

September 18, 2020

MEMORANDUM

TO: VRS Board of Trustees

FROM: Patricia S. Bishop

Director

RE: Agenda Materials for September 22nd Board Meeting

Enclosed are the agenda materials for the September 22nd Board meeting that begins at 1:00 p.m.

Pursuant to Item 4-0.01 of Chapter 1289 of the 2020 Acts of Assembly, the Virginia Retirement System Board of Trustees will convene electronically on September 22nd at 1:00 p.m. Registration is required to observe this meeting electronically by telephone or webinar. Meeting materials will be available in Directors Desk and the GoToWebinar meeting space at the time of the meeting.

Board members will be registered by staff the day before the meeting. Please save your invitation email that you receive upon registration or save the contents to your calendar so that you have easy access to the meeting link. In the email you can click on "add to calendar." The email is sent from "VRS Board Meeting". If you need the invitation resent, please contact Jillian Sherman at isherman@varetire.org at least one hour prior to the meeting. Members of the public and staff who have not been pre-registered should please follow the directions in the link below to register for the electronic meeting.

https://attendee.gotowebinar.com/register/4818707972148275727. Instructions for signing up to provide public comment, as required under Item 4-0.01 of Chapter 1289, are included in the meeting registration. Details for any required closed sessions will be sent separately to Board members the day of the meeting.

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

Meeting	Date	Location
Board of Trustees	Tuesday, September 22 nd ,	To be held via GoToWebinar
	1:00 p.m.	
Audit and Compliance	Tuesday, September 29th,	To be held via GoToWebinar
Committee	1:00 p.m.	

Thanks, and I look forward to speaking with 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 Adam Rosatelli, 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 GoToWebinar Tuesday, 9/22/2020 1:00 - 4:00 PM ET

I. Approve Minutes

• February 13, 2020

Board Minutes 2.13.20 - Page 5

• June 11, 2020

Board Minutes 6.11.20 - Page 10

II. Election of Vice Chair

III. Committee Assignments

Board of Trustees_Committee Assignments - Page 26

IV. Report of the Investment Advisory Committee

V. Report of the Chief Investment Officer

Asset Allocation Report 7.31.20 - Page 28

Asset Allocation Report 6.30.20 - Page 29

Daily Asset Allocation Report 9.14.20 - Page 30

Performance Summary 6.30.20 - Page 31

Performance Summary 7.31.20 - Page 32

Plan Tracking Error - Page 33

New Investments and Terminations - Page 34

WaM Quarterly Summary - QE 6.30.20 - Page 36

Manager Referral Quarterly Summary - QE 6.30.20 - Page 40

VI. Annual CEM Benchmarking Report on Administration

CEM Presentation - Page 41

Bio for Kam Mangat - Page 58

VII. Report of the Defined Contribution Plans Advisory Committee

Report of the DCPAC - Page 59

VIII. Report of the Administration and Personnel Committee

Report of the A&PC - Page 61

• RBA – Review Attainment of FY2020 APOs and Operating Measures

RBA - Approve FY2020 Bonus (APOandOperationalMeasures) - Page 64

FY20 APO Status Report Final - Page 66

FY20 Operational Measures Report Final - Page 73

FY20 APO OM Memorandum - Page 91

• RBA – Review Performance Bonuses for Eligible Administrative and Investment Operations and Administration Employees

RBA - Approve FY2020 Indivdual Performance Bonuses (AdminAndInvestmentOpsAdmin) - Page 92

• RBA – Approve First Amendment to the Defined Contribution Plan for Investment Personnel (DCPIP)

RBA - Approve Amendments to DCPIP - Page 93

Amendments to DCPIP - Page 94

DCPIP Restated - Page 97

• RBA – Review and Approve FY2020 Incentive Pay for Investment Professionals

RBA - Approve Investment Incentive Pay FY2020 - Page 130 FY2020 Incentive Compensation Information - Page 132 FY20 Incentive Compensation Memorandum - Page 133

• RBA – Review and Approve Director's Performance and Bonus

RBA - Approve Director's Performance Review FY2020 - Page 134 Director's Performance Report FY 2020 - Page 136 McLagan 2019 Survey Data - Page 150 Appropriation Act - Page 152

• RBA – CIO Employment Agreement

RBA - Approve CIO Empoyment Agreement - Page 161

IX. Commending Resolutions of Service for Diana F. Cantor and William H. Leighty

Resolution for Diana F. Cantor - Page 162 Resolution for Bill Leighty - Page 163

X. Report of the Director

New Coverage Elections for September - Page 164 FY 2021 Agency Roadmap Update - August - Page 165

XI. Closed Session



Minutes

A regular meeting of the Virginia Retirement System Board of Trustees was held on February 13, 2020 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, Parham Behrooz, Jeanne Chenault, Tom Coleman, Michael Cooper, Harriet Covey, Sara Denson, Barry Faison, Laurie Fennell, JT Grier, Dane Honrado, KC Howell, Robert Irving, Ross Kasarda, LaShaunda King, Kristina Koutrakos, Chung Ma, Curt Mattson, Angela Payne, Cat Pelletier, Steven Peterson, Daniel Schlussler, Robert Voeks, Cindy Wilkinson and Dan Whitlock.

Guests present were:

Jamie Bitz, Joint Legislative Audit and Review Commission; Elizabeth Myers, Office of the Attorney General; Rick Fowler, Virginia Governmental Employees Association; Justin Ferrell, Auditor of Public Accounts; Mary Rozycki and Bea Snidow, Virginia Education Association.

The meeting convened at 1:07 p.m.

Approval of Minutes

Upon a motion by Mr. Leighty, with a second by Ms. Cantor, the minutes of the December 12, 2019 Board meeting were approved.

Report of the Chief Investment Officer

Mr. Schmitz provided the Board with a market overview. Next, he discussed asset allocation and reviewed plan performance, which generally continues to be strong relative to benchmarks with the exception of Public Equity and Credit Strategies. He then discussed tracking error, concluding this risk measure is within the Board-approved level. 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 Benefits and Actuarial Committee

The Board received the Benefits and Actuarial Committee report of February 12, 2020 and placed it on file.

STATUTORY COST-OF-LIVING ADJUSTMENTS

VIRGINIA SICKNESS AND DISABILITY PROGRAM

Ms. Bishop and Mr. Badura presented the recommendations of the VRS plan actuary, Cavanaugh Macdonald Consulting, LLC, 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 of 4.00% in the creditable compensation for VRS pension benefit purposes, 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 benefits for at least one calendar year under VSDP.

Upon a motion by Mr. Harris, with a second by Mr. Leighty, the VRS Board of Trustees approved the following action:

Request for Board Action 2020-02-22: Effective July 1, 2020 the following 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.

VIRGINIA LOCAL DISABILITY PROGRAM

The VRS 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 (VLDP) effective July 1, 2020. The calculations for the increase in creditable compensation were reviewed by VRS staff and Internal Audit.

Upon a motion by Mr. Harris, with a second by Mr. Leighty, the VRS Board of Trustees approved the following action:

Request for Board Action 2020-02-23: 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.



Board of Trustees Meeting Minutes February 13, 2020 Page 3 of 5

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

INFORMATION ITEMS

2020 COLAS CALLED FOR UNDER STATUTE NOT REQUIRING BOARD APPROVAL

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 staff and Internal Audit.

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 to the Committee.

UPCOMING B&A COMMITTEE MEETINGS

Mr. Harris concluded his report by noting the following 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.

Mr. Nason thanked Mr. Harris for his report.

Report of the Administration and Personnel Committee

The Board received the Administration and Personnel Committee report of February 13, 2020 and placed it on file.

TUITION REIMBURSEMENT AND TENURE AGREEMENT

Mr. Schmitz presented a 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.



Board of Trustees Meeting Minutes February 13, 2020 Page 4 of 5

Upon a motion by Mr. Nason, with a second by Mr. Harris, the VRS Board of Trustees approved the following action:

Request for Board Action 2020-02-24: The Board 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 to the Committee a new proposed 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.

Upon a motion by Mr. Nason, with a second by Mr. Montgomery, the VRS Board of Trustees approved the following action:

Request for Board Action 2020-02-25: 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 (IAC) for a two-year term ending March 31, 2022. The Committee report was amended to reflect the correct date as presented in the requested Board action.

Upon a motion by Mr. Nason, with a second by Mr. Leighty, the VRS Board of Trustees approved the following action:

Request for Board Action 2020-02-26: 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 Allan 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.

Upon a motion by Mr. Nason, with a second by Ms. Cantor, the VRS Board of Trustees approved the following action:

Request for Board Action 2020-02-27: The Board appoints Kathleen T. Seay to fill the unexpired term of Allan Carmody, which ends June 20, 2020, and reappoints Ms. Seay for a two-year term ending June 20, 2022.



Board of Trustees Meeting Minutes February 13, 2020 Page 5 of 5

BUDGET UPDATE

Mr. Faison presented a budget update for FY 2020 to the Committee and 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.

Upon a motion by Mr. Nason, with a second by Ms. Cantor, the VRS Board of Trustees approved the reallocation of unused incentive compensation funds for other key agency projects.

Legislative Update

Ms. Wilkinson reviewed VRS-related legislation presented in the 2020 General Assembly session.

Report of the Director

Ms. Bishop briefed the Board on the New Coverage Elections and provided an update on the VRS Agency Roadmap for FY 2020. Ms. Bishop noted the "yellow status" items and the completed operational activities.

Next, Ms. Bishop announced that the agency raised more than \$70,000 for the CVC Campaign.

Ms. Bishop concluded her report by noting the Board of Trustees Retreat is scheduled for March 24 and March 25 in Richmond, Virginia.

Mr. Nason thanked Ms. Bishop for her report.

Lastly, Mr. Nason noted the following upcoming meetings:

- Defined Contribution Plans Advisory Committee March 12, 2020 at 1:00 p.m.
- Audit and Compliance Committee March 19, 2020 at 2:00 p.m.

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

Chair*	Secretary

^{*} Mr. McWilliams was appointed as VRS Chair after the date of the meeting.





Minutes

An electronic meeting of the Virginia Retirement System Board of Trustees was held on June 11, 2020 in accordance with § 2.2-3708.2(A)(3) of the *Code of Virginia* and in accordance with guidance provided in § 4-0.01 of Chapters 1283 and 1289 of the 2020 Acts of Assembly, with the following members participating:

Board members participating:

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

Investment Advisory Committee:

Lawrence E. Kochard, Ph.D., Chair

VRS Staff:

Patricia Bishop, Ron Schmitz, Jennifer Schreck, Advait Apte, Rory Badura, Farley Beaton, Parham Behrooz, Delaney Brown, Ryan Carlson, Jeanne Chenault, Michael Cooper, Harriet Covey, Juanita Cribbs, Sara Denson, Valerie Disanto, Jordan Evans, Barry Faison, Laurie Fennell, Josh Fox, Jay Gentry, Brian Goodman, Katherine Grawe, JT Grier, Kelly Hiers, Dane Honrado, KC Howell, Ross Kasarda, Kristina Koutrakos, Matt Lacy, Ryan LaRochelle, Chung Ma, Curt Mattson, Steve McClelland, Walker Noland, Greg Oliff, Angela Payne, Cat Pelletier, Steve Peterson, Paula Reid, Tyler Sanders, Dan Schlussler, Michael Scott, Jillian Sherman, Larry Tentor, Lisa Turner, Leslie Weldon, Dan Whitlock and Cindy Wilkinson.

Guests participating were:

Adam Rosatelli, Senate Finance and Appropriations Committee; Elizabeth Myers, Assistant Attorney General, Office of the Attorney General; Von Hughes, Esq., PAAMCO Prisma; Bea Snidow, Virginia Education Association; Kimberly Sarte and Jamie Bitz, Joint Legislative Audit and Review Commission; Brian Deveney and Justin Ferrell, Auditor of Public Accounts; Dyice Ellis-Beckham, Invesco; Francesca Friday, Mandate Wire; Jeremy Bennett, Virginia Association of Counties; Jessica Ackerman, Virginia Municipal League; AJ Baltozer and Mary Wallace, DWS Group; Michael Jay, House Appropriations Committee.

The meeting convened at 1:06 p.m.



Opening Remarks

Mr. McWilliams called the meeting to order and welcomed everyone to the June 11, 2020 meeting of the Virginia Retirement System Board of Trustees.

Mr. McWilliams welcomed the new Human Resources Director, Paul Reid, to VRS. Paula joins VRS from Henrico County, where she served as the Director of Human Resources. Paula received her Master of Education degree from the College of William and Mary and holds the Society for Human Resource Management Certified Professional (SHRM-CP) and Professional in Human Resources (PHR) designations.

Mr. McWilliams noted that given the current circumstances related to COVID-19, the Board is unable to meet in person and, therefore, is using electronic means to hold the meeting. The meeting is being held in accordance with § 2.2-3708(A)(3) of the *Code of Virginia* and guidance provided in the Appropriation Act as it relates to conducting business during the pandemic.

Next, Mr. McWilliams took attendance with the following roll call of each of the trustees:

Ms. Cantor: Here
Mr. Bell: Here
Mr. Garrett: Here
Mr. Harris: Here
Mr. Hayes: Here
Mr. Leighty: Here
Mr. Montgomery: Here
Ms. Seward: Here
Mr. McWilliams: Here

Public Comment

In accordance with § 4-0.01(g) of Chapters 1283 and 1289 of the 2020 Acts of Assembly, the Board of Trustees opened the floor for public comment. Mr. McWilliams noted that no members of the public requested to comment at the electronic meeting.

Approve Minutes

Upon Mr. McWilliams' motion, with a second by Mr. Montgomery, the VRS Board of Trustees approved the minutes of its April 16, 2020 meeting upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye





Mr. McWilliams: Aye

Election of Board Vice Chair

Mr. McWilliams advised that, as this is the first regular meeting since his appointment as Chair, the Board of Trustees is required to elect a Vice Chair, in accordance with the VRS Governance Policy.

Mr. McWilliams nominated Diana Cantor to continue serving as Vice Chair of the VRS Board of Trustees. Mr. Harris seconded the nomination and the Board approved the motion upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye

Mr. McWilliams: Aye

Committee Assignments

Next, Mr. McWilliams advised that, in accordance with the Governance Policy, the Board of Trustees is required to review and approve committee assignments. Mr. McWilliams moved, with a second by Mr. Montgomery, that the Board approve the proposed committee assignments. The motion was approved upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Report of the Investment Advisory Committee

Next, Mr. Kochard, Chair of the Investment Advisory Committee (IAC), provided a report on the IAC's June 2, 2020 meeting to the Board. Mr. Kochard noted the IAC discussed current market conditions, asset allocation and tracking error. The COVID-19 pandemic has disrupted the global economy on an unprecedented scale and the Committee was provided with an update illustrating several COVID-19-driven investment scenarios. In response, the Investment staff has built several recovery scenarios and is working closely with Rory Badura, Senior Staff Actuary, to build scenario simulations to determine the potential implications for funded status, contribution rates and liquidity.





The Committee also discussed the proposed changes to the Fixed Income Benchmark phase in plan, and the defined benefit plan strategic asset allocation and allowable ranges to reflect the new Board target asset mix.

Mr. McWilliams thanked Mr. Kochard for his report.

Report of the Chief Investment Officer

Mr. Schmitz began his report with a market overview and discussed asset allocation, total fund portfolio performance and tracking error, concluding that risk measures are all within Board-approved levels. He noted that the Board will be receiving a request to correct the allocation percentage with respect to PIP and MAPS due to a transposition error in the chart in the RBA approved by the Board at its April meeting. Next, he reviewed the New Investment and Terminations report, the WaM Quarterly Summary and the Manager Referral Quarterly Summary.

Mr. McWilliams thanked Mr. Schmitz for his report and advised that the first request for Board action relates to the RBA approved by the Board in April regarding the Defined Benefit Plan Asset Allocation. He noted that the purpose and content of the RBA has not changed; however, the request is for the Board to approve the previous action with the corrected chart.

Request for Board Action 2020-06-29: The VRS Board of Trustees approves the recommended changes to update the Defined Benefit Plan Strategic Asset Allocation and Allowable Ranges to reflect the new Board target asset mix, effective July 1, 2020.

Upon a motion by Mr. McWilliams, with a second by Ms. Seward, the VRS Board of Trustees approved the RBA upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Abstain
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye

Ms. Seward: Aye Mr. McWilliams: Aye

Mr. McWilliams noted the second request for Board action pertains to the Fixed Income Benchmark Study discussed by Mr. Kochard and Mr. Schmitz. The original RBA approved by the Board in October 2019 called for a transition from 100% Core to 80% Core/10% High Yield (HY)/10% Emerging Market Debt (EMD). The new RBA recommends stopping the phase in of the Fixed Income Benchmark at the current 90%/5%/5% weights and making these weights the permanent benchmark.

Request for Board Action 2020-06-30: The VRS Board of Trustees approves the recommended change to the Fixed Income benchmark, effective July 1, 2020.

Upon a motion by Mr. McWilliams, with a second by Mr. Montgomery, the VRS Board of Trustees approved the RBA upon the following roll call vote:



Board of Trustees Meeting Minutes June 11, 2020 Page 5 of 16

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye

Mr. McWilliams: Aye

Board Fiduciary Training

Next, Von Hughes, Managing Director and Partner of PAAMCO Prisma, provided the annual fiduciary training to the Board. The presentation focused on three elements: what is a fiduciary?; fiduciary responsibility; and trustee focus and governance best practices.

Following Mr. Hughes' presentation, the Board unanimously agreed to a five-minute break and the Chair reconvened the meeting at 2:47 p.m.

Report of the Defined Contribution Plans Advisory Committee

The Board received the Defined Contribution Plans Advisory Committee report and placed it on file.

Mr. Hayes began his report by advising the Board of the new Committee members, Brenda Madden, Director of Human Resources with Davenport Companies, and Kathy Seay, Deputy County Administrator for Hanover County.

Investments - Performance Reports

Mr. Hayes advised that staff provided an update of the April 30, 2020 performance reports, including the unbundled DC plans investment options and the new investment menu in the TIAA Retirement Choice (RC) contract for ORPHE that became effective January 2020. Staff noted a benchmark change for the Money Market Fund on the unbundled DC plans platform, also effective January 2020. Staff advised that Fidelity became a deselected ORPHE provider for new contributions in February 2020 and was no longer monitored by the VRS Investment Department.

Staff shared the performance of the individual fund options of the unbundled DC Plans platform, reflecting increased market volatility and economic stimulus related to COVID-19, and highlighted the market benchmark performance over short- and long-term time frames.

Staff provided an overview of the difference in naming conventions of like funds on both the unbundled DC Plans platform and bundled TIAA ORPHE platform, and also noted the market value and percentage allocation of assets in the TIAA ORPHE Retirement Choice (RC) contract as of December 31, 2019.

Staff informed the Committee that the *Callan 2020 DC Trends Survey* was included in the meeting materials Appendix for review.



Board of Trustees Meeting Minutes June 11, 2020 Page 6 of 16

Administrative Reports and Communication Update

Staff provided an update of administrative reports for the first quarter of 2020. Updates included an overview of assets and accounts across the various defined contribution plans, as well as participant trends and the impact of various plan initiatives, including auto-escalation 2020, the new online withdrawal feature in Account Access and market volatility educational resources for plan participants.

Staff informed the Committee of the ICMA-RC Annual Service Review and benchmarking efforts, noting 2019 accomplishments and future initiatives. In addition, participation in the Public Retirement Research Lab was discussed.

ORPHE Update

Staff provided an overview of the ORPHE reports for the first quarter of 2020, including plan assets and accounts, and provider election data. Staff also shared a timeline overview of changes to the ORPHE over the past six years, concluding with the recent ORPHE 2020 initiative.

