agency projects. The total amount to be reallocated is \$3,082,000.

The Committee recommends approval of the reallocation of unused incentive compensation funds for other key agency projects.

Submitted to the Board of Trustees on February 13, 2020.

Mitchell L. Nason, Chair
Administration and Personnel Committee

Authorize Tuition Reimbursement and Tenure Agreement.

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.

Mitchell L. Nason, Chairman
VRS Board of Trustees

Date



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

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.

Mitchell L. Nason, Chairman
VRS Board of Trustees

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 <i>(Measure: 3 of 4 completed)</i>												
2	Implement New myVRS Functionality - Payment, Health Insurance Maintenance <i>(Measure: 3 of 4 completed)</i>												
3	ERM Phase 2 <i>(Measure: 2 of 2 completed)</i>												
4	ORPHE Lineup Change <i>(Measure: 6 of 6 completed)</i>												
5	Reengineer VRS Business Continuity Plans <i>(Measure: 4 of 5 completed)</i>												
6	Implement FY 2020 Legislation <i>(Measure: 2 of 2 completed)</i>												

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
1 Implement New myVRS Functionality - Online Retirement Processing													
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
- Not started

APO 2 Measure: 3 of 4 completed

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
2 Implement New myVRS Functionality - Payment, Health Insurance Maintenance													
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
4 ORPHE Lineup Change													
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
- Not started

APO 5 Measure: 4 of 5 completed

APO #	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
5	Reengineer VRS Business Continuity Plans												
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
6 Implement FY 2020 Legislation													
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.

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.

Mitchell L. Nason, Chairman
VRS Board of Trustees

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.

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.

Mitchell L. Nason, Chairman
VRS Board of Trustees

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).

2020 Legislative Update

As of February 12, 2020



Active Bills



2020 VRS-Related Bills

VRS-Requested Bills

Bill Number	Patron	Description	Member requested budget amendment
HB 536 SB 109	Carr Ruff	VRS Board of Trustees requested bill. To reflect statutory changes to the Virginia College Savings Plan and Internal Revenue Code, the bill changes the formula for determining the amount of the college savings account for children of VRS members who die in service as a result of a felonious assault. HB 536 passed House & has been referred to SFAC. SB 109 passed Senate 2/5.	

Hazardous Duty Mandatory Retirement

Bill Number	Patron	Description	Member requested budget amendment
SB 338	Stuart	Allows exception to compulsory retirement at age 70 for SPORS and local hazardous duty members with permission of supervisor. Amended in SFAC. Passed Senate 2/3.	

2020 VRS-Related Bills

Return to Work/Critical Shortage

Bill Number	Patron	Description	Member requested budget amendment
HB 351 SB 324	Bell Deeds	Allows school bus drivers to be designated critical shortage under certain conditions and return to work as a retiree; one-year break in service and no employer contributions. HB 351 passed House 2/7, referred to Senate Education and Health. SB 324 passed Senate 2/6, referred to House Education.	
HB 1495 (incorporates HB 986, HB 1368, HB 1493)	Torian, Batten, Helmer, Leftwich	Allows law enforcement officers to collect a retirement benefit and return to work as a school security officer. Includes early retirement incentive program restrictions, requires one-year break in service and employer contributions; amended to require an actuarial valuation, and add a sunset of July 1, 2025. Passed House 2/6, referred to Senate Appropriations and Finance.	477 #32h & 494 #1h (HB 1493, rolled into HB 1495) 477 #31h & 494 #3h (HB 986, rolled into HB 1495)
SB 54	Cosgrove	Allows law enforcement officers to collect a retirement benefit and return to work as a school security officer and requires employer contributions. Amended in SFAC to add a one-year break in service. Passed Senate 1/31.	494 #1s
SB 671	Mason	Allows up to two retirees at a time to return to work in full-time positions for a locality and collect retirement benefits; requires employer contributions. Amended in SFAC to require a one-year break in service and an appropriation. Passed Senate 1/30.	