Staff included in the meeting materials Appendix the Q1 2020 ICMA-RC Quarterly Review and VRS ICMA-RC Annual Strategy Document for the Committee to review.

Legislative Update

Staff provided an overview of key provisions of recently enacted federal legislation (the SECURE Act and CARES Act), their impact on VRS members, employers and retirees, and efforts underway to implement the various provisions.

Staff provided an overview of the VRS-related bills approved during the 2020 legislative session of the General Assembly. Staff shared with the Committee approved 2020 budget changes and amendments with an impact to VRS that passed during the legislative session. Staff also informed the Committee of VRS-related bills that failed or were carried over.

DCPAC Appointment

Staff informed the Committee of the request for reappointment of Ravindra Deo to a two-year term ending June 20, 2022. His current term expires June 20, 2020.

The Committee recommended the request for the reappointment of Ravindra Deo to the Administration and Personnel Committee for consideration.

2020 Meetings

The DCPAC will meet August 27, 2020 at 1:00 p.m. and November 19, 2020 at 1:00 p.m.

The ORPHE Annual Employer Update is scheduled for September 24, 2020. This is not a DCPAC meeting; however, members may attend if interested.

Mr. McWilliams thanked Mr. Hayes for his report.



Board of Trustees Meeting Minutes June 11, 2020 Page 7 of 16

Report of the Audit and Compliance Committee

The Board received the Audit and Compliance Committee report and placed it on file.

Update on the 2019 Employer Assurances Review

Mr. Leighty advised that the APA reported the Employer Assurances Review, covering GASB Statements No. 68 and 75, was progressing as planned and they should conclude their work on the Pension and Other Post-Employment Benefit (OPEB) plans and issue the related opinions by the end of July.

Entrance Conference with the APA for the VRS FY 2020 CAFR Audit

The Committee held its annual entrance conference with the APA to review the approach and scope of the examination of VRS' Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2020.

Audit Reports

The Committee received two audit reports.

- The review of *Investment Manager and Manager Compensation* determined compensation paid to external investment managers and the master custodian were reasonable and properly recorded.
- The review of VRS' Conformance with VITA's Security Program determined VRS' Security Policies and Standards are compliant with VITA's mandatory IT security program; however, the review resulted in one written recommendation in support of ensuring VRS' continued conformance.

Annual Report on Code of Ethics

The Chief Operating Officer and the Chief Administrative Officer provided their annual reports on their respective processes for communicating VRS' Code of Ethics and Conduct and for monitoring compliance, as required by the Audit and Compliance Committee Charter. Both indicated 100 percent compliance with the reporting and certification requirements for the respective programs.

Quarterly Review on Modernization Program – Phase 4

Management presented its status report on the Modernization Program – Phase 4, including budget and cost updates as of March 31, 2020. Management highlighted progress for the decommissioning of RIMS and Phase 4, noting the project plan for Phase 4 is shifting due to impacts of new legislation. The development of the remaining member portal functionality is now planned to be completed in October 2020. Related testing and roll-out activities will continue through the winter, possibly longer.

Internal Audit presented its review and indicated agreement with management's representations regarding the Modernization Program – Phase 4 overall schedule, budget and scope. Internal Audit acknowledged management's continued thoughtful and deliberate efforts to bring this phase to a close while ensuring protection of member and retiree information. Internal Audit facilitated a discussion between VRS staff and the only other state retirement system that has implemented similar functionality. Associated processes and tools were discussed, along with the possibility for future collaboration opportunities.





Audit Plan Progress as of December 31, 2019

The Internal Audit Director reported on the progress on the annual Audit Plan as of December 31, 2019, the mid-point of the fiscal year, sharing changes to the planned timing of certain examinations and the related background. Internal Audit's remaining planned projects and resource impacts as a result of COVID-19 relative to the annual and long-term plans were also discussed.

Long-Range Audit Plan Development update for the Four Years Ended June 30, 2024

The Internal Audit Director presented a status update on the development of the long-range audit plan for the four years ending on June 30, 2024. The long-range audit plan will be presented at the September Committee meeting.

<u>Quarterly Reports on Fraud, Waste and Abuse Hotline Cases</u>

The Internal Audit Director shared that no Fraud, Waste and Abuse Hotline complaints were reported to Internal Audit via the Office of the State Inspector General or any other avenues during the period of November 1, 2019 through April 30, 2020.

Management's Quarterly Travel Expense and Per Diem Reports

The Committee received management's quarterly travel expense and per diem reports for the quarterly periods that ended December 31, 2019 and March 31, 2020.

Internal Audit's Review of Cost of Living Adjustments

Internal Audit noted its review of the proposed Cost of Living Adjustments, as calculated by VRS' plan actuary, Cavanaugh Macdonald Consulting, LLC, was completed and the results were provided to the Benefits and Actuarial Committee and Board of Trustees at their respective meetings in February 2020.

Next Committee Meeting Date

The Committee's next meeting is scheduled for September 17, 2020¹ at 2:00 pm.

Mr. McWilliams thanked Mr. Leighty for his report.

Report of the Benefits and Actuarial Committee

The Board received the Benefits and Actuarial Committee report and placed it on file.

Approval of Minutes

The Committee approved the minutes of its February 12, 2020 meeting.

Health Insurance Credit for Local School Divisions (House Bill 1513)

Mr. Badura presented the revisions to the June 30, 2019 valuation reports for the Health Insurance Credit (HIC) for political subdivisions as the result of changes made by House Bill 1513 (HB1513). Mr.

¹ The date of the next Audit and Compliance Committee meeting was subsequently rescheduled for September 29, 2020 at 1:00 pm.





Badura explained that the current HIC for local employees is \$1.50 per year of service and only retirees with at least 15 years of service in participating localities or school divisions that have elected the benefit are eligible.

Beginning July 1, 2021, HB1513 requires school divisions providing retirement benefits to non-teacher employees to also provide a health insurance credit of \$1.50 per year of service to all employees who retire with at least 15 years of service. Eligible non-teacher employees who retired prior to July 1, 2021 may begin receiving the benefit in the August 1, 2021 benefit payment. HB1513 also removes the \$45 cap, and a school division may elect an additional \$1 per year, for a total HIC of \$2.50 per year of service.

The Department of Education estimates an additional state general fund cost of \$976,000 in FY 2021 and \$1,024,000 in FY 2022 to provide funding support for the \$1.50 per year of service HIC for funded Standards of Quality (SOQ) Non-Professional positions. Mr. Badura noted that the new benefit is payable beginning July 1, 2021; however, the legislation is effective July 1, 2020, so benefit funding begins then.

Request for Board Action 2020-06-31: After considering the recommendations of its Plan Actuary to implement the provisions of HB 1513 (Chapter 1091, 2020 Virginia Acts of Assembly), the Board accepts the revised June 30, 2019 valuation reports for the Health Insurance Credit (HIC) for political subdivisions, which set employer contribution rates for both FY 2021 and FY 2022, effective July 1, 2020.

Upon a motion by Mr. Harris, with a second by Mr. Leighty, the VRS Board of Trustees approved the RBA upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

SPORS and VALORS Rates and LODA Premiums

Mr. Badura presented the revised contribution rates for the State Police Officers' Retirement System (SPORS) and the Virginia Law Officers' Retirement System (VaLORS), and the revised LODA Fund premium.

HB 1495 and SB 54 permit retired sworn law enforcement officers to return to work as a school security officer after a break in service of at least 12 calendar months. Individuals who return to work under this provision would not be eligible for any cash match as detailed in Chapter 6.1 (§51.1-607 et seq., cash match plans) of Title 51.1, nor would any additional service be earned, and employers must pay contributions for these positions. As a result of this legislation, the SPORS contribution rate for





employers was increased from 26.26% to 26.33%, and VaLORS employer contribution rates were increased from 21.88% to 21.90% in the 2020 Appropriation Act.

The Governor's introduced budget included increased LODA Fund premiums to cover natural or adopted children of LODA participants who were previously provided health insurance coverage, but later became ineligible under the new LODA Health Benefits Plans. The General Assembly increased the LODA premium to reflect the following:

- Chapters 1150 and 1152: Adding corrections officers and full-time sworn members of the DMV enforcement division to those entitled to a presumption that certain infectious diseases are compensable occupational diseases covered by the Virginia Workers' Compensation Act.
- Chapters 498 and 499: Adding colon, brain and testes to the list of cancers presumed to be an occupational disease covered by the Virginia Workers' Compensation Act.
- Chapters 1206 & 1262: Adding post-traumatic stress disorder incurred by law enforcement officers or firefighters as an occupational disease covered by the Virginia Workers' Compensation Act.

As a result, the General Assembly provided funding for an adjusted LODA premium of \$717.31, an increase from the original June 30, 2019 valuation premium of \$695.18.

Request for Board Action 2020-06-32: The Board accepts the revised contribution rates for the State Police Officers' Retirement System (SPORS) and the Virginia Law Officers' Retirement System (VaLORS), and the increased premium for the Line of Duty Death and Health Benefits Trust Fund that are set out in the Appropriation Act for the 2020-2022 biennium.

Upon a motion by Mr. Harris, with a second by Ms. Seward, the VRS Board of Trustees approved the RBA upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Stress Test and Sensitivity Analysis Report

Mr. Badura presented the findings of the draft VRS Stress Test and Sensitivity Analysis report. He noted that the report is based on the June 30, 2019 actuarial valuation and focused on the current and future impacts of COVID-19 and risks to long-term funding, including investment volatility, contribution risk, and longevity risk.



The report contains illustrative COVID-19 economic recovery scenarios, which were used to derive estimated results for the VRS plans to show the magnitude of potential impacts on plan funding. While the full extent is unknown at this time, COVID-19 is expected to have an impact on fund returns and possibly cause challenges related to plan funding for employers over the next several years. Due to the uncertainty surrounding the COVID-19 recovery and the corresponding impacts on the economy at large, analysis of future impacts on the VRS fund will continue as new information becomes available.

<u>Upcoming B&A Committee meetings:</u>

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

Mr. McWilliams thanked Mr. Harris for his report.

Report of the Administration and Personnel Committee

The Board received the Administration and Personnel Committee report and placed it on file.

Approval of Minutes

The Committee approved the minutes of its February 13, 2020 meeting.

Verus Benchmark and Performance Hurdle Analysis

John Meier with Verus presented the results of the Benchmark and Performance Hurdle Analysis. Mr. Meier began his presentation by reviewing the characteristics of a good benchmark per the CFA Institute: unambiguous, investable, measurable, appropriate, specified in advance and reflective of current investment options. He then noted that excess return objectives should reflect the strategies and current capabilities of staff within each program as well as for the total fund. Mr. Meier reviewed his findings, to include the various recommended changes, and stated his findings were based on careful analysis of the risks and opportunities of the underlying markets and an analysis of the practices of peer funds, within the universe of public funds.

Request for Board Action 2020-06-33: The VRS Board of Trustees approves the recommended changes to the benchmarks and excess return objectives, effective July 1, 2020.

Upon a motion by Mr. McWilliams, with a second by Ms. Seward, the VRS Board approved the RBA upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye



<u>Discussion and Consideration of FY 2021 Agency Performance Outcomes (APOs) and Operational</u> Measures (OMs)

Mr. Cooper reviewed the proposed FY 2021 Agency Performance Outcomes (APOs) and operational measures. He noted that there are 4 APOs proposed for FY 2021. The first two APOs relate to myVRS enhancements and are a carryover from the current year. The third APO is the continuation of the agency's Enterprise Risk Management implementation. The fourth APO accounts for the Cardinal HCM Implementation project, for which VRS is responsible for three tracks. Staff would need to successfully complete 3 of the 4 APOs to qualify for the gainsharing bonus.

There are also 16 operational measures proposed for FY 2021. The 16 operational measures are the same as the current year metrics, with 13 of 16 measures required to meet their target for the year in order to qualify for the gainsharing bonus. Mr. Cooper also noted that staff continues to evaluate new measures for implementation in future years and will be piloting a few of them during the next year.

Request for Board Action 2020-06-34: The Board approves the FY 2021 Agency Performance Outcomes and Operational Measures.

Upon a motion by Mr. McWilliams, with a second by Mr. Harris, the VRS Board of Trustees approved the RBA upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye

Ms. Seward: Aye Mr. McWilliams: Aye

<u>Reappointment of IAC Members</u>

Ron Schmitz discussed the expiring terms of two IAC members, Deborah Allen Hewitt and Theodore Economou. Mr. Schmitz indicated that Ms. Hewitt and Mr. Economou are interested in serving again, each for an additional two-year term.

Request for Board Action 2020-06-35: The Board reappoints to the Investment Advisory Committee Theodore Economou for a two-year term ending September 13, 2022, and Deborah Allen Hewitt, Ph.D., for a two-year term ending October 16, 2022.

Upon a motion by Mr. McWilliams, with a second by Ms. Cantor, the VRS Board of Trustees approved the RBA upon the following roll call vote:

Ms. Cantor: Aye Mr. Bell: Aye





Mr. Garrett: Aye Mr. Harris: Aye Mr. Hayes: Aye Mr. Leighty: Aye Mr. Montgomery: Aye Ms. Seward: Aye Mr. McWilliams: Aye

Reappointment of DCPAC Member

Trish Bishop advised the Committee that Ravindra Deo's term on the Defined Contribution Plans Advisory Committee (DCPAC) is set to expire on June 20, 2020. Mr. Deo is interested in serving another term on the committee.

Request for Board Action 2020-06-36: The Board reappoints Ravindra Deo to the Defined Contribution Plans Advisory Committee (DCPAC) for a two-year term ending June 20, 2022.

Upon a motion by Mr. McWilliams, with a second by Ms. Cantor, the VRS Board of Trustees approved the RBA upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Budget Update

Mr. Faison reviewed the year-to-date budget report with the Committee. Mr. Faison noted that due to the fiscal impacts of the COVID-19 pandemic the Governor's office requested that all executive branch agencies develop plans to reduce discretionary spending and institute a hiring freeze. Although not an executive branch agency, VRS is following this guidance where appropriate and prudent. Accordingly, Mr. Faison noted that the FY20 budget projections incorporate approximately \$623,000 in expected discretionary spending reductions as a result of the COVID-19 pandemic and subsequent information received from the Governor's office. These are in addition to the reduction in personnel spending associated with a freeze in hiring for vacant positions. Mr. Faison also noted that VRS will end the year with a positive balance, which will ultimately be returned to the Trust.

Other Business – Return to the Office Planning Update

Ms. Bishop provided an update to the Board on the status of the agency's planning for returning to the office. Ms. Bishop noted that the health, safety and welfare of our staff, members and employers is





paramount in the planning process. She indicated that VRS leadership has developed a draft plan, which is currently under review. With a few limited exceptions, staff will continue in telework status through Labor Day. Flexibility will be critical as VRS navigates through the return to the office process.

Commending Resolution of Service for Mitchell L. Nason

The Board reviewed and was asked to affirm the following resolution:

WHEREAS, Mitchell L. Nason was appointed to serve on the Virginia Retirement System Board of Trustees for his first term in February 2008 and was subsequently reappointed in February 2013; and

WHEREAS, the Governor of Virginia appointed him to serve as Chairman of the Virginia Retirement System Board of Trustees in May 2017, serving in this capacity with honor and distinction for an extended period; and

WHEREAS, Mr. Nason further contributed to the System by serving as a member, followed by service as Vice Chairman and then Chairman of the Benefits and Actuarial Committee, as a Member and then Chairman of the Administration and Personnel Committee, and as Vice Chairman of the Defined Contribution Plans Advisory Committee, and as a Member of the Investment Policy Committee, the Strategic Projects Committee and the Audit and Compliance Committee; and

WHEREAS, Mr. Nason began his service as a Trustee during one of the most turbulent market periods since the Great Depression and helped lead the system through this difficult period through his active participation in Board committees; and

WHEREAS, he witnessed a period of substantial change, including the implementation of two new retirement plans and administration responsibilities for the Line of Duty Act; and by virtue of his dedication and background developed extensive knowledge of the Virginia Retirement System employee benefits, financial, investment and economic matters, while making considerable contributions to the immeasurable success of the System, preserving the fund for future generations of members and retirees;

NOW, THEREFORE, BE IT RESOLVED, that on June 11, 2020, we, the members of the Board of Trustees of the Virginia Retirement System, hereby acknowledge Mr. Nason's superior leadership of the System, and express our deep gratitude for his exceptional contributions and unwavering dedication to the Board of Trustees, the Virginia Retirement System, its members and the Commonwealth of Virginia.

The VRS Board of Trustees affirmed the resolution with the following roll call:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye





Report of the Director

Ms. Bishop began her report with an overview of New Coverage Elections. Next, she provided an update on the Agency Roadmap. She noted that due to implementation of legislation, two projects have been delayed to FY 2021; however, despite working remotely staff has made great progress overall.

DPB Deficit Provision Acknowledgement Form

Mr. Faison noted that annually VRS and other state agencies are required to confirm that their obligations and expenditures do not exceed their appropriations. He advised that VRS expenditures and obligations did not exceed appropriations. The reporting form specifically states that each member of the Board has been provided with a copy of the notice. The executed form will be sent to the Department of Planning and Budget.

<u>Custodial and Signature Authorization Resolutions</u>

At Ms. Bishop's request, Mr. Faison presented the Resolution for Master Custodial Services and the Resolution for Payment of Retirement System Funds in the State Treasury and Signing Official Documents. The documents set out the Board's intentions regarding authority to sign documents. Mr. Faison noted the only change to both resolutions is updating the Chair's name and a staff member's name change.

Upon a motion by Mr. McWilliams, with a second by Mr. Harris, the Board approved the resolution upon the following roll call vote:

Ms. Cantor: Aye
Mr. Bell: Aye
Mr. Garrett: Aye
Mr. Harris: Aye
Mr. Hayes: Aye
Mr. Leighty: Aye
Mr. Montgomery: Aye
Ms. Seward: Aye
Mr. McWilliams: Aye

Update on Return to the Office Planning

As she did at the Administration and Personnel Committee, Ms. Bishop advised the full Board that as the Commonwealth continues its path to reopening, VRS leadership teams are developing a plan to return to the office building. The plan includes a phase-in approach and continued flexibility in order to ensure the safety, health and well-being of staff, members and retirees. She commended the dedication and agility of the entire VRS staff, as well as the foresight and preparation of the IT department during this time. Staff will remain in remote status until Labor Day and additional details will be forthcoming.

Ms. Bishop also noted that staff will follow up with Board members regarding future meetings that may need to be held electronically.



Board of Trustees Meeting Minutes June 11, 2020 Page 16 of 16

ERM Implementation Update

Ms. Cantor: Aye

Mr. Cooper provided an update to the Board on the Enterprise Risk Management implementation project. He advised that the project has moved into the initial risk assessment process of Phase 2, involving workshops with internal stakeholders in order to formalize the initial risk response plan. Workshops with the Board are planned for later in the year.

Ms. Bishop advised that VRS' annual presentation to the Joint Legislative Audit and Review Commission (JLARC) is scheduled for July 6, 2020 at 10:00 a.m.

Ms. Bishop congratulated the Public Relations department for their collaboration on her speech to the National Association of State Retirement Administrators (NASRA). The speech received the Capital Award of Merit from the Richmond Chapter of the Public Relations Society of America.

She also congratulated staff for their work on the Hybrid Retirement Plan Auto-Escalation Campaign that recently won a Communicator Award in the marketing and effectiveness integrated campaign category. The Communicator Awards is the leading international award program honoring creative excellence for marketing and communications professionals.

Mr. McWilliams thanked Ms. Bishop for her report.

Upon a motion by Ms. Seward, with a second by Mr. Montgomery, the Board agreed to adjourn the meeting upon the following roll call vote (Mr. Leighty had exited the meeting prior to this vote):

Mr. Bell: Aye	
Mr. Garrett: Aye	
Mr. Harris: Aye	
Mr. Hayes: Aye	
Mr. Montgomery: Aye	
Ms. Seward: Aye	
Mr. McWilliams: Aye	
There being no further business	s, the meeting concluded at 3:38 p.m
	Constant
Chair	Secretary

Proposed VRS Board of Trustees and Committee Assignments (Effective September 22, 2020)

VRS Board of Trustees

O'Kelly E. McWilliams, III, Chair

Joseph W. Montgomery

J. Brandon Bell, II

Michael P. Disharoon

William A. Garrett

Susan T. Gooden, Ph.D.

Wallace G. Harris, Ph.D.

W. Brett Hayes

Troilen G. Seward, Ed.S.

Administration and Personnel Committee

O'Kelly E. McWilliams, III, Chair

Joseph W. Montgomery

Wallace G. Harris, Ph.D.

Troilen G. Seward, Ed.S.

Audit and Compliance Committee

Joseph W. Montgomery, Chair

W. Brett Hayes

O'Kelly E. McWilliams, III

Benefits and Actuarial Committee

Wallace G. Harris, Ph.D., Chair

William A. Garrett

Michael P. Disharoon

Defined Contribution Plans Advisory Committee

J. Brandon Bell, II, Chair

Susan T. Gooden, Ph.D., Vice Chair

Ravindra A. Deo

Shannon T. Irvin

Rick Larson

Brenda O. Madden

Kathleen T. Seay

David A. Winter

Proposed VRS Board of Trustees and Committee Assignments (Effective September 22, 2020)

Investment Policy Committee

O'Kelly E. McWilliams, III, Chair

Joseph W. Montgomery

J. Brandon Bell, II

Michael P. Disharoon

William A. Garrett

Susan T. Gooden, Ph.D.

Wallace G. Harris, Ph.D.

W. Brett Hayes

Troilen G. Seward, Ed.S.

Investment Advisory Committee

Lawrence E. Kochard, Ph.D., Chair

William "Hance" West, Vice Chair

Deborah Allen Hewitt, Ph.D.

Michael Beasley

Theodore Economou

Thomas S. Gayner

Nancy G. Leake

W. Bryan Lewis

Rod Smyth

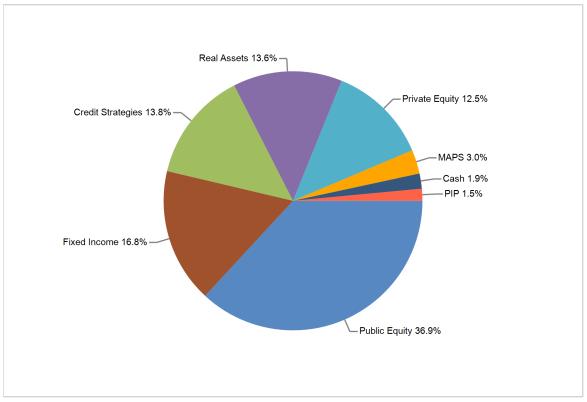
Notes:

- 1. By charter, the Board chair appoints Board members to each committee.
- 2. By charter, the Board chair and vice chair shall serve in the respective position for the Administration and Personnel Committee and Investment Policy Committee.
- 3. For all committees other than the Administration and Personnel Committee and Investment Policy Committee, the committee chair is appointed by the Board chair, subject to approval by the Board.
- 4. For all committees other than the Administration and Personnel Committee and Investment Policy Committee, the vice chair is elected by the committee members.



Asset Allocation Report July 31, 2020

For Internal Investment Purposes Only



	Current \$Bil	Current Weight	<u>Policy</u> Weight	<u>Variance</u>		<u>vable</u> nge	Interna %
TOTAL FUND	83.1						31.5%
Public Equity	30.7	36.9%	37.0%	-0.1%	-5%	+5%	38.1%
Fixed Income	14.0	16.8%	16.0%	0.8%	-3%	+5%	93.5%
Credit Strategies	11.5	13.8%	14.0%	-0.2%	-5%	+5%	
RS Credit	5.1	6.1%	5.6%	0.5%			
NRS Credit	6.4	7.7%	8.4%	-0.7%			
Real Assets	11.3	13.6%	14.0%	-0.4%	-5%	+5%	10.5%
Public RE	1.2	1.4%					99.6%
Private RE	6.7	8.1%					
Other RA	3.4	4.1%					
Private Equity	10.4	12.5%	13.0%	-0.5%	-5%	+5%	
MAPS	2.5	3.0%	3.0%	0.0%	-1%	+1%	
DSTRAT	1.2	1.4%					
RBI	1.3	1.6%					18.6%
PIP	1.2	1.5%	2.0%	-0.5%	-1%	+2%	
Cash	1.6	1.9%	1.0%	0.9%	-1%	+4%	
	Current	Current	Policy				

Weight

10.1%

Limit

15.0%

3 Year Tracking Error
Total Fund: 1.71%
Total Public: 0.59%

\$Bil

8.4

Hedge Funds

^{*}Total Fund includes the following amt held by the Treasurer of VA: \$ 93 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. (7 adjustments applied)

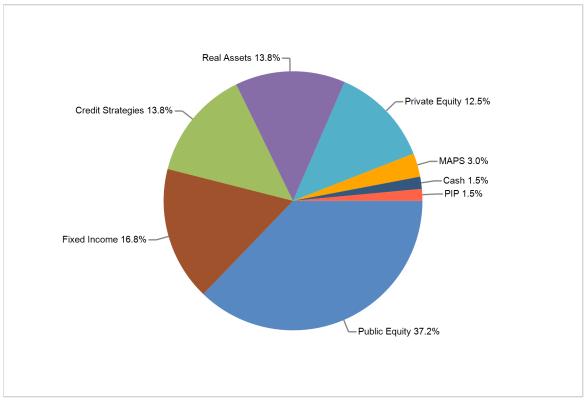
^{*}Total Fund and Total Public tracking error are calculated using monthly returns, then annualized

^{*} Differences in totals are due to rounding.



Asset Allocation Report June 30, 2020

For Internal Investment Purposes Only



	Current \$Bil	Current Weight	Policy Weight	<u>Variance</u>		vable nge	Interna %
TOTAL FUND	81.6						31.1%
Public Equity	30.4	37.2%	37.0%	0.2%	-5%	+5%	38.6%
Fixed Income	13.7	16.8%	16.0%	0.8%	-3%	+5%	93.7%
Credit Strategies	11.3	13.8%	14.0%	-0.2%	-5%	+5%	
RS Credit	4.9	6.0%	5.6%	0.4%			
NRS Credit	6.4	7.8%	8.4%	-0.6%			
Real Assets	11.2	13.8%	14.0%	-0.2%	-5%	+5%	5.8%
Public RE	1.2	1.4%					56.1%
Private RE	6.7	8.2%					
Other RA	3.4	4.2%					
Private Equity	10.2	12.5%	13.0%	-0.5%	-5%	+5%	
MAPS	2.4	3.0%	3.0%	0.0%	-1%	+1%	
DSTRAT	1.1	1.4%					
RBI	1.3	1.6%					18.5%
PIP	1.2	1.5%	2.0%	-0.5%	-1%	+2%	
Cash	1.2	1.5%	1.0%	0.5%	-1%	+4%	
	Current	Current	Doliny				

 Current \$Bil
 Current Weight
 Policy Limit
 3 Year Tracking Error

 Hedge Funds
 8.5
 10.4%
 15.0%
 Total Public: 0.59%

^{*}Total Fund includes the following amt held by the Treasurer of VA: \$ 362 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. (6 adjustments applied)

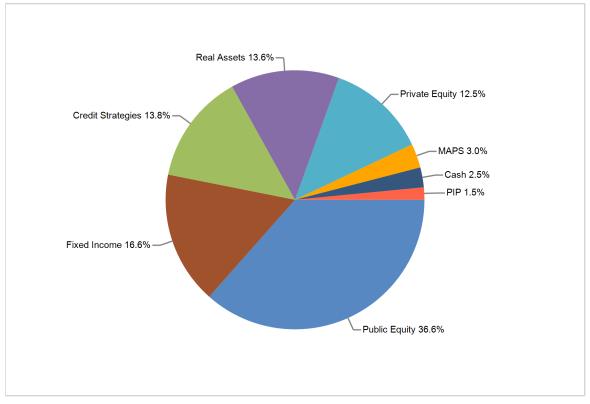
^{*}Total Fund and Total Public tracking error are calculated using monthly returns, then annualized

^{*} Differences in totals are due to rounding.



Daily Asset Allocation Report September 14, 2020

For Internal Investment Purposes Only



	Current \$Bil	Current Weight	Policy Weight	<u>Variance</u>		vable nge	Interna %
TOTAL FUND	84.2						31.1%
Public Equity	30.8	36.6%	37.0%	-0.4%	-5%	+5%	38.1%
Fixed Income	13.9	16.6%	16.0%	0.6%	-3%	+5%	93.4%
Credit Strategies	11.6	13.8%	14.0%	-0.2%	-5%	+5%	
RS Credit	5.1	6.1%	5.6%	0.5%			
NRS Credit	6.5	7.7%	8.4%	-0.7%			
Real Assets	11.4	13.6%	14.0%	-0.4%	-5%	+5%	10.7%
Public RE	1.2	1.5%					99.9%
Private RE	6.8	8.0%					
Other RA	3.4	4.1%					
Private Equity	10.5	12.5%	13.0%	-0.5%	-5%	+5%	
MAPS	2.5	3.0%	3.0%	0.0%	-1%	+1%	
DSTRAT	1.2	1.5%					
RBI	1.3	1.5%					18.2%
PIP	1.3	1.5%	2.0%	-0.5%	-1%	+2%	
Cash	2.1	2.5%	1.0%	1.5%	-1%	+4%	
	Current	Current	Doliny				

 Current \$Bil
 Current Weight
 Policy Limit

 Hedge Funds
 8.7
 10.3%
 15.0%

3 Year Tracking Error
Total Fund: 1.79%
Total Public: 0.65%

^{*}Total Fund includes the following amt held by the Treasurer of VA: \$ 164 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 (6 adjustments applied)

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

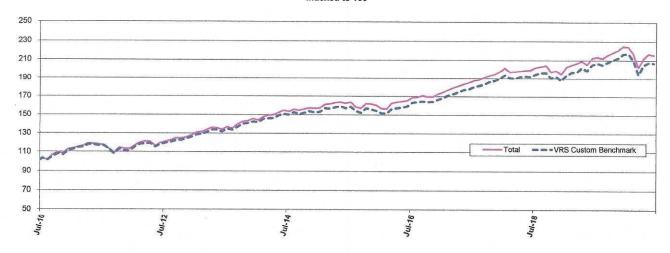
^{*} Differences in totals are due to rounding.



TOTAL FUND PERFORMANCE

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
Total Public Equity Strategies	9.1	5.2	4.2	-0.7	18.2	2.7	-0.7	-8.2	30,972
Benchmark	9.0	6.0	5.6	1.3	20.0	3.2	1.3	-6.6	33,5.2
Total Fixed Income	4.5	4.9	5.8	9.5	5.4	1.2	9.5	6.5	12,485
Benchmark	3.8	4.1	5.1	7.9	3.8	8.0	7.9	5.3	, , , , , , , , , , , , , , , , , , , ,
Total Credit Strategies	6.2	4.7	4.1	0.3	6.0	0.0	0.3	-2.8	11,271
Benchmark	5.7	4.7	4.2	1.3	9.6	1.0	1.3	-2.8	11,211
Total Real Assets	11.1	8.1	6.0	1.0	-0.9	-1.9	1.0	-2.6	11,235
Benchmark	9.7	7.0	5.5	2.3	1.7	0.3	2.3	-0.3	***,200
Total Private Equity	12.8	11.3	10.0	0.8	-9.4	-9.5	0.8	-6.4	10,232
Benchmark	10.9	6.6	5.1	-7.9	-19.9	-13.3	-7.9	-12.8	
Total Private Investment Partnerships	n/a	5.2	3.4	-6.4	-11.6	-11.6	-6.4	-9.7	1,201
Benchmark	n/a	6.3	5.2	-1.7	-6.6	-5.3	-1.7	-5.0	.,
Total Multi-Asset Public Strategies	n/a	n/a	n/a	-3.2	7.0	0.9	-3.2	-6.7	2,408
Benchmark	n/a	n/a	n/a	3.9	8.4	1.7	3.9	-0.5	2,100
Total Fund	8.1	5.8	5.2	1,4	6.6	-0.5	1.4	-4.0	81,600
VRS Custom Benchmark	7.6	5.6	5.1	1.0	6.4	-0.4	1.0	-4.3	01,000

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.

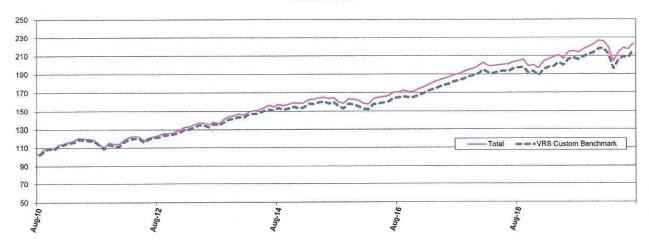
PERFORMANCE SUMMARY Rolling Periods Ending July 31, 2020



TOTAL FUND PERFORMANCE

	10 Yr	5 Yr	3 Yr	1 Yr	Qtr	Month	Fiscal YTD	Cal YTD	Market Value (\$MM)
Total Public Equity Strategies	8.9	5.8	5.1	3.3	11.8	4.5	4.5	-4.1	32,055
Benchmark	8.8	6.8	6.6	5.8	13.7	5.2	5.2	-1.7	70 may 1 mar 1 may
Total Fixed Income	4.6	5.2	6.4	11.5	5.1	2.2	2.2	8.9	12,861
Benchmark	3.8	4.4	5.5	9.6	3.5	1.8	1.8	7.2	
Total Credit Strategies	6.2	5.2	4.5	2.0	5.4	2.5	2.5	-0.4	11,475
Benchmark	5.8	5.3	4.8	3.1	7.7	2.7	2.7	-0.1	
Total Real Assets	10.9	8.1	6.1	1,4	-1.4	0.4	0.4	-2.1	11,342
Benchmark	9.4	6.7	5.2	1.7	0.5	-0.1	-0.1	-0.5	
Total Private Equity	12.8	11.5	10.1	1.2	-9.0	0.4	0.4	-6.0	10,386
Benchmark	11.8	8.3	8.2	-1.4	-10.8	10.5	10.5	-3.7	
Total Private Investment Partnerships	n/a	5.2	3.4	-6.4	-11.6	0.0	0.0	-9.7	1,239
Benchmark	n/a	7.3	6.8	1.3	-2.7	4.9	4.9	-0.4	
Total Multi-Asset Public Strategies	n/a	n/a	n/a	-0.8	6.3	3.4	3.4	-3.5	2,490
Benchmark	n/a	n/a	n/a	5.7	7.1	2.6	2.6	2.1	
Total Fund	7.9	6.2	5.7	3.7	4.4	2.6	2.6	-1.5	83,109
VRS Custom Benchmark	7.6	6.3	6.1	4.2	5.4	4.1	4.1	-0.4	

10-Year Performance Indexed to 100

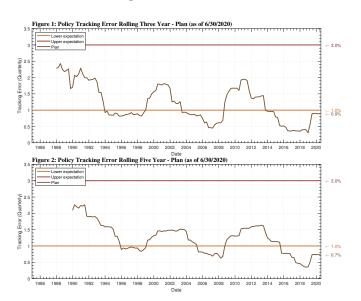


Effective July 2013, the VRS Custom Benchmark is a blend of the Asset Class Benchmarks at policy weights.

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





The VRS Defined Benefit Plan Investment Policy Statement established the total fund tracking error range 3 the allowable observed tracking error calculated quarterly using 5 years of history.

VRS Investment Department
Recap of New Investments/Terminations
Time Period: 06/11/2020 – 09/22/2020



Program	Action	Effective Date	Commitment/ Current Value	Funding/ Defunding Period	Description
Public Equity	Terminated	07/01/2020	\$300 Million	Immediate	Highline Capital Partners – A long/short equity hedge fund.
Fixed Income	Hired	07/01/2020	\$100 Million	Immediate	Man Numeric Systematic High Yield – A separately managed systematic high yield account to supplement internal high yield efforts.
Credit Strategies	Hired	06/10/2020	\$275 Million	5 Years	PGIM Capital Partners VI – A closed-end fund investing in middle market subordinated (mezzanine) debt and some equity.
Credit Strategies	Hired	06/17/2020	\$750 Million	3 Years	Aksia Private Credit – A fund that will invest in small private credit funds.
Credit Strategies	Hired	07/01/2020	\$300 Million	3 Years	Oaktree Opportunities Fund XI – A closed-end fund focused on investing in both private and public corporate distressed debt opportunities.
Credit Strategies	Hired	08/17/2020	\$200 Million	5 Years	Audax Mezzanine V – A closed-end fund investing in middle market mezzanine debt and equity.
Credit Strategies	Hired	09/04/2020	\$300 Million	4 years	Ares Capital Europe V – A closed-end fund that will directly originate and provide one-stop, flexible and scaled debt capital to European middle market companies.
Real Assets	Hired	06/18/2020	\$135 Million	4 Years	Carson/VA Industrial J/V III – A joint venture investing in industrial warehouse properties.
Real Assets	Opened	06/30/2020	\$500 Million	Immediate	Montalto (VRS Internal Equity Management) – An internally managed non-U.S. REIT passive strategy.
Real Assets	Terminated	06/30/2020	\$497 Million	Immediate	Morgan Stanley – A global ex-U.S. REIT manager.
Private Equity	Hired	07/01/2020	€200 Million	6 Years	CVC VIII – A global mega buyout fund with a focus on well-managed businesses in Western Europe.
Private Equity	Hired	07/14/2020	\$45 Million	6 Years	HIG VI – A small market buyout fund focused on complex and distressed investments in North America.

VRS Investment Department
Recap of New Investments/Terminations
Time Period: 06/11/2020 – 09/22/2020



Program	Action	Effective Date	Commitment/ Current Value	Funding/ Defunding Period	Description
Private Equity	Hired	07/14/2020	\$150 Million	6 Years	Thoma Bravo XIV – A mega buyout fund with an exclusive focus on software and technology enabled services.
Private Equity	Hired	07/31/2020	\$125 Million	6 Years	KKR Asian IV – A Pan-Asia mega buyout fund that will invest in both control and minority transactions.
Private Equity	Hired	08/03/2020	\$225 Million	6 Years	Bain XIII – A mega buyout fund seeking to implement transformational change in consumer, financial and business services, healthcare, industrial and technology companies.