2020 VRS-Related Bills

LODA Bills

Bill Number	Patron	Description	Member requested budget amendment
HB 845	Krizek	Adds special agents of Washington Metropolitan Area Transit Authority to definition of law enforcement officer. Substitute reported & referred to HAC 1/23; 2/7 substitute removed officers from LODA, passed House 2/11.	
SB 168	DeSteph	Requires medical review by Virginia licensed health practitioner. Amended in SFAC to include those licensed in D.C. or contiguous states. Passed Senate 2/3.	
HB 51 SB 40	Knight DeSteph	Children born or adopted after the death/disability of LODA-covered individual become eligible for health insurance. After amendments, identical in substance to each other and to language in the introduced budget: covers children born or adopted after date of death or disability but before July 1, 2017. HB 51 passed House 2/4, referred to Senate Appropriations and Finance. SB 40 amended in SFAC; passed Senate 1/31.	477 #16s

2020 VRS-Related Bills

VaLORS

Bill Number	Patron	Description	Member requested budget amendment
SB 790	Deeds	Adds conservation officers to VaLORS for prospective service. Amended in SFAC. Passed Senate 2/5.	477 #13s 477 #12h, 477 #11h
SB 1019	Stanley and Ruff	Changes the cutoff age from 65 to Social Security retirement age for VaLORS supplement payments. Amended in SFAC to require appropriation. Passed Senate 1/31.	477 #14s

2020 VRS-Related Bills

Other

Bill Number	Patron	Description	Member requested budget amendment
SB 1057	Stanley, Ruff	For state retirees with at least 30 years of service on or after 1/1/21, increases the HIC annually by the Plan 2 COLA. Substitute also increases the HIC for constitutional officers, general registrars, and local social service employees from \$1.50 to \$4 beginning 7/1/2020, and requires an appropriation. Passed Senate 2/5.	
HB 1513	McQuinn	Requires school divisions to provide \$4 health insurance credit to all school division employees. Amended in HAC to require \$1.50 HIC for school support employees and allow school divisions to elect an additional \$1. Passed House 2/10.	

2020 VRS-Related Bills

Other

Bill Number	Patron	Description	Member requested budget amendment
HB 480	Subramanyam	Prospectively adds local 911 dispatchers to those eligible for enhanced hazardous duty retirement benefits. Referred to HAC; Tabled in Appropriations 2/7.	494 #3h

2020 VRS-Related Bills

Workers' Compensation

Bill Number	Patron	Description	Member requested budget amendment
HB 438	Heretick	Adds PTSD as a compensable disorder for law enforcement officers and firefighters (new Code section).	477 #25h
SB 561	Vogel, McPike, Cosgrove	HB 438 reported & referred to HAC 1/30; Passed House 2/11. SB 561 passed Senate 2/10.	477 #27h
HB 1596	Murphy	Adds psychological injuries as a new presumption. Labor & Commerce subcommittee recommended on 2/4 to report & refer to HAC; incorporated into HB 438 2/6.	

2020 VRS-Related Bills

Workers' Compensation

Bill Number	Patron	Description	Member requested budget amendment
HB 783 (incorporates HB 44, HB 121, HB 733, HB 1536)	Askew, Brewer, Carroll-Foy, Reid, Wyatt	As amended, adds brain, colon and testicular cancers as presumptions for firefighters and certain employees, lowers the service requirement for cancer presumptions to 5 years, removes the need for contact with a toxic substance, and adds a 5 year service requirement for hypertension and heart disease presumptions. Clarifies that the presumption is only for diagnoses after July 1, 2020. HB 783 reported from HAC with amendment 1/29; substitute passed House 2/4, referred to Senate Commerce and Labor.	477 #22h 477 #23h (HB 1536, rolled into HB 783) 477 #24h (HB 733, rolled into HB 783)
SB 9 (incorporates SB 58, SB 381, SB 531)	Saslaw, Cosgrove, McPike, Vogel	SB 9 Amended in SFAC, reported 1/30; passed Senate 2/5.	477 #12s 477 #3s (SB 58, rolled into SB 9) 477 #4s (SB 58, rolled into SB 9)

2020 VRS-Related Bills

Workers' Compensation

Bill Number	Patron	Description	Member requested budget amendment
HB 169	Tyler	Adds correctional officers only to presumption for infectious diseases. Substitute makes prospective for diagnoses on or after 7/1/2020. Passed House 2/6, Referred to Senate Commerce and Labor.	477 #26h
SB 345	Bell	Adds correctional officers and full-time sworn members of enforcement division of DMV to presumption for infectious diseases. Passed Senate 1/31.	477 #9s