VRS Investment Department WaM Quarterly Report Activity for Quarter Ending June 30, 2020

Investment Program	Activity	Manager Name	Description	VRS Action
Public Equity	On-Going	Kylin Management	Current VRS public equity hedge fund	Staff performed on-going due diligence and
	Monitoring of	(minority-owned firm) ¹	manager.	monitoring of this current VRS minority manager
	Current VRS			during the quarter.
	Manager			
Public Equity	On-Going	Ariel Global	Current VRS global equity manager.	Staff performed on-going due diligence and
	Monitoring of	(minority and women-		monitoring of this current VRS minority and
	Current VRS	owned firm) ¹		women-owned manager during the quarter.
	Manager			
Public Equity	On-Going	Advent Capital	Current VRS convertible bond	Staff performed on-going due diligence and
	Monitoring of	Management	manager.	monitoring of this current VRS minority manager
	Current VRS	(minority-owned firm) ¹		during the quarter.
	Manager			
Public Equity	Telephone Call	Bellator Asset	Manager runs a long/short alpha	Staff had an introductory call with this manager
	with Manager	Management	driven strategy.	to discuss the firm and their strategies.
		(service disabled veteran-owned firm) ¹		
D 11: E ::	T			S. W. I. I. II. III. II.
Public Equity	Telephone Call	GQG Partners	Long-only global and emerging	Staff had an update call with this manager to
	with Manager	(minority-owned firm) ¹	markets equity strategies manager.	discuss the firm and their strategies.
Public Equity	Telephone Call	Causeway Capital	Manager runs a global value equity	Staff had a call with this manager to discuss the
	with Manager	Management	strategy.	firm and their strategies.
D 11: E 1:	T	(women-owned firm) ¹	1101 /1	S. W. I. I. II. III. II.
Public Equity	Telephone Call	Alpine Peaks	Manager runs U.S. long/short strategy	Staff had an update call with this manager to
	with Manager	Capital (women-owned firm) ¹	that focuses on small and mid-cap	discuss the firm and their strategies.
Public Equity	Telephone Call	Yiheng Capital	companies. A China-focused independent	Staff had an update call with this manager to
Public Equity	with Manager	Management	alternative investment firm.	discuss the firm and their strategies.
	with Manager	(minority-owned firm) ¹	alternative investment inin.	discuss the fifth and their strategies.
Public Equity	Telephone Call	Channing Capital	Manager specializing in emerging	Staff had an update call with this manager to
. 1/	with Manager	Management	markets, global, and international	discuss the firm and their strategies.
		(minority-owned firm) ¹	equity strategies.	Ŭ
Public Equity and Credit	Periodic Update	N/A	Aon Hewitt Investment Consulting is	Periodic communication to review the WaM
Strategies	Communication		the consultant used by these two	monitoring activity done on behalf of VRS as well
	with Consultant		investment programs.	as industry trends.

VRS Investment Department WaM Quarterly Report Activity for Quarter Ending June 30, 2020

Investment Program	Activity	Manager Name	Description	VRS Action
Credit Strategies and	On-Going	Payden & Rygel	Current VRS emerging market debt	Staff had various interactions with this current
Fixed Income	Monitoring of	(women-owned firm) ¹	manager.	VRS women-owned manager during the quarter.
	Current VRS			
	Manager			
Real Assets	On-Going	Artemis Real Estate	Current VRS real estate manager.	Staff performed on-going due diligence and
	Monitoring of	Partners		monitoring of this current VRS women-owned
	Current VRS	(women-owned firm) ¹		manager during the quarter.
	Manager			
Real Assets	On-Going	Tristan Capital	Current VRS real estate manager.	Staff performed on-going due diligence and
	Monitoring of	Partners		monitoring of this current VRS minority-owned
	Current VRS	(minority-owned firm) ¹		manager during the quarter.
	Manager			
Real Assets	On-Going	Pritzker Realty	Current VRS real estate manager.	Staff performed on-going due diligence and
	Monitoring of	Group		monitoring of this current VRS women-owned
	Current VRS	(women-owned firm) ¹		manager during the quarter.
	Manager			
Real Assets	On-Going	Capri EGM	Current VRS real estate manager.	Staff performed on-going due diligence and
	Monitoring of	(minority-owned firm) ¹		monitoring of this current VRS minority-owned
	Current VRS			manager during the quarter.
	Manager			
Real Assets	On-Going	Grain Management	Current VRS infrastructure manager.	Staff performed on-going due diligence and
	Monitoring of	(minority-owned firm) ¹		monitoring of this current VRS minority-owned
	Current VRS			manager during the quarter.
	Manager			
Real Assets	On-Going	Pantheon Ventures	Current VRS infrastructure and natural	Staff had periodic communication with this
	Monitoring of		resource fund-of-funds manager.	manager to discuss potential WaM firms in their
	Current VRS			market.
	Manager			
Real Assets	Telephone Call	I Squared Capital	Global infrastructure manager.	Staff spoke with the manager to get an update
	with Manager	(minority-owned firm) ¹		on their current funds' performance and market
				conditions as they seek to market their next
				fund.

VRS Investment Department WaM Quarterly Report Activity for Quarter Ending June 30, 2020

Investment Program	Activity	Manager Name	Description	VRS Action
Real Assets	Periodic Update	N/A	The Townsend Group is the consultant	Periodic communication to review the WaM
	Communication		used by Real Assets.	monitoring activity done on behalf of VRS as well
	with Consultant			as real estate and infrastructure industry trends.
Private Equity	On-Going	Asia Alternatives	A fund-of-funds manager focusing on	Staff had a call with this manager during the
	Monitoring of	(minority and women-	alternative investments in Asia.	quarter.
	Current VRS	owned firm) ¹		
	Manager			
Private Equity	On-Going	Clearlake Capital	A private equity fund investing in	Staff had a call with this manager during the
	Monitoring of	Group	special situations and distressed	quarter.
	Current VRS	(minority-owned firm) ¹	opportunities in small and medium-	
	Manager		sized companies.	
Private Equity	On-Going	ICV Capital	A private equity fund investing in	Staff had a call with this manager during the
	Monitoring of	Partners	market leaders in stable to growing	quarter.
	Current VRS	(minority-owned firm) ¹	niches in smaller middle market	
	Manager		companies with a value theme at the purchase.	
Private Equity	On-Going	MBK Partners	A North Asia private equity firm.	Staff had a call with this manager during the
Private Equity	Monitoring of	(minority-owned firm) ¹	A North Asia private equity iiiii.	quarter.
	Current VRS	(quarter.
	Manager			
Private Equity	On-Going	Sycamore Partners	Middle market buyout fund targeting	Staff had a call with this manager during the
	Monitoring of	(minority-owned firm) ¹	consumer and retail companies.	quarter.
	Current VRS		,	4
	Manager			
Private Equity	On-Going	Veritas Capital	Middle market buyout fund targeting	Staff had a call with this manager during the
	Monitoring of	(minority-owned firm) ²	primarily technology or technology-	quarter.
	Current VRS		enabled solutions to government.	
	Manager			
Private Equity	On-Going	Vista Equity	A large market buyout fund targeting	Staff had a call with this manager during the
	Monitoring of	Partners	enterprise software companies.	quarter.
	Current VRS	(minority-owned firm) ¹		
	Manager			

VRS Investment Department WaM Quarterly Report Activity for Quarter Ending June 30, 2020

Investment Program	Activity	Manager Name	Description	VRS Action
Private Equity	Telephone Call	Graham Allen	Private equity fund focusing on digital	Staff had a call with this manager during the
	with Manager	Partners	transformations of small to mid-sized,	quarter.
		(minority-owned firm) ²	Midwest businesses.	
Private Equity	Telephone Call	Valor Equity	A fund specializing in providing	Staff had a call with this manager during the
	with Manager	Partners	flexible capital to growing companies.	quarter.
		(minority-owned firm) ¹		
Private Equity	Attendance of	Grosvenor	Virtually attended a conference	Staff attended the event during the quarter.
	Virtual WaM	Consortium 2020	focused on raising the visibility of	
	Conference	Virtual Conference	small, emerging and diverse	
			investment managers.	
Private Equity	Periodic Update	N/A	Grosvenor Capital Management	Periodic communication to review the WaM
	Communication		Customized Fund Investment Group is	monitoring activity done on behalf of VRS as well
	with Consultant		the consultant used by Private Equity.	as industry trends.
Risk-Based Investments	Electronic Meeting	Gladius Capital	A provider of derivative based	Staff had an electronic meeting with this
	with Manager	Management	solutions to manage risks.	manager to further discuss their firm and
		(minority-owned firm) ¹		strategies.
				-

Index:

- 1 The manager is considered WaM under the Commonwealth of Virginia definition, which defines ownership threshold of 51% or more.
- 2 The manager is considered WaM under the VRS adopted definition which considers industry best practice, and defines an ownership threshold of greater than or equal to 33% and less than 51% of firm ownership or carry.

VRS Investment Department Quarterly External Investment Manager Referral Report Activity for Quarter Ending June 30, 2020

Investment Program	Type of Contact	Investment	Official Making Referral	VRS Action
		Manager Name		

No activity to report this quarter.

Pension Administration Benchmarking Report

Fiscal Year 2019





About CEM Benchmarking











Clients

We serve 150 of the

world's top 300

pension and

sovereign wealth

funds. In total, we

serve over 500 plans

with combined assets

of over US \$10 trillion.

Benchmarking pension funds, SWF's and other asset owners is all that we do.

Independent

Unique database

We have been collecting data from the world's top funds for close to 30 years. Our database is rich, robust and completely unique.

Confidentiality

Confidentiality is critical. Your individual benchmarking results will not be seen by any other fund.

Expertise

35 professionals including 8 CFAs, 8 MBAs, 3 MSc. and 2 PhDs.

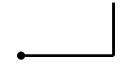
How you can use CEM's pension administration benchmarking service:

Measure and Manage Costs Understand the factors influencing costs with detailed peer analysis of: Staff costs Transaction Volumes Productivity Measure and Manage Service An analysis of over 120 key performance metrics that compares: Your service levels relative to your peers Service areas to improve or reduce

Global Best Practices

Leveraging and sharing the wealth of knowledge and expertise that exists among CEM clients, the CEM team, and other industry experts through exclusive:

- Conferences and Workshops
- Online Peer Intelligence Network
- Insights Research Papers



72 leading global pension systems participate in the benchmarking service.

ABP

Participants

United States Arizona SRS **CalPERS** CalSTRS Colorado PERA **Delaware PERS** Florida RS Idaho PERS Illinois MRF

STRS Ohio Texas MRS TRS Illinois TRS Louisiana TRS of Texas Utah RS Virginia RS **Washington State DRS** Wisconsin DETF

Indiana PRS **Iowa PERS** Canada Alberta Teachers' RF **KPERS** LACERA APS Maryland SRPS **BC Pension Corporation** Michigan ORS Canadian Forces PP **FPSPP NYC ERS NYC TRS** LAPP NYSLRS **OMERS** Ohio PERS **Ontario Pension Board**

Oregon PERS Ontario Teachers Pennsylvania PSERS OPTrust PERS Nevada **RCMP** PSRS PEERS of Missouri **SHEPP**

South Dakota RS

The Netherlands* **United Kingdom*** Armed Forces PS **ABN Amro PF BSA NHS Pensions** bpfBOUW **BT Pension Scheme** BPF Levensmiddelen **Lothian Pension BPL** Pensioen Greater Manchester PF Metaal en Techniek Local Pensions Partnership

PF PWRI Merseyside PF Pension Protection Fund PF Vervoer **PFZW** Principal Civil Service Rabobank PF Railways Pension Scheme Shell PF **Royal Mail Pensions** South Yorkshire PF

> USS West Midlands Metro West Yorkshire PF

Teachers' Pensions Tyne & Wear PF

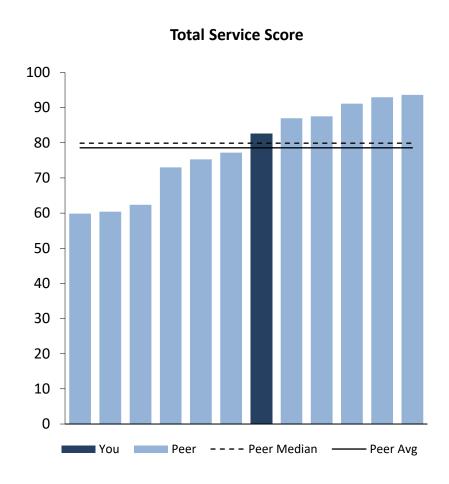
^{*} Systems in the UK and most systems in the Netherlands complete different benchmarking surveys and hence your analysis does not include their results.

The custom peer group for Virginia RS consists of the following 12 peers:

Custom Peer Group for Virginia RS				
	Membership (in 000's)			
	Active			
Peers (sorted by size)	Members	Annuitants	Total	
NYSLRS	534	482	1,015	
CalSTRS	461	305	766	
Virginia RS	346	215	561	
Washington state DRS	330	194	524	
Ohio PERS	304	213	517	
Michigan ORS	199	277	476	
Wisconsin DETF	258	209	467	
Indiana PRS	252	160	412	
STRS Ohio	210	160	370	
Arizona SRS	208	155	363	
Colorado PERA	242	121	362	
Oregon PERS	177	152	329	
Peer Median	255	202	472	
Peer Average	293	220	514	

Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded because they are less costly to administer than either active members or annuitants.

Your total service score was 83. This was above the peer median of 80.



Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

Service Sco	res by Act	ivity	
Activity	Weight	You	Peer Median
·	weigiit	Tou	Median
1. Member Transactions			
a. Pension Payments	10.0%	100	100
b. Pension Inceptions	7.4%	91	91
c. Refunds & Transfers-out	1.3%	93	95
d. Purchases & Transfers-in	3.1%	100	88
e. Disability	3.8%	82	82
2. Member Communication			
a. Call Center	21.0%	76	69
c. 1-on-1 Counseling	7.4%	91	86
d. Member Presentations	6.5%	100	100
e. Written Pension Estimates	4.7%	76	87
f. Mass Communication			
Website	21.3%	82	84
 News & targeted communication 	2.8%	77	83
 Member statements 	4.7%	88	89
3. Other			
Customer Experience Surveying	5.0%	16	35
Disaster Recovery	1.0%	100	93
Weighted Total Service Score	100%	83	80

Examples of key service measures included in your Service Score:

Select Key Service Metrics	You 2019	Peer Avg
Member Contacts		
 % of calls resulting in undesired outcomes (busy signals, messages, hang-ups) 	9%	12%
 Average total wait time including time negotiating auto attendants, etc. 	216 secs	262 secs
<u>Website</u>		
 Can members access their own data in a secure environment? 	Yes	92% Yes
 Do you have an online calculator linked to member data? 	Yes	75% Yes
 # of other website tools offered such as changing address information, registering for counseling sessions and/or workshops, viewing or printing tax receipts, etc. 	12	15
1-on-1 Counseling and Member Presentations		
 % of your active membership that attended a 1-on-1 counseling session 	1.4%	3.6%
 % of your active membership that attended a presentation 	3.5%	6.4%
Pension Inceptions		
 What % of annuity pension inceptions are paid without an interruption of cash flow greater than 1 month between the final pay check and the first pension 	97.5%	89.6%
Member Statements		
 How current is an active member's data in the statements that the member 	2.0 mos	2.2 mos
 Do statements provide an estimate of the future pension entitlement? 	Yes	75% Yes

Where can you improve your total service score?

Potential improvements to your total service score	
Factor	Potential Improvement
On average, members calling your call center reach a knowledgeable person in 216 seconds. To achieve a perfect service score, members must reach a knowledgeable person on the phone in 60 seconds or less.	+ 3.3
9.0% of your incoming calls resulted in undesired outcomes. To achieve a perfect service score, members must experience no undesired call outcomes.	+ 1.5
You did not do any customer experience surveying in the retirement process during the fiscal year covered in this benchmarking report. To achieve a perfect service score you must follow best practice customer experience surveying which are: (i) satisfaction, (ii) Net Promoter Score (NPS), (iv) the greatest length of time between the activity and the survey is 14 days or less, (v) surveys are continuous or occur more than 11 times per year.	+ 1.3

• CEM is not recommending these changes. Service improvement should be cost effective and important to your members.

Your service score increased from 81 to 83 between 2012 and 2019.





Between 2012 and 2019 your service score increased 2 points to 83. However, in 2013 your service score decreased to 77 points.

The drop in 2013 was mostly due:

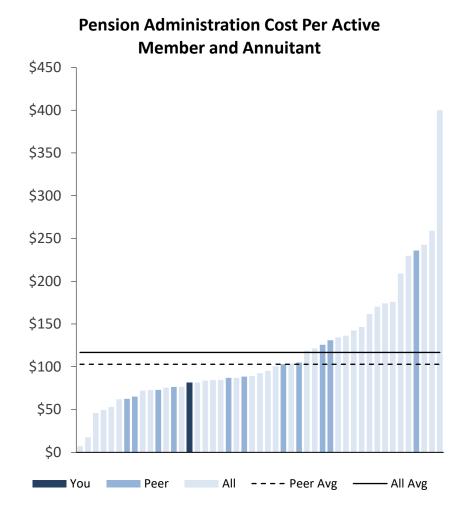
- Higher proportion of negative call outcomes increasing from 4.7% in 2012 to 13.3% in 2013. In 2019 this number is 9.0%.
- Longer wait times for callers, 35 seconds of wait time before a caller could speak to a service representative in 2012 to 186 seconds in 2013. In 2019 the wait time was 156 seconds.

The improvement in your service score between 2013 to 2019 was mainly due to member presentations. Your attendees as a % of active member increased from around 1.5% in 2012 to 3.52% in 2019.

Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers and 35 of our 47 systems in the universe).

Historic scores have been restated to reflect changes in methodology. Therefore, your historic service scores may differ from previous reports.

Your total pension administration cost of \$81 per active member and annuitant was \$22 below the peer average of \$103.



	\$000s	Mem	Active ber and uitant
Category	You	You	Peer Avg
Front office			
Member Transactions	3,461	6	13
Member Communication	5,900	11	19
Collections & Data Maintenance	3,547	6	7
Governance and support			
Governance and Financial Control	3,263	6	7
Major Projects	10,275	18	7
Information Technology	13,847	25	30
Building	2,042	4	6
Legal	949	2	4
HR, Actuarial, Audit, Other	2,404	4	10
Total Pension Administration	45,687	81	103

Your total pension administration cost was \$45.7 million. This excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of \$10.3 million.

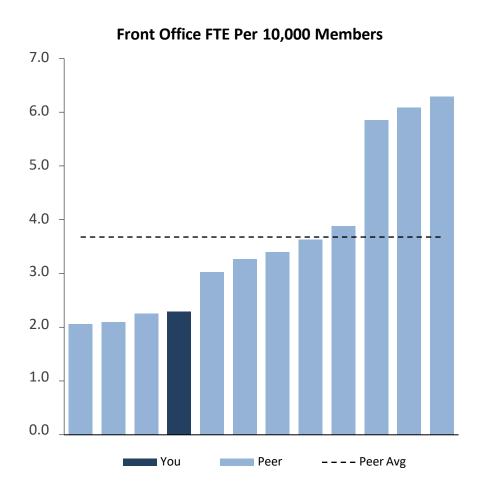
Your cost per active member and annuitant was 5th lowest among your peers.

Reasons why your cost per member was \$22 below the peer average:

Reason	You	Peer Avg	Impact \$ per active member and annuitant
1 Fewer front-office FTE per 10,000 members	2.3 FTE	3.7 FTE	-\$18
2 Lower third party costs per member in the front-office	\$3	\$6	-\$3
3 Higher costs per FTE			
Salaries and Benefits	\$101,554	\$106,697	
Building and Utilities	\$9,668	\$10,055	
HR	\$2,883	\$4,032	
IT Desktop, Networks, Telecom	<u>\$33,396</u>	<u>\$15,589</u>	
Total	\$147,501	\$136,374	\$6
4 Lower support costs per member ¹			
Governance and Financial Control	\$7	\$8	
Major Projects	\$21	\$9	
IT Strategy, Database, Applications	\$14	\$24	
Actuarial, Legal, Audit, Other	<u>\$6</u>	<u>\$13</u>	
Total	\$48	\$55	-\$7
Total			-\$22

^{1.} To avoid double counting, Governance and support costs are adjusted for differences in cost per FTE.

You had 2.3 front office FTE per 10,000 members vs a peer average of 3.7.



Your front office FTE per 10,000 members was 38% below the peer average.

Your lower front office FTE to member ratio decreased your total cost per member by \$18 relative to the peer average.

Cost Trends

Trend in Total Pension Administration Costs



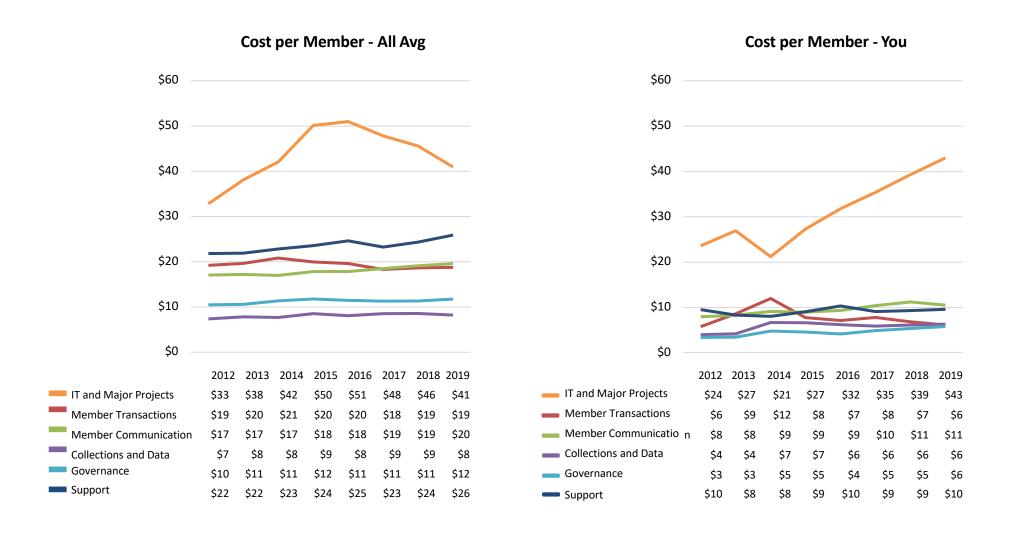
Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 12 peers).

Between 2012 and 2019:

- Your total pension administration cost per active member and annuitant increased 5.9% per annum.
- The primary driver was IT and major projects. In 2012, these costs were \$24 per member versus \$43 in 2019.
 The peer average costs in 2019 were \$37 per member.

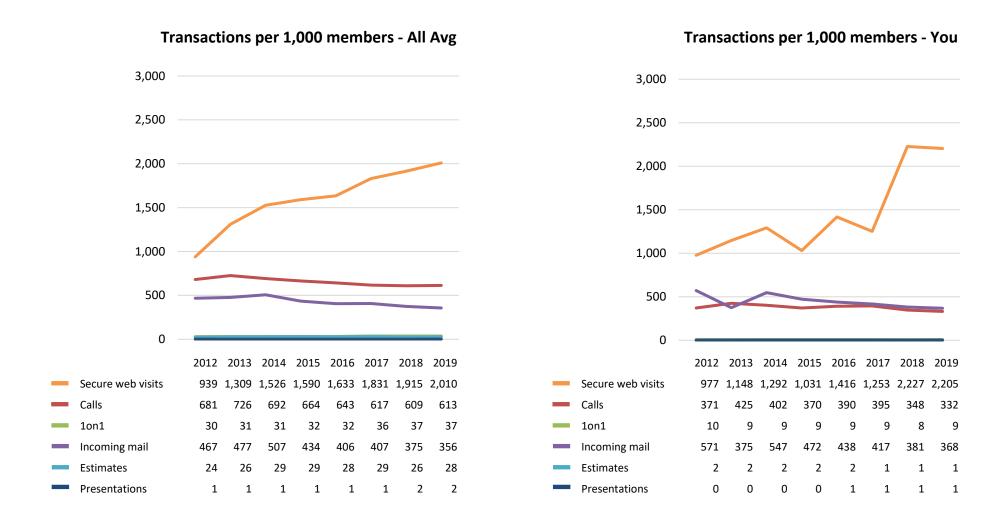
This increase has been a product of material changes in VRS. You have implemented new programs over the years and you also have had an ongoing program for agency modernization as well.

IT & Major project costs are the biggest part of total costs for you and all plans.



Trend analysis is based on 35 systems that provided 8 consecutive years of data.

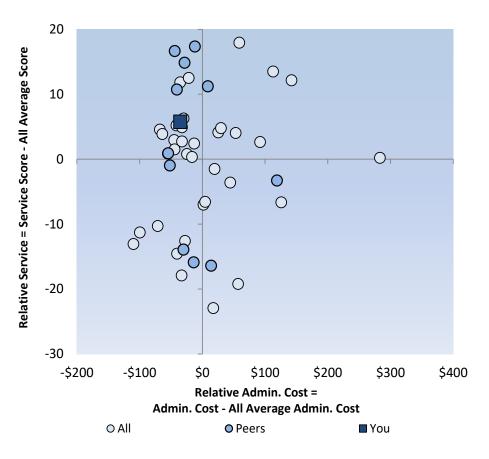
Secure web visits are increasing rapidly. Call and mail volumes are decreasing.



Trend analysis is based on 35 systems that provided 8 consecutive years of data.

Your plan was in the enviable low cost, high service quadrant of the cost-effectiveness chart.

Relative Service versus Relative Cost



Key Takeaways:

Cost

- Your total pension administration cost of \$81 per active member and annuitant was \$22 below the peer average of \$103. The primary reason why is that VRS has fewer front office FTE per members than the peer average.
- Since 2012, your total pension administration cost per active member and annuitant increased 5.9% per annum. The primary driver is IT and major projects.
- This increase in IT and major projects is a result of material changes in VRS. You have implemented new programs over the years, such as the Hybrid Retirement Plan, the Local Disability Program, the financial wellness section of your website, and in FY 2018, the Line of Duty Act (LODA) was transitioned to VRS. VRS determines the LODA eligibility. You have also had an ongoing program for agency modernization.

Service

• Your total service score was 83. This was above the peer median of 80.

57 individuals across 47 plans have participated in the CEM roundtables to discuss how Covid 19 is changing member services, work and disaster planning.

- Retirement volumes are down
 - about 20% for several plans
 - Online transactions are up. Email is up. Calls are down
- Acceleration of trends/changes
 - Paper heavy organizations are quickly moving to digital/STP
 - Counselling sessions, group education, seminars utilizing more video counselling
- 99% of staff are still at home.
 - At most, but not all plans, 100% of staff are working productively
 - Key business plan objectives are unchanged, although timelines are pushed about 3 months
 - Return to office training is being planned

- Communication and employee mental health are key concerns
 - BT has virtual events such as drinks, townhalls, bingo nights, online yoga
 - PGGM & OTPP have Covid dashboards (e.g., electrical and internet outages, covid cases, etc.)
- In the post-Covid future they anticipate
 - More working from home: "Our office is being remodeled for collaboration for the times when employees do come into the office"
 - Several anticipate more video counseling and presentations for members, employers and employees
 - Disaster recovery will not need a second physical location



Kam Mangat is a Client Relationship Manager at CEM responsible for research, consulting, client service, and business development. She has over 15 years of experience in various roles spanning technology, pension consulting and capital markets. Prior to joining CEM, Kam worked in capital markets as a sell-side analyst covering the Industrials and Special Situations space. Kam received a Bachelor of Commerce from the University of Toronto, has earned the right to use the Chartered Financial Analyst designation, and is a graduate of the University of Western Ontario, The Richard Ivey School of Business MBA program.



Defined Contribution Plans Advisory Committee Committee Report to the Board of Trustees September 22, 2020

Page 1 of 2

Report

Pursuant to § 2.2-3700 et seq. of the *Code of Virginia* and Chapter 1289 of the 2020 Acts of Assembly, the Defined Contribution Plans Advisory Committee (DCPAC) convened electronically on August 27, 2020 at 1:00 p.m., and took up the following matters:

INVESTMENTS

Annual Investments Review

Staff provided an overview of the DCPAC duties and responsibilities as it relates to investments. Staff's annual investments review included a review of the total DC plans assets overseen by the Investment Department as well as highlights from staff's annual report covering the investment programs for the unbundled and bundled DC plans investment programs. Staff informed the Committee there were no recommended changes to the VRS DC Plans Investment Belief Statements and the two DC Plans investment policy statements were updated January 2, 2020. Staff noted the investment changes to the ORPHE, including the new TIAA investment program in the Retirement Choice (RC) contract and transition of assets from Fidelity to the ICMA-RC and TIAA investment platforms.

Staff informed the Committee the *DC Plans Advisory Committee Annual Investment Review* was included in the meeting materials Appendix for review.

ADMINISTRATION

Administrative Reports and Communication Update

Staff provided an update of administrative reports for the second quarter of 2020. Updates included an overview of assets and accounts across the various defined contribution plans, including an overview of various initiatives such as the plan adoption webpage, asset retention efforts, and coronavirus-related distributions.

ORPHE Update

Staff provided an overview of ORPHE reports for the second quarter of 2020, including plan assets and accounts, and provider election data. Staff also shared with the Committee an overview of ongoing ORPHE initiatives, including the annual fee disclosure and employer outreach.

Staff included in the meeting materials Appendix the *Q2 2020 ICMA-RC Quarterly Review* for the Committee to review.



Defined Contribution Plans Advisory Committee Committee Report to the Board of Trustees September 22, 2020 Page 2 of 2

OTHER BUSINESS

Governing Document Update

Staff informed the Committee of the initiative underway to revise the governing documents for the defined contribution plans. Staff provided an overview of the plan document revision timeline, the goals of the review process and a summary of changes.

Other Business

2020 MEETINGS

Staff confirmed the following DCPAC meeting dates for 2020:

• November 19 at 1:00 p.m.

The ORPHE Annual Employer Update is scheduled for September 24, 2020. This is not a DCPAC Committee meeting, however, members may attend if interested.

There was no other business to come before the Committee.

That concludes my report to the Board.

Submitted to the Board of Trustees on September 22, 2020.

J. Brandon Bell, Vice Chair Defined Contribution Plans Advisory Committee



Administration and Personnel Committee Committee Report to the Board of Trustees September 16, 2020 Page 1 of 3

Report

Pursuant to § 2.2-3700 et. seq. of the *Code of Virginia* and Chapter 1289 of the 2020 Acts of Assembly, the Administration and Personnel Committee convened electronically on September 16, 2020 at 10:30 a.m. and took up the following matters:

APPROVAL OF MINUTES

The Committee approved the minutes of its June 10, 2020 meeting.

MEETING OVERVIEW

O'Kelly E. McWilliams, III provided an overview of the primary purpose for the A&P meeting every September, including a review of the agency's performance for the past fiscal year, bonuses and incentive compensation. Mr. McWilliams further noted that the pandemic created a period of uncertainty for everyone, including participating employers and therefore asked staff to provide various options for the Committee's consideration as it reviews performance results and compensation.

The Committee discussed the options presented and agreed that, in striking a balance, incentive compensation should be provided to staff in accordance with the current pay plans but directed staff to develop guidance for the October meeting regarding changes to the pay plans to expressly clarify that at the Board's discretion, incentive compensation will potentially be delayed, reduced, adjusted or canceled during a period of extreme fiscal stress.

REVIEW ATTAINMENT OF FY 2020 AGENCY PERFORMANCE OUTCOMES (APOs) AND OPERATIONAL MEASURES (OMs)

Michael Cooper reviewed the results of the FY 2020 agency performance outcomes (APOs) and operational measures. He noted that the agency began with five APOs for the fiscal year; however, an additional APO was added in the spring to account for the implementation of legislation impacting VRS. The goal for the year was to accomplish at least four of the six APOs and staff met that target. There were also sixteen operational measures for the year, of which thirteen of the sixteen had to be met in order to meet the target for the year. Staff successfully met its target for fifteen of the sixteen operational measures for the year. Mr. Cooper noted that the only measure not accomplished related to disability retirement processing timeframes that were affected by the transition from RIMS to VNAV.

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

Request for Board Action: The Board approves (i) the attainment of FY 2020 APOs and Operational Measures and (ii) a lump-sum bonus equal to 2.5% of salary for eligible administrative employees and eligible Investment Department operations and administration employees.



Administration and Personnel Committee Committee Report to the Board of Trustees September 16, 2020 Page 2 of 3

REVIEW PERFORMANCE BONUSES FOR ELIGIBLE ADMINISTRATIVE AND INVESTMENT OPERATIONS AND ADMINISTRATION EMPLOYEES

Mr. Cooper discussed the proposed performance bonuses for eligible administrative and investment operations and administration employees. The RBA includes a 4% bonus to employees who received a rating of "exceptional" and a 2% bonus to employees who received a rating of "exceeds" on their FY 2020 performance evaluation. The bonus amount is based on their salary as of June 30, 2020.

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

Request for Board Action: The VRS Board of Trustees approves performance lump-sum bonuses for eligible administrative employees and eligible Investment Department operations and administration employees.

Approve First Amendment to the Defined Contribution Plan for Investment Personnel (DCPIP) recommended by outside benefits counsel

Cindy Wilkinson outlined the proposed amendments to the Defined Contribution Incentive Plan for Investment Personnel (DCPIP). She noted that the title was amended to Defined Contribution Incentive Plan for VRS Personnel to reflect that it included the VRS Director. Additional changes were made to clarify conformance with Internal Revenue Code provisions. Ms. Wilkinson advised the Committee that staff and outside counsel will conduct a more detailed review of the plan to incorporate additional changes and will present the restated plan at an upcoming Committee meeting.

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

Request for Board Action: The VRS Board of Trustees approves the First Amendment to the DCPIP as recommended by outside benefits counsel, effective January 1, 2020.

BUDGET VARIANCE UPDATE

Barry Faison reviewed the year-end results for the FY 2020 budget. Mr. Faison noted that the agency finished the year with a \$9,705,000 surplus, which will be returned to the Trust. Next, Cat Pelletier presented the FY 2021 budget to actual projections. Ms. Pelletier explained that although VRS is an independent agency, the current budget reflects reductions made in light of the guidance provided to executive branch agencies by the Governor's office in response to the COVID-19 pandemic.

COMPETITIVE PAY ANALYSIS – CHIEF INVESTMENT OFFICER

Michael Oak of McLagan presented the results of his firm's Chief Investment Officer Competitive Pay Analysis. The analysis included salary and target total cash compensation. Mr. Oak explained that the VRS *Investment Professionals' Pay Plan* provides that base salary is targeted at the 75th percentile of leading U.S. public funds. Further, the pay plan provides that target total cash compensation is compared to the 50th percentile of a 75/25 blended peer group (75% leading U.S. public funds and 25% broad private sector firms). Also, the VRS pay plan sets out the parameters for establishing the peer group, including funds of similar size (assets under management) and funds with significant (>25%)



Administration and Personnel Committee Committee Report to the Board of Trustees September 16, 2020 Page 3 of 3

assets managed internally. Mr. Oak noted that a listing of the peer funds was included in his presentation materials. Mr. Oak stated that the analysis indicated that: (1) the CIO's total cash compensation is 6% below the 50th percentile of the 75/25 blended peer group; and (2) the CIO's base salary fell 23% below the targeted 75th percentile of other leading public funds.

COMPENSATION AND BENEFITS (CLOSED SESSION)

The Committee went into closed session to discuss benefits and compensation related to specific individuals.

Upon returning to open meeting, the Committee recommended the approval of the following actions to the full Board:

Request for Board Action: The VRS Board of Trustees approves payment of an incentive amount of approximately \$3,351,572 for FY 2020 to VRS investment professionals as authorized by the Investment Professionals' Pay Plan.

Internal Audit reviewed the proposed investment incentive compensation for the fiscal year that ended June 30, 2020 and found that the aggregate amount was accurately computed in accordance with the Investment Professionals' Pay Plan.

Request for Board Action: The VRS Board of Trustees approves a 5% performance bonus for the VRS Director payable on October 16, 2020 and supplemental payment of \$75,000 made on December 1, 2020 as authorized in the 2020 Appropriation Act.

Request for Board Action: The VRS Board of Trustees approves the Fourth Amendment to the Chief Investment Officer's (CIO's) Employment Agreement.

Submitted to the Board of Trustees on September 22, 2020.

O'Kelly E. McWilliams, III, Chair
Administration and Personnel Committee



Approve attainment of FY 2020 APOs and Operational Measures and corresponding lump-sum bonus equal to 2.5% of salary for eligible administrative employees and Investment Department operations and administration employees.

Requested Action

The VRS Board of Trustees approves (i) the attainment of FY 2020 APOs and Operational Measures and (ii) a lump-sum bonus equal to 2.5% of salary for eligible administrative employees and eligible Investment Department operations and administration employees.

Description/Background

<u>VRS' Agency Performance Outcomes (APOs)</u>: The Board approves APOs for each fiscal year. Successful attainment of the APOs is one half of the gainsharing portion of the performance management program, and it is to be paid as a lump-sum bonus equal to 2.5% of salary for FY 2020, as set forth in the Administrative Pay Plan. The expectation is that all employees will work collaboratively and contribute to attaining the annual APOs. The goal is to complete four (4) of the six (6) APOs for FY2020.

<u>VRS' Annual Operational Measures</u>: VRS also identifies key operational measures each year. The operational measures are the other part of the gainsharing portion of the performance management program. The goal is to meet the target for at least thirteen (13) of the sixteen (16) measures set for the year. Again, the expectation is that all employees will work collaboratively and contribute to accomplishing key functions of the agency.

The agency achieved fifteen (15) of the sixteen (16) operational measures for FY 2020. Additionally, VRS successfully completed four (4) of the six (6) FY 2020 APOs.

<u>Investment Department Gainsharing</u>: The Investment Department's operations and administration staff employees are eligible to receive a lump-sum bonus equal to 2.5% of salary if their performance at least meets expectations, as rated in their annual performance assessment, and the employee consistently works, as a team member, to accomplish the goals of the Investment Department.

<u>Cost</u>: The approximate total cost for the 2.5% bonus payments to eligible employees is \$585,092, to be paid from the FY 2021 budget.

Rationale for Requested Action

Both the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan contain gainsharing language, as outlined previously, to reward teamwork, collaboration and organizational results.

Authority for Requested Action

RBA 2020-09

Code of Virginia § 51.1-124.22(A)(11) authorizes the Boar plan for officers and employees of the Retirement System	•
The above action is approved.	
O'Kelly E. McWilliams, III, 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
\rightarrow	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)	N/S	N/S	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	\rightarrow	\rightarrow	\rightarrow
2	Implement New myVRS Functionality - Payment, Health Insurance Maintenance* (Measure: 3 of 4 completed)	N/S	N/S	_	<u> </u>	_	_	<u> </u>	<u> </u>	_	\rightarrow	\rightarrow	\rightarrow
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.

FY 2020 APOs amended by the Board of Trustees on 2/13/20 to include APO #6.

*As planned, progress on new features for myVRS has slowed due to the reassignment of technical staff to support legislative changes imposed by the 2020 General Assembly. This has impacted the software build for the new myVRS features, and the new features will not be ready for implementation prior to June 30, 2020. Accordingly the APOs related to software build have been marked "Red", the related subcomponents marked as "Red" or "Not Started" as applicable. The software build continues with reduced staffing, and a new implementation time will be determined that complements agency operations once the software is complete.