2020 VRS-Related Bills

Family and Medical Leave

Bill Number	Patron	Description	Member requested budget amendment
HB 825	Carroll-Foy	Requires the Virginia Employment Commission to establish and administer a paid family and medical leave program, capped at 12 weeks of paid leave in any application year, beginning January 1, 2023. HB 825 Left in Appropriations 2/11 SB 770 PBId with letter 2/4.	477 #5s
SB 770	Boysko & Hashmi		

Private Employer Retirement Plan

Bill Number	Patron	Description	Member requested budget amendment
HB 775	Ayala	Creates the My Virginia Plan to allow employees of private employers in the Commonwealth to contribute to a defined contribution retirement plan. Re-referred to HAC; reported with amendment 1/29 , puts in Title 51.1 with VA529 administering. Passed House 2/6, referred to Senate Appropriations and Finance.	



Virginia
Retirement
System

Budget Amendments



2020 Member-requested Budget Amendments

Budget amendments with no related bill

Item #	Description
477 #6h	3% salary increase for state employees and state supported local employees
477 #8s	5% state employee salary increase
492 #1h	Provide a state match for VOLSAP

Bills Failed or Carried Over



2020 VRS-Related Bills

JRS

Bill Number	Patron	Description	Member requested budget amendment
HB 556	Knight	Removes JRS retirement allowance cap of 78 percent under certain conditions. Laid on table in Compensation & General Government.	477 #30h

Workers' Compensation

Bill Number	Patron	Description	Member requested budget amendment
HB 52	Knight	Adds Virginia Beach EMTs to presumption for hypertension, heart disease. Stricken in Labor & Commerce.	
HB 649	Campbell	Adds full-time salaried police dispatchers to presumption for hypertension, heart disease. Laid on table in Labor & Commerce.	477 #1h
HB 1542	Convirs-Fowler	Adds full-time sworn members of enforcement division of DMV to presumption for hypertension, heart disease. Carried over to 2021 in Compensation & General Government.	

2020 VRS-Related Bills

Return to Work/Critical Shortage

Bill Number	Patron	Description	Member requested budget amendment
HB 986 HB 1368	Batten Leftwich	Allows law enforcement officers to collect a retirement benefit and return to work as a school security officer. Appropriations incorporated into HB 1495. Identical to SB 54.	477 #31h, 494 #1h
HB 1493	Helmer	Allows law enforcement officers to collect a retirement benefit and return to work as a school security officer or school resource officer. Appropriations incorporated into HB 1495.	477 #32h

2020 VRS-Related Bills

JRS

Bill Number	Patron	Description	Member requested budget amendment
SB 606	McDougle	Increases retirement multiplier for certain judges who participate in the Hybrid Retirement Plan. Carried over to 2021 in Finance & Appropriations.	477 #6s

Workers' Compensation

Bill Number	Patron	Description	Member requested budget amendment
SB 741	McPike	Adds PTSD as a presumption for law enforcement officers, firefighters, hazardous materials officers, animal protection officers and 911 dispatchers. Rolled into SB 561 in Finance & Appropriations but does not apply to 911 dispatchers.	

2020 VRS-Related Bills

Family and Medical Leave

Bill Number	Patron	Description	Member requested budget amendment
HB 693	Simonds	Requires each school board to establish a paid maternity leave benefit policy granting 12 weeks of paid sick leave. Failed to report from Education.	

VaLORS

Bill Number	Patron	Description	Member requested budget amendment
HB 1350	Mullin	Adds sworn member of DMV law enforcement division to VaLORS. Referred to HAC, subcommittee laid on table 2/4.	477 #13h; 477 #14h

2020 VRS-Related Bills

Other

Bill Number	Patron	Description	Member requested budget amendment
HB 1029	L. Adams	Under certain conditions a constitutional officer may be eligible for early retirement without having met age or service requirements. Referred to HAC; left in Appropriations 2/11.	
SB 202	Peake	Relief for Jack Anthony Maxwell. Passed by indefinitely in Finance & Appropriations.	