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 Ir	nplement New myVRS Functionality - Online Retirement I	Processing*											
1.1	Complete staff and employer readiness activities, including staff training, for Member Portal (Online Retirement)	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S
1.2	Member Portal (Online Retirement) software is tested and ready for deployment	N/S	N/S	_		_	_			_	\rightarrow	\rightarrow	\rightarrow
1.3	Complete phased ramp-up of online retirement processing functionality	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S
1.4	Conduct quality monitoring for online retirement processing	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S

^{*}As planned, progress on new features for myVRS has slowed due to the reassignment of technical staff to support legislative changes imposed by the 2020 General Assembly. This has impacted the software build for the new myVRS features, and the new features will not be ready for implementation prior to June 30, 2020. Accordingly the APOs related to software build have been marked "Red", the related subcomponents marked as "Red" or "Not Started" as applicable. The software build continues with reduced staffing, and a new implementation time will be determined that complements agency operations once the software is complete.



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	
2 li	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	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	
2.2	Payment/Health Insurance Maintenance software is tested and ready for deployment	N/S	N/S	_	_	_		<u> </u>	<u> </u>	<u> </u>	\rightarrow	\rightarrow	\rightarrow	
2.3	Complete phased ramp-up of payment, health insurance maintenance functionality	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	
2.4	Initiate and conduct quality monitoring for payment, health insurance maintenance functionality	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	

^{*}As planned, progress on new features for myVRS has slowed due to the reassignment of technical staff to support legislative changes imposed by the 2020 General Assembly. This has impacted the software build for the new myVRS features, and the new features will not be ready for implementation prior to June 30, 2020. Accordingly the APOs related to software build have been marked "Red", the related subcomponents marked as "Red" or "Not Started" as applicable. The software build continues with reduced staffing, and a new implementation time will be determined that complements agency operations once the software is complete.





										AP	O 3 ivieasure:	2 of 2 comple	геа
APO#	APO Description	July	August	September	October	November	December	January	February	March	April	May	June
3 EI	RM 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	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S		*



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 (DRPHE 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.	N/S	N/S	N/S	N/S	N/S					*	*	*



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
5 Re	eengineer 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	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S				*
5.4	Update Facilities Recovery Plan	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S				*
5.5	Redesign and rewrite VRS Continuity of Operations Plan	N/S	N/S	N/S	N/S	N/S	N/S	N/S	N/S				*



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

										AI	O O IVIEUSUIE.	z oj z compici	icu
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.



FISCAL YEAR 2020 OPERATIONAL MEASURES STATUS REPORT

June-20

Current Status - All Operational Measures



■ On Target ■ Off Target



OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
1	Timeliness of Monthly Financial Account Reconciliations	Percentage of monthly financial control reconciliations completed by last business day of the following month	Strong Financial Viability	> 95.00%	100.00%	100.00%	Monthly	
2	Average Abandoned Call Rate	Percentage of calls to the Customer Counseling Center (CCC) that result in hang-ups while in the queue	Continuous Improvement of Effective and Efficient Operations	< 7.00%	6.00%	6.59%	Monthly	
3	Timeliness of Response to Messages Received by the Customer Counseling Center (CCC)	Average response time to emails received by the CCC	Continuous Improvement of Effective and Efficient Operations	1.00 business days	0.31	0.39	Monthly	
4	Timeliness of Monthly Retirement Disbursements	Percentage of monthly retirement disbursements processed no later than the first business day of the month	Continuous Improvement of Effective and Efficient Operations	100.00%	100.00%	100.00%	Monthly	
5	Timeliness of Service Retirements Processed	Percentage of service retirements processed so that retiring members are set up to receive retirement benefits on the first retirement payment date for which they are eligible	Continuous Improvement of Effective and Efficient Operations	95.00%	99.82%	96.84%	Monthly	
6	Accuracy of Service Retirements Processed	Percentage of service retirements processed for which the corresponding benefit payment correctly reflects the member's service record	Continuous Improvement of Effective and Efficient Operations	99.00%	100.00%	99.63%	Monthly	
7	Timeliness of Disability Retirements Processed	Percentage of disability retirements processed within 30 days of VRS receiving notification of approval by the Medical Review Board	Continuous Improvement of Effective and Efficient Operations	98.00%	94.74%	96.79%	Monthly	
8	Accuracy of Disability Retirements Processed	Percentage of disability retirements processed for which the corresponding benefit paid correctly reflects the member's service record	Continuous Improvement of Effective and Efficient Operations	99.00%	100.00%	99.70%	Monthly	
9	Timeliness of Workflow Documentation Imaging	Percentage of workflow documents imaged within one business day of receipt	Continuous Improvement of Effective and Efficient Operations	99.50%	100.00%	100.00%	Monthly	
10	Planned IT System Availability	Percentage of time critical systems are available during periods of planned availability	Superior Technological Tools that Enable Efficient Delivery of Service	99.50%	100.00%	99.98%	Monthly	
11	Timeliness of Employer Contribution Confirmations	Percentage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the end of the month in which they are due	Superior Technological Tools that Enable Efficient Delivery of Service	97.00%	100.00%	100.00%	Monthly	
12	Implementation of Corrective Action to Audit Recommendations	Percentage of audit recommendations for which VRS management represents that corrective action has been implemented by the approved target date	Continuous Improvement of Effective and Efficient Operations	> 95.00%	100.00%	100.00%	Quarterly	



FISCAL YEAR 2020 OPERATIONAL MEASURES STATUS REPORT

June-20

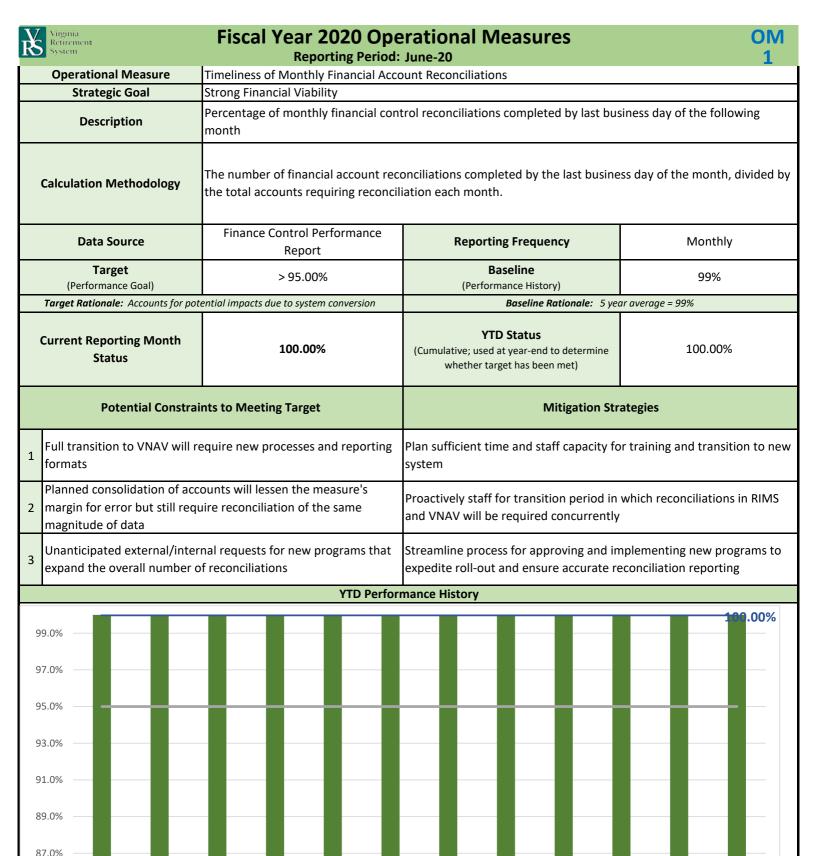
Current Status - All Operational Measures



■ On Target ■ Off Target



OM #	Operational Measure (OM)	Description	Strategic Goal	Target (Goal)	Current Status	YTD Status	Reporting Frequency	Comments
13	Preventable Employee Turnover	Percentage of employees voluntarily separating VRS employment due to preventable experiences	Exceptional Organizational Culture and Work Environment	< 10.00%	0.00%	8.12%	Quarterly	
14	Cost to Administer Defined Benefit Plans	Annual pension administration cost for defined benefit plans, as compared to peer group median reported by CEM Benchmarking, Inc.	Strong Financial Viability	FY 2019 CEM Peer Cost Average	\$ 81.00	\$ 103.00	Annual	Will not know FY 2019 CEM peer cost until spring 2020
15	Systems Security Awareness	Percentage of eligible staff who have completed security training in compliance with the agency's and Commonwealth's security policies	Continuous Improvement of Effective and Efficient Operations	100.00%	100.00%	100.00%	Annual	Measure reported on an annual basis
16	Employee Professional Development	Percentage of full-time VRS administration employees receiving at least 8 hours of professional development	Highly Skilled and Trained Staff	85.00%	100.00%	100.00%	Annual	Measure reported on an annual basis



VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Nov-19

85.0%

Jul-19

Aug-19

Sep-19

Oct-19

■ Current Status

Dec-19

Jan-20

YTD Status (cumulative)

Feb-20

Mar-20

Apr-20

May-20

Jun-20

Vinginia Retirement System	Fiscal Year 2020 Oper Reporting Period:		OIV		
Operational Measure	Average Abandoned Call Rate	- Julio 20			
Strategic Goal	Continuous Improvement of Effective	ve and Efficient Operations			
Description	Percentage of calls to the Customer	Counseling Center (CCC) that result in hang-u	ps while in the queue		
Calculation Methodology	The number of abandoned calls (defined as a caller hanging up prior to reaching a knowledgeable pe divided by the total number of calls received by the CCC support teams. Average rate is calculated on cumulative basis.				
Data Source	Customer Counseling Center Performance Report	Reporting Frequency	Monthly		
Target (Performance Goal)	< 7.00%	Baseline (Performance History)	7.00%		
	cipated high call volume due to system change 1 2019 - 2020	Baseline Rationale: 5 year aver	age = 6.5%		
Current Reporting Month Status	6.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	6.59%		
Potential Constr	aints to Meeting Target	Mitigation Strategi	es		
Online system unavailabilit customers cannot access the the CCC	additional resources are needed on short notice to react to cal due to external causes Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call due to external causes Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes of system unavailability Identify opportunities to expedite the requisite validation processed in accordance with industry best practices are needed on short notice to react to call due to external causes Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call due to external causes Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call due to external causes Prepare a staffing augmentation plan for times when additional resources are needed on short notice to react to call influxes of system unavailability Identify opportunities to expedite the requisite validation processes are needed on short notice to react to call system unavailability				
	YTD Perfor	mance History			
9.00% 9.00% 8.00% 7.00% 6.00% 5.00% 4.00%			6.59		
2.00%	Son 10 Oct 10 Nov 10 Dec	10 Ion 20 Ech 20 Mar 20 Arr 20	May 20 11 20		
Jul-19 Aug-19	Sep-19 Oct-19 Nov-19 Dec	-19 Jan-20 Feb-20 Mar-20 Apr-20 D Status (cumulative) ——Target	May-20 Jun-20		

VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Virginia Retirement System	Fiscal Year 2020 Ope Reporting Period	rational Measures d: June-20	ON 3			
Operational Measure	Timeliness of Response to Message	es Received by the Customer Counseling Ce	enter (CCC)			
Strategic Goal	Continuous Improvement of Effect	ive and Efficient Operations				
Description	Average response time to emails re	eceived by the CCC				
The number of messages responded to within two business days, divided by the total number of messages responded to by the CCC. Note: In FY 2020, the CCC is expected to transition its electronic communication from the current traditional email platform to secure messaging conducted through myVRS.						
Data Source	Customer Counseling Center Performance Report	Reporting Frequency	Monthly			
Target (Performance Goal)	1.00 business days	Baseline (Performance History)	1.30 business days			
	erformance in FY 2019 while also accounting due to system change in FY 2020	Baseline Rationale: 5 year o	average = 1.3 days			
Current Reporting Month Status	0.31	YTD Status (Cumulative; used at year-end to determine whether target has been met)	0.39			
Potential Constra	ints to Meeting Target	Mitigation Stra	ategies			
Transition may occur in FY 20 messaging through the MyV	020 from traditional emails to secure	Proactively train CCC staff on the process changes that will occur whe secure messaging is implemented				
System outages that disable	Prepare a staff augmentation plan for til are needed to address email backlogs re					
Historically high rate of turno	over of CCC staff	Starting in FY 2019, the CCC began a transpositions to full-time status; this effort vand is anticipated to reduce turnover	•			
	YTD Perfo	rmance History				
3.00						
2.50						
2.00						
1.50						
1.00						
0.50			0.39			
0.00 Jul-19 Aug-19	•		or-20 May-20 Jun-20			
	Current Status ——YT	D Status (cumulative) ——Target				

Vinginia Retirement System	Fiscal Year 2020 Opera Reporting Period:		OM 4			
Operational Measure	Timeliness of Monthly Retirement D					
Strategic Goal	Continuous Improvement of Effectiv					
Description	Percentage of monthly retirement di	sbursements processed no later than th	e first business day of the			
Calculation Methodology	The number of monthly retirement disbursements processed so that the payment date is no later than the first business day of the month, divided by the total number of monthly retirement disbursements that require processing each month. "Processed" is defined as funds having been disbursed to retirees:					
Data Source	Benefit Disbursements Performance Report	Reporting Frequency	Monthly			
Target (Performance Goal)	100.00%	Baseline (Performance History)	100.00%			
Target Rationale: Ma	intain recent performance	Baseline Rationale: 7 yea	r average = 100%			
Current Reporting Month Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100.00%			
Potential Constrain	nts to Meeting Target	Mitigation Strategies				
Dependence upon external p process (i.e., Virginia Departr partner)	arties who are integral to the nent of Treasury and banking	Develop contingency plan in concert wi open lines of communication and alterr potential delay	-			
Technology outages that limi fund documentation to exter	t ability to process and/or transmit nal stakeholders	Enact business continuity plan for technology outages				
Sensitivity of data that requir of approvals; risk of staff abs		Is Cross-train existing staff and ensure redundancy of staff authorized to approve retirements				
•	YTD Perform	nance History				
99.50%			100.00%			
98.00% Jul-19 Aug-19		-19 Jan-20 Feb-20 Mar-20 A D Status (cumulative) ——Target arough sound financial stewardship and superior custon	pr-20 May-20 Jun-20			

To be the trusted leader in the delivery of benefits and services to those we serve.

Vinginia Retirement System	Fiscal Year 2020 Oper Reporting Period:		OM 5		
Operational Measure	Timeliness of Service Retirements Pr				
Strategic Goal	Continuous Improvement of Effective	e and Efficient Operations			
Description	-	rocessed so that retiring members are se nent date for which they are eligible	t up to receive retirement		
Calculation Methodology	eligible to receive retirement benefi time period. The "first payment date based on the date by which VRS rec complete, accurate, and ready for paretirees; "disbursed" is defined as the	ayments processed by the first payment ts, divided by the total number of initial peron which the member is eligible to recessives a member's retirement application ayment processing. "Processed" is definite funds having been paid out of the VRS	payments made for the same ive retirement benefits" is that is determined by VRS to led as funds having been paid		
Data Source	Service Retirement Performance Report	Reporting Frequency	Monthly		
Target (Performance Goal)	95.00%	Baseline (Performance History)	96.00%		
Target Rationale: Acc	ounts for system conversion	Baseline Rationale: 5 yea	r average = 96%		
Current Reporting Month Status	99.82%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	96.84%		
Potential Constrai	ints to Meeting Target	Mitigation Stra	ategies		
Ongoing implementation of Phase 4 of Modernization which will significantly change current processes Provide ample opportunity for advanced training; augment staffing needed to ensure adequate resources during transition					
2 Technology outages that lim	it ability to process retirements	Enact business continuity plan for technology outages			
Sensitivity of data that requi of approvals; risk of staff abs		Cross-train existing staff and ensure red approve retirements	undancy-of staff authorized to		
	YTD Perfor	mance History			
98.00%			96.84%		
92.00%					
90.00%	\mathbf{H}		HH		
86.00%	$\mathbf{H}\mathbf{H}$				
84.00% Jul-19 Aug-19	Sep-19 Oct-19 Nov-19 Dec	-19 Jan-20 Feb-20 Mar-20 Ap	or-20 May-20 Jun-20		

To be the trusted leader in the delivery of benefits and services to those we serve.

Retirement System	Reporting Period:		6
Operational Measure	Accuracy of Service Retirements Pro		
Strategic Goal	Continuous Improvement of Effective Percentage of Service retirements of	ve and Efficient Operations rocessed for which the corresponding benef	fit navment correctly refle
Description	the member's service record	rocessed for which the corresponding belief	ne payment correctly refle
Calculation Methodology	divided by the total number of initia payment is defined as the benefit ar	oplications processed and corresponding be al service retirement benefits processed and mount correctly reflecting the member's ser o retirees; "paid" is defined as the funds hav	paid. An accurate benefi vice record. "Processed" i
Data Source	Service Retirement Performance Report	Reporting Frequency	Monthly
Target (Performance Goal)	99.00%	Baseline (Performance History)	99.00%
	performance; note that measurement changed transition to VNAV in FY 2019	Baseline Rationale: 5 year av	verage = 99%
Current Reporting Month Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	99.63%
Potential Cons	traints to Meeting Target	Mitigation Strate	gies
Ongoing implementation significantly change curre		Provide ample opportunity for advanced to needed to ensure adequate resources duri	
2 Technology outages that limit ability to process retirements Enact business continuity plan for technology			
	quires strong controls and several f staff absences or unavailability	Cross-train existing staff and ensure redun approve retirements	dancy of staff authorized
	YTD Perform	mance History	
99.50%			99.63%
98.50%			
98.00%	+		+
97.50%			
97.00% Jul-19 Aug-19	9 Sep-19 Oct-19 Nov-19 Dec	-19 Jan-20 Feb-20 Mar-20 Apr-2	0 May-20 Jun-20
	Current Status ——YTD	O Status (cumulative) ——Target	

System Retirement	Fiscal Year 2020 Opera		7		
Operational Measure	Timeliness of Disability Retirements				
Strategic Goal	Continuous Improvement of Effective	e and Efficient Operations			
Description	ercentage of disability retirements processed within 30 days of VRS receiving notification of approval b ne Medical Review Board				
Calculation Methodology	-	s processed within 30 days after VRS receiv loard. "Processed" is defined as funds having been paid out of the VRS account.			
Data Source	Disability Retirement Performance Report	Reporting Frequency	Monthly		
Target (Performance Goal)	98.00%	Baseline (Performance History)	99.00%		
= :	otential processing delays due to system on in FY 2020	Baseline Rationale: 5 year a	verage = 99%		
Current Reporting Month Status	94.74%	YTD Status (Cumulative; used at year-end to determine whether target has been met)			
Potential Constrai	nts to Meeting Target	Mitigation Strate	gies		
Ongoing implementation of significantly change current		Provide ample opportunity for advanced t needed to ensure adequate resources dur			
Ongoing transition to a new	Medical Review Board contract	w Board contract Continue coordination with new vendor to ensure smooth transition			
	res strong controls and several aff absences or unavailability	Cross-train existing staff and ensure redunapprove retirements	dancy of staff authorized		
	YTD Perform	mance History			
00.00%					
95.00%			96.79%		
90.00%					
80.00%					
75.00%					
Jul-19 Aug-19					

VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

To be the trusted leader in the delivery of benefits and services to those we serve.

Vinginia Retirement System	Fiscal Year 2020 Oper Reporting Period:		OIV 8			
Operational Measure	Accuracy of Disability Retirements P					
Strategic Goal	Continuous Improvement of Effective	e and Efficient Operations				
Description	Percentage of disability retirements the member's service record	ercentage of disability retirements processed for which the corresponding benefit paid correctly reflects e member's service record				
Calculation Methodology	divided by the total number of initial payment is defined as the benefit are defined as funds having been paid to VRS account.	applications processed and corresponding I disability retirement benefits processed a mount correctly reflecting the member's set or retirees; "paid" is defined as the funds ha	nd paid. An accurate benervice record. "Processed" is			
Data Source	Disability Retirement Performance Report	Reporting Frequency	Monthly			
Target	99.00%	Baseline	99.00%			
(Performance Goal)		(Performance History)				
Target Rationale: Mo	aintain recent performance	Baseline Rationale: 5 year a	verage = 99%			
Current Reporting Month Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	99.70%			
Potential Constra	ints to Meeting Target	Mitigation Strate	egies			
Ongoing implementation of significantly change current	entation of Phase 4 of Modernization which will provide ample opportunity for advanced training; augment staff needed to ensure adequate resources during transition					
Technology outages that lim	nit ability to process retirements Enact business continuity plan for technology outages					
	res strong controls and several aff absences or unavailability	Cross-train existing staff and ensure redun approve retirements	dancy of staff authorized			
	YTD Perform	mance History				
95.00%			.70%			
85.00%	\mathbf{H}					
80.00%	$\mathbf{H}\mathbf{H}$					
75.00%						
70.00% Jul-19 Aug-19	Sep-19 Oct-19 Nov-19 Dec	-19 Jan-20 Feb-20 Mar-20 Apr-2	20 May-20 Jun-20			
		rough sound financial stewardship and superior customer se	ervice.			

Virginia Retirement	Fiscal Year 20	-		/leasur	es			OM
System	<u>.</u>	rting Period:						9
Operational Measure		neliness of Workflow Documentation Imaging						
Strategic Goal	Continuous Improvem							
Description	Percentage of workflo		_		-	-		
	The number of documents imaged							
Calculation Methodology	by the number of docu		-	ing unit with	nin the same t	timefram	e. Current	:ly, an avera
	of 20,000 documents a	are imaged pe	r month.			_		
Data Source	Technology Serv		Repo	orting Frequ	iency		Month	nly
	Performance F	Report	•					<u>'</u>
Target	99.50%		/Dawf	Baseline			99.90	1%
(Performance Goal)	Maintain recent performance		(Perro	ormance His	Rationale: 5 yea	ar average	- 00 0%	
rurget kutionale.	Widintain recent perjormance			buseille	Rationale. 5 yea	ur uveruge	- 33.370	
Current Reporting Month				YTD Status				
Status	100.00%	•			d to determine		100.00	0%
Status			whether	r target has be	en met)			
Potential Constr	aints to Meeting Target				Mitigation St	rategies		
Dependence upon current	Imaging unit staffing leve	el to ensure	Prescribe duti	es that mer	it the continu	ance of t	he current	Imaging un
expedient and accurate pro	ocessing within the presc	ribed	staffing level (with respect to the anticipated transition in FY 2020 to					
turnaround time			online retirem	nents that sh	nould reduce	paper for	m intake l	evels)
Emergency situation that in	mpacts systems availabili	ty	Enact busines	s continuity	plan for tech	nology o	utages	
Staffing constraints; specifi	•		Establish a rou	utine cross-t	training nrogr	am to en	sure well-t	rained staff
untrained staff to produce	results with same efficier	ncy and	are available a			u to c	saic weil c	
effectiveness		VTD Doutes	mance History					
		TID Perior	mance History					
100.00%							_	100 .00%
99.50%								
33.30%								
99.00%								
98.50%					_			
00.000/								
98.00%								
97.50%								
97.00%								
37.0075								
96.50%								
96.00%								
05 50%								
95.50%								
95.00%								
			40 1 20	F-I- 20	1120	4 20		1 20
Jul-19 Aug-19	Sep-19 Oct-19	Nov-19 Dec	-19 Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20

To be the trusted leader in the delivery of benefits and services to those we serve.

System	Reporting Period:		11		
Operational Measure	Timeliness of Employer Contribution				
Strategic Goal	Superior Technological Tools that Er	·	d to MANA house a soul of the		
Description	month in which they are due	centage of Employer Contribution Confirmation (CC) snapshots completed in VNAV by the en on the in which they are due			
Calculation Methodology	the total number of employer CC sn to ensure that monthly CC snapshot	ots received by the end of the month in vapshots required for the same time periods are posted in a timely fashion. There are thots are required on a monthly basis.	od. VRS works with employe		
Data Source	Employer Reporting Contribution Confirmation and Payment Status Report	Reporting Frequency	Monthly		
Target	97.00%	Baseline	97.00%		
(Performance Goal)		(Performance History)			
Target Rationale: Mo	aintain recent performance	Baseline Rationale: 4 yea	r average = 97%		
Current Reporting Month Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100.00%		
Potential Constra	ints to Meeting Target	Mitigation Str	ategies		
Dependence on over 1,000 e confirmations on time every	Proactively communicate with employers with a focus on those history of delinquent submissions to mediate potential causes for time every month				
Staffing or system changes a their timely submission of C	Provide VRS system training resources to assist with training neon of CC snapshots on of CC snapshots				
· ·	r state employers may delay timely al responsibilities during Cardinal	Provide notice to state employers of poimplementation and advise that they proceed submission			
1	YTD Perfor	mance History			
		·			
99.0% 98.0% 97.0%			100.00%		
96.0% ————————————————————————————————————	HHH				
95.0%					
Jul-19 Aug-19	Sep-19 Oct-19 Nov-19 Dec-	·	r-20 May-20 Jun-20		
	Current Status ——YTD	Status (cumulative) ——Target			

To be the trusted leader in the delivery of benefits and services to those we serve.

Virginia Retirement System	Fiscal Year 2020 Oper Reporting Period:		OM 12		
Operational Measure	Implementation of Corrective Action				
Strategic Goal	Continuous Improvement of Effective	ve and Efficient Operations			
Description	Percentage of audit recommendation been implemented by the approved	ons for which VRS management represent I target date	s that corrective action has		
Calculation Methodology	has been implemented, divided by t is needed as of the date the measur	ions for which VRS management has reprected to the total number of audit recommendations is calculated. VRS management establish whether actions have been taken. Audit to (ARFUS).	ns for which corrective action shes target dates and provide		
Data Source	ARFUS	Reporting Frequency	Quarterly		
Target (Performance Goal)	> 95.00%	Baseline (Performance History)	93.00%		
Target Rationale: Mo	aintain recent performance	Baseline Rationale: 4 year o	ıverage = 92.5%		
Current Reporting Month Status 100.00%		YTD Status (Cumulative; used at year-end to determine whether target has been met)	100.00%		
Potential Constrai	ints to Meeting Target	Mitigation Stra	tegies		
1 High cost to implement nece	essary corrective action	Work within existing agency allocations and, if necessary, also with state budgetary processes to obtain resources needed to effectuate corrective action			
Limited staff resources to efficiency corrective action	fectively implement necessary Adjust allocation of staffing resources to enable corrective action implementation				
3 1	bility to take necessary corrective tes that redirect agency resources)	Communicate with DEC and Audit regarding possible adjustment of target date to accommodate timeline of when resources will be available			
	YTD Perfor	mance History			
00.00%			100.00%		
00.00/0					
99.00%					
98.00%					
97.00%					
96.00%					
95.00%					
94.00%					
93.00% ———————————————————————————————————					
92.00% ———————————————————————————————————					
91.00%					
90.00% Q1	Q2	Q3	Q4		
(July-Sept)	(Oct-Dec)	(Jan-Mar)	(Apr-Jun)		
URG 141		Status (cumulative) ——Target			
	t and other benefits to Virginia public employees thi er in the delivery of benefits and services to those we	rough sound financial stewardship and superior customer s e serve.	ervice.		

		100	
Virginia Retirement System	Fiscal Year 2020 Oper Reporting Period:		OM 13
Operational Measure	Preventable Employee Turnover		
Strategic Goal	Exceptional Organizational Culture a	nd Work Environment	
Description	Percentage of employees voluntarily	separating VRS employment due to prev	ventable experiences
Calculation Methodology	preventable reasons, divided by the VRS employment within the same peresults, and includes substantiated renvironment, insufficient resources opportunities.	oyees who voluntarily separate from VRS total number of Administration employe eriod of time. Preventable turnover is deteports of unsuccessful supervision or mato complete one's job effectively, and un	es who voluntarily separate termined from exit interview nagement, unsatisfactory work
Data Source	Human Resources Department Exit Interview Survey Results	Reporting Frequency	Quarterly
Target (Performance Goal)	< 10.00%	Baseline (Performance History)	TBD
· · · · · · · · · · · · · · · · · · ·	nintain recent performance	Baseline Rationale	: FY 2019
Current Reporting Month Status	0.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	8.12%
Potential Constrai	nts to Meeting Target	Mitigation Stra	ategies
Unrealistic employee expect environment and responsibi		Provide clear position descriptions and routline organization culture and expecta open communication between employe	ations on a regular basis; ensure
Reorganization due to Mode work responsibilities for som	rnization initiative may alter current ne employees	Provide clear and open communication implementation process; Offer sufficient employees tasked with new responsibili	t training opportunities for
Employees leave without providing notice, or employee who provides notice does not complete an exit survey		Send employee an exit survey immediately upon notification of their planned termination; if the employee does not complete the survey within two days, make contact with the employee and/or schedule a one-on-one exit interview	
	YTD Perfor	mance History	
30.00%			
25.00%			
20.00%	18.18%		
44.004			
15.00%			
10.00%			8.12%
5.00%			
0.00%		0.00%	0.00%
Q1 (July-Sept)	Q2 (Oct-Dec) Current Status YTD	Q3 (Jan-Mar) Status (cumulative) ——Target	Q4 (Apr-Jun)
	t and other benefits to Virginia public employees ther in the delivery of benefits and services to those w	rough sound financial stewardship and superior custome e serve.	er service.

K	Virginia Retirement System	Fiscal Year 2020 (Reporting Period:	Operational Measures June-20	OM 14
	Operational Measure Cost to Administer Defined Benefit Plans		17	
	Strategic Goal	Strong Financial Viability		
	Description	Annual pension administration cost for defined benefit plans, as compared to peer group median repo		o peer group median reported
VRS pension administration cost per active member and annuitant for defined benefit plans as compare that of its peer group, as calculated by CEM Benchmarking, Inc. The average peer cost calculated by CEI available on delay and will not be known until spring 2020. At that time the FY 2019 annual agency cost be compared to the to the FY 2019 CEM peer cost to determine whether VRS's cost is lower than the peaverage.			peer cost calculated by CEM is FY 2019 annual agency cost will	
	Data Source	CEM Benchmarking, Inc.	Reporting Frequency	Annual
	Target (Performance Goal)	Lower than the FY 2019 CEM Peer Cost Average	Baseline (Performance History)	N/A
Target Rationale: Measuring VRS annual administrative cost for FY 2019 against the most current peer data as provided by CEM Benchmarking, Inc.		Baseline Rationale: N/A		
Current Reporting Month Status \$81.00		YTD Status (Used at year-end to determine whether target has been met)	\$103.00	
Potential Constraints to Meeting Target		Mitigation Str	ategies	
1 1 -		Work within existing agency allocations ensure administrative expenditures rem		
2) · · · · · · · · · · · · · · · · · ·		Maintain communications with CEM peers to stay informed on any spending abnormalities that may skew CEM-calculated peer costing	
FY 2019 CEM cost not known until late into FY 2020 (limiting		Proactively calculate and monitor agend anticipation of receiving the FY 2019 CE if out of line with recent CEM peer cost	M cost; adjust agency spending	
		YTD Perfor	mance History	

[Average Pension Administration Cost for VRS' Peer Group, as provided by CEM Benchmarking, will be known in spring 2020]

VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

Kinginia Retirement System	Fiscal Year 2020 Oper Reporting Period:		01	M
Operational Measure	Systems Security Awareness	Julie-20		<u> </u>
Strategic Goal	Continuous Improvement of Effective	re and Efficient Operations		
Strategie Goai	·	e completed security training in compliar	oco with the agency's and	
Description	Commonwealth's security policies	e completed security training in compliar	ice with the agency's and	
Percentage of eligible staff who have completed the agency's annual security training, VRS User IT Set Policy Training ("security training"), divided by the total eligible agency staff. Employees who join the during FY 2020 are required to complete security training within 30 days after their start date. Staff were hired prior to FY 2020 are required to complete the training once during FY 2020. The training provides information on such critical security practices as protecting sensitive data, utilizing effective passphrases, reviewing acceptable technology use policies, being on alert for phishing and other malpractices, and more. The percentage is calculated on a cumulative basis and reported annually the total requirement recalculated monthly as new staff are hired and required to obtain security training).		Employees who join the ag or their start date. Staff who g FY 2020. The training the data, utilizing effective or phishing and other at and reported annually (wi	gency o	
Data Source	Technology Services SLEs Performance Report	Reporting Frequency	Annual	
Target (Performance Goal)	100.00%	Baseline (Performance History)	100.00%	
Target Rationale: Maintain high security awareness		Baseline Rationale: All VRS staff comple	ted security training in FY 2019	
Current Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100.00%	
Potential Constraints to Meeting Target		Mitigation Strategies		
11		Provide sufficient time for staff to obtain training within prescribed timeline to allow for possible VLC system unavailability		1
2 Emergency situation that im	2 Emergency situation that impacts systems availability		Enact business continuity plan for technology outages	
3 Security Policy that require changes to the prepared security		Proactively coordinate with different un sufficient time and resources to make no prepared training		
YTD Performance History				

[Reported as an annual measure]

VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.

	Reporting Period:	ational Measures		16
Operational Measure	Employee Professional Development			10
Strategic Goal	Highly Skilled and Trained Staff			
Description		ration employees receiving at least 8 hou	urs of professional dev	velopment
Calculation Methodology	The number of eligible full-time VRS administration employees who have completed at least 8 hours of professional development, divided by the total number of eligible full-time administration employees. Eligible employees are full-time administration staff hired after July 1, 2019 who are not on short- or long-term disability or FMLA during FY 2020. Qualifying professional development includes courses designated in the Virginia Learning Center (VLC), as well as conferences, webinars, college or trade school classes, and an other professional development as approved by the Human Resources Director. Number of hours received is tracked on a cumulative basis and reported quarterly.		ees. or long- gnated in s, and any	
Data Source	Human Resources Performance Report	Reporting Frequency	Annual	
Target (Performance Goal)	85.00%	Baseline (Performance History)	87.00%	
Target Rationale: Increase	e based on recent performance	Baseline Rationale: 5 year average = 87%		
Current Status	100.00%	YTD Status (Cumulative; used at year-end to determine whether target has been met)	100.00%	ı
Potential Constrai	nts to Meeting Target	Mitigation Stra	ategies	
	ain professional development due to ed to implementation of Phase 4 of	Encourage staff to plan for professional before and/or after periods of time dedi 4 of Modernization		
2 Dependence on IT system availand/or time tracking	Dependence on IT system availability/accessibility for trainings and/or time tracking		Advise staff to plan to be proactive about obtaining professional development and reporting their hours earned as they go	
3 ' ' '		Ongoing communication between mana identify new learning opportunities	gers and staff to expa	nd and
	YTD Perform	mance History		

[Reported as an annual measure]

VRS Mission: VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

VRS Vision: To be the trusted leader in the delivery of benefits and services to those we serve.



P.O. Box 2500, Richmond, Virginia 23218-2500

Toll-free: 1-888-VARETIR (827-3847)

Website: www.varetire.org

Date:

September 11, 2020

To:

Trish Bishop, Director

From:

Jennifer Schreck, Internal Audit Direct

Subject:

Review of 2020 Agency Performance Outcomes and Operational Measures

As part of our annual process, Internal Audit has reviewed the status of the 2020 Agency Performance Outcomes (APOs) and Operational Measures (OMs), as set forth by management for the fiscal year ended June 30, 2020. The purpose of our review was to obtain reasonable, but not absolute assurance that the status of such outcomes and measures was fairly represented in management's status reports.

Based upon our review of available documentation and discussions with various VRS personnel, nothing came to our attention to cause us to question the representations set forth by management with respect to either the APOs or the OMs. Accordingly, we have no reason to believe that the APOs and OMs were not appropriately represented as satisfied for the fiscal year ended June 30, 2020.

I would like to commend the management team and staff for their accomplishments this past year. Please share this information with the Administration and Personnel Committee as well as the Board of Trustees, as you deem appropriate.



Approve lump-sum performance bonuses for eligible administrative employees and Investment Department operations and administration employees.

Requested Action

The VRS Board of Trustees approves performance lump-sum bonuses for eligible administrative employees and eligible Investment Department operations and administration employees.

Description/Background

The Board approved the current Administrative Pay Plan on June 13, 2019 (effective June 10, 2019) and the current Investment Operations and Administration Staff Pay Plan on June 7, 2016 (effective July 1, 2016). Each of the plans state:

Subject to the approval of the VRS Board of Trustees, employees who receive an overall rating of "exceptional" will receive a 4% bonus and employees who receive an overall rating of "exceeds" will receive a 2% bonus, based on their salary as of June 30.

Cost: The approximate total cost for the FY 2020 performance bonus payments to eligible employees is \$548,888, to be paid from the FY 2021 budget.

Rationale for Requested Action

Bonus payments recognize and reward the positive contributions of individual performance that enable VRS to achieve and exceed its goals and objectives.

Authority for Requested Action

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

The above action is approved.		
O'Kelly E. McWilliams, III, Chairman VRS Board of Trustees	Date	



Approve First Amendment to the Defined Contribution Plan for Investment Personnel (DCPIP) recommended by outside benefits counsel, effective January 1, 2020.

Requested Action

The VRS Board of Trustees approves the First Amendment to the DCPIP as recommended by outside benefits counsel, effective January 1, 2020.

Description/Background

In connection with its review of a proposed amendment to the CIO Employment Agreement, outside benefits counsel (Ice Miller) went over the provisions of the Defined Contribution Plan for Investment Professionals (DCPIP) that affect directly the compensation structure for the CIO. Based on this review, outside benefits counsel recommended the attached First Amendment to provide more specificity and clarity regarding how incentive payments are made to or on behalf of the CIO.

Rationale for Requested Action

Outside benefits counsel has recommended these changes to clarify (i) that incentive payments to the CIO are coordinated and made in harmony with the CIO's employment contract and the DCPIP, and (ii) the proper tax treatment of incentive payments to the CIO.

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.				
O'Kelly E. McWilliams, III, Chairman	Date			
VRS Board of Trustees				

FIRST AMENDMENT TO THE DEFINED CONTRIBUTION INCENTIVE PLAN FOR VRS PERSONNEL

(As Restated Effective May 1, 2013)

The Board of Trustees of the Virginia Retirement Systems hereby amends the Defined Contribution Incentive Plan for VRS Investment Management Personnel (as Restated Effective May 1, 2013) (the "Plan") pursuant to Article XI of the Plan, effective January 1, 2020, unless otherwise stated herein, as set forth below, to reflect certain discretionary changes and changes made pursuant to the Setting Every Community Up for Retirement Enhancement Act of 2019 ("SECURE Act") and the Coronavirus Aid, Relief, and Economic Security Act of 2020 ("CARES Act"), to make certain clarifications, and to rename the Plan.