Coverage Elected	Details
Tax-Deferred Purchase of Prior Service	- Clinch Valley Soil and Water Conservation District (Russell County) Effective November 1, 2019



VRS Roadmap FISCAL YEAR 2020

Status Indicator

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

Agency Performance Objectives (APOs)	Status	2019						2020					
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Implement New myVRS Functionality - Online Retirement Processing	▲												
Implement New myVRS Functionality - Payment, Health Insurance Maintenance	▲												
ERM Phase 2	●												
ORPHE Lineup Change	●												
Reengineer VRS Business Continuity Plans	●												
IT Initiatives ¹	Status	2019						2020					
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Replace Enterprise Offsite Tape Backup Solution	▲												
Replace Board Portal Solution	★												
Implement New Tools to Enhance Security Controls	●												
Develop and Implement New Modules for SAFE Training	●												
Upgrade All Agency Staff to Windows 10	★												
Implement Web Conferencing (WebEx) Solution for Board Meetings and Select Conference Rooms	★												
Continue Migration to Cloud and New Data Center (Including Office 365, FileNet and SharePoint Online)	●												
Rollout Access Management System to All Operating Units	▲												
Analysis and Planning for VNAV Framework Upgrade	●												
Complete RIMS Decommissioning	▲												

Other Projects ²	Status	2019						2020					
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Health Insurance Premium Holiday	★												
Commonwealth Bond Disclosure	★												
Cardinal HCM - Agency	●												
Cardinal HCM - Plan ³	●												
Post Phase 4 Planning	●												
Board of Trustees Code of Ethics Update	★												
Employee Engagement Initiative	●												
Hybrid Plan Auto Escalation	●												
VSDP and VLDP Long Term Care Plans RFP	●												
Six-year ORPHE Contribution Study	★												
Analysis and Planning for Financial System Upgrade	●												
VRS Strategic Plan Development (2022-2026)	N/S												
Operational/Ongoing Activities	Status	2019						2020					
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
COLA 2019	★												
FYE 2019	★												
Retirement Wave 2019	★												
Teacher Contracts	★												
MBPs	★												
Annual Code of Ethics Training	★												
VRS User IT Security Policy Training	★												
FOIA Training	N/S												
CAFR	★												
PAFR	★												
GASB 68	●												
GASB 75	●												
Actuarial Valuations	★												
MyVRS Annual Updates	★												
1099/W2	★												
Operational/Ongoing Activities	Status	2019						2020					
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Annual Roadmap Review	N/S												
FYE 2020	N/S												
Retirement Wave 2020	N/S												
ORPHE Surcharge Billing for FY 2020 ⁴	★												
ORPHE Surcharge Billing for FY 2021 ⁵	N/S												
Data Fixes	●												
Releases (including top BOLT items)	●												
Retirement and State Workforce Commission	●												
Employer Compliance Review	N/S												
Biennium Budget Preparation	●												
Performance Management Evaluation Process	●												
Sensitivity and Stress Testing Report	●												
Legislation FY 2020 - Placeholder	●												

¹Initiatives led directly by Technology Services.

²Other initiatives are led by other business units and supported by Technology Services.

³Completion of this task is dependent upon the host agency (Department of Accounts) meeting its own project schedule, including deliverables due to VRS, in a timely manner. The project timeline will be updated once the Department of Accounts publishes the project revised implementation dates.

⁴ORPHE Billing for FY 2020 will be carried with new rates at the beginning of the fiscal year.

⁵From FY 2021 onwards, the billing process starts in January of each year.

Yellow Status Items

Item	Due Date	Comments
Implement New myVRS Functionality – Online Retirement Processing	TBD	Development pace, complexity of business logic and externalities have impacted the project schedule.
Implement New myVRS Functionality – Payment, Health Insurance Maintenance	TBD	Development pace, complexity of business logic and externalities have impacted the project schedule.
Replace Enterprise Offsite Tape Backup Solution	March 2020	The solution has been implemented for all technology systems except database systems. Due to its technical complexity, extra time is needed to configure, thoroughly test and deploy the backup solution for database systems. The project is expected to be complete by March 2020.
Rollout Access Management System to All Operating Units	December 2020	Deployment of shared resources to critical projects and data cleanup initiative have impacted the overall project schedule. The project is expected to be complete by December 2020.
Complete RIMS Decommissioning	March 2020	The project has been completed; however, read-only access will remain available through March to ensure there are no further requirements for online user access. At that time, RIMS will be discontinued.

Red Status Items

Item	Due Date	Comments
N/A		

Realignments/Adjustments

Item	Due Date	Comments
N/A		

CVC Campaign

Chili Cookoff



Coffee Cart



Silent Auction