- 1. Section 1.19 of the Plan, defining Plan, is amended to be and read as follows:
 - 1.19 **"Plan"**: This document as contained herein or duly amended. The plan maintained pursuant hereto shall be known as the "Defined Contribution Incentive Plan for VRS Personnel."
- 2. Effective May 1, 2013, Section 1.12 of the Plan, Eligible Employee, is amended to be and read as follows:
 - 1.12 **"Eligible Employee"**: An Employee who is employed by the Plan Sponsor and who serves on the Investment Management Committee as the same may be constituted from time to time (currently, the Chief Investment Officer, the Chief Operations Officer and Program Directors, including Research). Effective May 1, 2013, the Director of the Plan Sponsor is also an Eligible Employee.
- 3. Effective May 1, 2013, the term "Executive Director" shall be replaced with the term "Director" wherever used in the Plan.
- 4. Section 1.17 of the Plan, Incentive Compensation, is hereby amended to be and read as follows:
 - 1.17 **"Incentive Compensation"**: The incentive award approved under the Virginia Retirement System Investment Professionals' Pay Plan, as amended from time to time, for a Plan Year.
- 5. Section 4.2 of the Plan, Allocation of Contributions, is hereby amended to be and read as follows:
 - 4.2 **Allocation of Contributions**. Subject to the applicable limitations contained herein and Section 13.1, as of the date on which such contribution is made, the Incentive Compensation Contribution for a Plan Year shall be allocated

to the Accumulation Account of the Participant on whose behalf such contribution is made.

6. Section 13.1(a) of the Plan, Qualified Government Excess Benefit Arrangement, is hereby amended to be and read as follows:

13.1(a) As of the effective date of this Restatement, no further contributions will be made to the Qualified Government Excess Benefit Arrangement under the Plan except those made on behalf of the Chief Investment Officer. The Board shall credit the Excess Benefit Amount with respect to the Chief Investment Officer for a Plan Year, if any as determined by the Board for a Plan Year, to his Excess Benefit Account.

7. Section 6.3 of the Plan, Required Minimum Distribution, is hereby amended to be and read as:

6.3 **Required Minimum Distribution.**

- 6.3(a) To the extent the payment provisions of the Plan are inconsistent with or violate the requirements of Section 401(a)(9) of the Code, the provisions of Section 401(a)(9) of the Code are hereby incorporated by reference and shall control, including the minimum distribution and incidental benefit requirements thereunder and the changes under the Setting Every Community Up for Retirement Enhancement Act of 2019 and any regulatory guidance issued thereunder. The Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with a good faith interpretation as permitted by the Pension Protection Act of 2006.
- 6.3(b) Notwithstanding anything in this Section 6.3 to the contrary, for 2020 or such longer period as provided in legislation modifying or extending the Coronavirus Aid, Relief, and Economic Security Act of 2020, the minimum distribution requirements will be satisfied as set forth in this paragraph. Effective March 27, 2020, or as soon as administratively practicable thereafter, a Participant or Beneficiary who would have been required to receive a required minimum distribution in 2020 (or paid in 2021 for the 2020 calendar year for a Participant with a required beginning date of April 1, 2021) but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs") will receive this distribution unless the Participant or Beneficiary chooses not to receive such distribution. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to stop receiving the distribution described in the preceding sentence. In addition, 2020 RMDs will not be treated as eligible rollover distributions.

8. In all other respects, the Plan shall be and remain unchanged.

OF, the undersigned has executed this amendment to the Plan this, 2020.
BOARD OF TRUSTEES OF THE VIRGINIA RETIREMENT SYSTEM
By:
Printed Name:
Title:
Date:

DEFINED CONTRIBUTION INCENTIVE PLAN FOR VRS INVESTMENT MANAGEMENT PERSONNEL

(As Restated Effective May 1, 2013)

TABLE OF CONTENTS

Page

ARTICLE I Definition of Terms

1.1	"Administrator"	.2
1.2	"Accrued Benefit"	
1.2(a)	"Accumulation Account"	.2
1.3	"Agent"	
1.4	"Alternate Payee"	
1.5	"Approved Domestic Relations Order" or "ADRO"	.2
1.6	"Beneficiary"	
1.7	"Board"	
1.8	"Code"	
1.9	"Compensation Limit"	
1.10	"Effective Date"	
1.11	"Employee"	.3
1.12	"Eligible Employee"	
1.13	"Employer"	.3
1.14	"Excess Benefit Account"	.4
1.15	"Excess Benefit Amount"	
1.16	"Fund"	.4
1.17	"Incentive Compensation"	.4
1.18	"Participant"	
1.19	"Plan".	.4
1.20	"Plan Sponsor"	.4
1.21	"Plan Year"	
1.22	"Qualified Governmental Excess Benefit Arrangement"	.4
1.23	"Trust Agreement"	
1.24	"Trustee"	
1.25	"Valuation Date"	
	ARTICLE II	
	Eligibility and Participation	
2.1	Eligibility	.5
	Length of Participation	

ARTICLE III Contributions

3.1	Amount and Timing of Contributions5
3.2	No Duty to Enforce Contribution5
3.3	Use of Unallocated Annual Additions
	ARTICLE IV
	Participant Accounts and Adjustments
4.1	Accounts6
4.2	Allocation of Contributions6
4.3	415 Limitations on Annual Additions6
4.4	Additional Limitations on Annual Additions
	Where Employer Maintains More Than One Plan9
4.5	Special Account for Unallocated Annual Additions1
4.6	Valuation of Assets and Allocation of Valuation Adjustments1
4.7	Determination of Account Balances
4.8	Expenses
4.9	Statement of Accrued Benefit
4.10	Equitable Adjustment in Case of Error or Omission
4.11	Special Rules for Reemployed Veterans
	ARTICLE V
	Vesting
5.1	Full Vesting at Time of Allocation
	ARTICLE VI
	Payment of Benefits
6.1	Time of Payment10
6.2	Form of Payment10
6.3	Required Minimum Distribution10
6.4	Plan to Plan Direct Rollover as a Distribution Option10
6.5	Notice and Election Procedures Regarding Payment
6.6	Benefit Discrimination and Payment Procedure
6.7	Payments to Minors and Incompetents
6.8	Distribution of Benefit When Distributee Cannot Be Located
	ARTICLE VII
	Beneficiary Designation
7.1	Beneficiary Designation

ARTICLE VIII Plan to Plan Transfers and Loans

8.1 8.2	Plan to Plan Transfers to Cash Match Plan Other Withdrawals and Loans Not Available	
	ARTICLE IX Trust Fund	
9.1	The Trust Fund	23
	ARTICLE X Plan Administrator	
10.1	Plan Administrator	
10.2	Responsibilities of Plan Administrator	
10.3	Information from Employer	
10.4	Plan Administrator May Delegate or Contract	
10.5	Plan Services	24
	ARTICLE XI Amendment and Termination of Plan	
11.1	Termination of the Plan	.24
11.2	Amendment of the Plan	.24
	ARTICLE XII Miscellaneous	
12.1	Non-assignability	
12.2	Binding Effect	
12.3	Construction	
12.4 12.5	Gender and Number Governing Law	
12.5	No Rights Created by Allocation	
12.7	Service of Legal Process	
12.8	Severability	
12.9	Signatures and Broad Acceptance of Writings	
12.10	Statute of Limitations.	
12.11	Conclusiveness of Employer Records	
12.12	Right to Require Information and Reliance Thereon	
12.13	Titles and Captions	.27

ARTICLE XIII <u>Qualified Government Excess Benefit Arrangement</u>

13.1	Qualified Government Excess Benefit Arrangement	.27
	Full Vesting at Time of Restatement	
	Distribution Upon Termination of Arrangement	
13.4	Form of Distribution	.27
13.5	Distributions on Account of Separation of Service	.28
13.6	Distributions Upon Participants Death	.28
13.7	Payments to Minors and Incompetents	.28
13.8	No Trust Established	.28

WITNESSETH:

WHEREAS, pursuant to authority granted to the Board under Section 51.1-124.22.A.11 of the Code of Virginia (1950), as amended, this Defined Contribution Incentive Plan for Investment Management Personnel (the "Plan") was adopted by the Virginia Retirement System.

The Board intends to maintain the Plan as a qualified defined contribution plan within the meaning of Internal Revenue Code Section 401(a) as applicable to governmental plans as defined in Section 414(d) of the Code. The purpose of the Plan is to strengthen the link between performance of the System's Fund and compensation of key investment professionals.

The Plan shall exist in addition to all other retirement, pension or other benefits available to the Participants, including the benefits established pursuant to the Virginia Retirement Act, Section 51.1-100 et seq. of the Code of Virginia (1950) as amended, the deferred compensation plan established pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1-600 et seq. of the Code of Virginia (1950) as amended and the Virginia Cash Match Plan established pursuant to Sections 51.1-607 through 613 of the Code of Virginia (1950) as amended.

To comply with the requirements of Internal Revenue Code Section 401(a) and in accordance with Section 11 of Article X of the Constitution of Virginia (1971) as amended, the Board has established a related fund ("Fund") pursuant to a trust agreement ("Trust Agreement") in which all contributions to the Plan and the income thereon shall be held for the exclusive benefit of Participants and their Beneficiaries.

The Board previously restated the Plan, effective April 15, 2010, in order to add a qualified governmental excess benefit arrangement permitted under Section 415(m) of the Internal Revenue Code.

The Board now desires to restate the Plan effective May 1, 2013 (the "Restatement") in order (i) to cease contributions under the Qualified Governmental Excess Benefit Arrangement for all Participants except the Chief Investment Officer and to terminate and distribute all amounts in the 415(m) account for all Participants, except the Chief Investment Officer; (ii) to allow Participants to be fully vested from the time of allocation of contributions; (iii) to clarify the ability of certain Participants to transfer amounts to the Virginia Cash Match Plan in order to diversify investments; and (iv) to add the Executive Director of the Plan Sponsor as an Eligible Employee.

NOW, THEREFORE, in consideration of the premises herein, the Board agrees as follows:

ARTICLE I Definition of Terms

The following words and terms as used in this Plan shall have the meaning set forth below, unless a different meaning is clearly required by the context.

- 1.1 "Administrator": The Board ("Plan Administrator"), which shall appoint the Director of the Virginia Retirement System or some other individual as chief administrative officer.
- 1.2 "Accrued Benefit": The sum of the balances in the following accounts of Participants under the Plan as of the most recent Valuation Date (or as otherwise provided herein):
- 1.2(a) "Accumulation Account": The account of a Participant attributable to the contributions made by the Employer, plus any earnings or losses thereon, as provided in ARTICLE IV.
- 1.3 "Agent": The plan service agent to be appointed by and serve at the pleasure of the Plan Sponsor.
- 1.4 "Alternate Payee": The person who is or was the spouse or child of the Participant to the extent that such person is entitled to any or all of a Participant's Accrued Benefit under a court order that the Plan Administrator has determined to be an Approved Domestic Relations Order.
- 1.5 "Approved Domestic Relations Order" or "ADRO": A qualified domestic relations order within the meaning of Section 414(p) of the Code as applicable to governmental plans within the meaning of Section 414(d) of the Code and as determined by the Administrator pursuant to the Plan.
- 1.6 "Beneficiary": The person or persons, whether natural or non-natural, including but not limited to a trustee or other fiduciary, designated by a Participant pursuant to ARTICLE VII to receive benefits under the Plan attributable to such Participant after the death of such Participant.
 - 1.7 **"Board"**: The Board of Trustees of the Virginia Retirement System.
- 1.8 "Code": The Internal Revenue Code of 1986, as the same may be amended from time to time, or the corresponding section of any subsequent Internal Revenue Code, and, to the extent not inconsistent therewith, regulations issued thereunder.

1.9 "Compensation Limit":

- 1.9(a) \$200,000 (as adjusted in \$5,000 increments by the applicable Adjustment Factor on the basis of a base period of the calendar quarter beginning July 1, 2001).
 - 1.9(b) For purposes of applying the Compensation Limit:
 - (i) When a Participant first becomes subject to the Compensation Limit, the Accrued Benefit of the Participant at the end of the last Plan Year (or other stated computation period) immediately preceding the Plan Year (or other stated computation period) for which the limitation first applies shall not be reduced below his Accrued Benefit calculated as of the end of such last Plan Year (or other stated computation period) by reason of the application of such limitation hereunder.
 - (ii) The Compensation Limit applicable to each Plan Year (or other applicable computation period) shall be the Compensation Limit in effect for each such Plan Year (or other applicable computation period), determined without increases in the Compensation Limit for subsequent periods.
 - (iii) If any Plan Year (or other stated computation period) is a period of less than twelve (12) months, then any dollar limitation referred to in this paragraph shall be prorated by multiplying the otherwise applicable dollar limitation for such Plan Year (or other stated computation period) by a fraction, the numerator of which is the number of months in such Plan Year (or other stated computation period) and the denominator of which is twelve (12).

1.10 "Effective Date":

- (i) The Effective Date of the Plan was July 1, 2002.
- (ii) The Qualified Governmental Excess Arrangement was April 15, 2010.
- (iii) The Effective Date of this Restatement of the Plan is May 1, 2013
- (iv) The Effective Date of the termination of the Qualified Governmental Excess Arrangement for all Participants except the Chief Investment Officer is June 30, 2013.
- 1.11 **"Employee"**: The natural person who is employed by the Commonwealth of Virginia as a common law employee.
- 1.12 **"Eligible Employee"**: An Employee who is employed by the Plan Sponsor and who serves on the Investment Management Committee as the same may be constituted from time to time (currently, the Chief Investment Officer, the Chief Operations Officer and Program Directors, including Research). Effective ______, The Executive Director of the Plan Sponsor is also an Eligible Employee.
 - 1.13 "Employer": The Commonwealth of Virginia.

- 1.14 "Excess Benefit Account": A bookkeeping account established by the Administrator to which a Participant's Excess Benefit Amount is credited. The Excess Benefit Account shall be a bookkeeping device only, and all amounts credited to a Participant's Excess Benefit Account shall be paid from the general assets of the Employer. Such amount will be distributed in accordance with ARTICLE XIII.
- 1.15 "Excess Benefit Amount": The amount that is the difference between (a) the aggregate of what the Employer's contribution on behalf of a Participant for a Plan Year would have been under paragraph 3.1 of this Plan and under the applicable provisions of any and all other tax-qualified defined contribution plans maintained by the Employer but for the applicable limits described in paragraph 4.3 of this Plan, and (b) what the Employer's contributions to such plans actually were after application of such limits.
 - 1.16 **"Fund"**: The trust fund created under and subject to the Trust Agreement.
- 1.17 "Incentive Compensation": An amount equal to a percentage of the Participant's annual base salary rate for the Plan Year. Such percentage shall be determined after the close of the Plan Year by the Board, or its delegate, in its discretion pursuant to the Investment Professionals' Pay Plan adopted by the Board.
- 1.18 "Participant": An Eligible Employee (or former Eligible Employee) who is entitled to benefits under the Plan for so long as he is considered a Participant as provided in ARTICLE II.
- 1.19 **"Plan"**: This document as contained herein or duly amended. The plan maintained pursuant hereto shall be known as the "Defined Contribution Incentive Plan for VRS Investment Management Personnel".
- 1.20 **"Plan Sponsor"**: The Virginia Retirement System, an independent state agency of the Commonwealth of Virginia.
 - 1.21 "Plan Year": The twelve month period beginning on the first day of July.
- 1.22 "Qualified Governmental Excess Benefit Arrangement": The arrangement under the Plan permitted under Section 415(m) of the Code and described in ARTICLE XIII pursuant to which Excess Benefit Amounts have been credited on behalf of Participants up to the point of the effective date of this Restatement. Such Qualified Governmental Excess Benefit Arrangement is maintained solely for the purpose of accruing additional benefit on behalf of Participant that would otherwise exceed the applicable limitations described in Section 415 of the Code and paragraph 4.3. As of June 30, 2013, the Qualified Governmental Excess Benefit Arrangement will be terminated pursuant to paragraph 13.1 for all Participants except the Chief Investment Officer.
- 1.23 **"Trust Agreement"**: The written agreement (or declaration) made by and between the Plan Sponsor and the Trustee under which the Fund is maintained, which agreement

is known as the "Trust for the Defined Contribution Incentive Plan for VRS Investment Management Personnel".

- 1.24 "Trustee": The Trustee duly appointed and currently serving under the Trust Agreement.
- 1.25 "Valuation Date": The last day of each calendar quarter of the Plan Year and such other date(s) as the Administrator may designate.

ARTICLE II Eligibility and Participation

- 2.1 <u>Eligibility</u>. Each Eligible Employee who is not a on the Effective Date of This Restatement of the Plan, shall become a Participant on the first day he or she becomes an Eligible Employee.
- 2.2 <u>Length of Participation</u>. An Employee who becomes a Participant shall be or remain a Participant for so long as he is an Eligible Employee or he is entitled to future benefits under the terms of the Plan.

ARTICLE III Contributions

3.1 Amount and Timing of Contributions.

- 3.1(a) The Employer shall make a contribution to the Accumulation Account of each Participant (other than the Executive Director of the Plan Sponsor) for the Plan Year an amount equal to a percentage of the Incentive Compensation determined for such Participant for the Plan Year, determined each year by the Board plus any additional contribution determined by the Board to be made on behalf of one or more Participants; provided however, if the Board does not specify a higher or lower percentage for any Plan Year, such contributions shall be 50% of the Incentive Compensation.
- 3.1(b) The Employer shall make a contribution to the Accumulation Account of the Executive Director in an amount to be determined by the Board from time to time.
- 3.2 **No Duty to Enforce Contribution**. The Trustee shall not be required to determine the amount of any contribution for any Plan Year or to enforce the duty of the Employer to make or pay over such contributions.
- 3.3 <u>Use of Unallocated Annual Additions</u>. All unallocated Annual Additions held in the special account under paragraph 4.5 shall be used to reduce the next due contribution by the Employer.

ARTICLE IV Participant Accounts and Adjustments

- 4.1 <u>Accounts</u>. The Administrator shall establish and maintain on the books of the Fund for all Participants and all other persons having an interest therein separate accounts reflecting the Accrued Benefit of each Participant.
- 4.2 <u>Allocation of Contributions</u>. Subject to the applicable limitations contained herein, as of the date on which such contribution is made, the Incentive Compensation Contribution for a Plan Year shall be allocated to the Accumulation Account of the Participant on whose behalf such contribution is made.

4.3 415 Limitations on Annual Additions.

- 4.3(a) Notwithstanding any other provision of the Plan, the sum of all Annual Additions (as defined in subparagraph 4.3(c)) allocated to the accounts of any Participant for any Limitation Year may not exceed the lesser of:
 - (i) \$40,000 (referred to herein as the "Dollar Limitation"), or
 - (ii) One hundred percent (100%) of such Participant's Total Compensation not in excess of the Compensation Limit for such Limitation Year,

which limitations are jointly referred to herein as the "415 Limitations". The compensation limit referred to in clause (ii) of this subparagraph shall not apply to any contribution for medical benefits after separation from service (within the meaning of Section 401(h) or Section 419A(f)(2) of the Code) which is otherwise treated as an annual addition.

4.3(b) In determining the Dollar Limitation:

- (i) The Dollar Limitation shall be automatically adjusted by the Adjustment Factor, from time to time, to reflect any annual cost of living adjustments and any such adjustment (which with the original Dollar Limitation is sometimes referred to herein as the "adjusted Dollar Limitation") shall be effective for the Limitation Year which ends with or within the calendar year for which such increase is effective. For purposes hereof, the term "Adjustment Factor" shall mean the cost of living adjustment factor prescribed by the Secretary of the Treasury or his delegate under Section 415(d) of the Code, applied to such items and in such manner as the Secretary of the Treasury or his delegate shall prescribe. For Limitation Years beginning after December 31, 2002, the adjustment shall be in \$1,000 increments on the basis of a base period of the calendar quarter beginning July 1, 2001.
- (ii) If any Limitation Year is a period of less than twelve (12) months, then the Dollar Limitation for such Limitation Year shall be prorated by multiplying then the Dollar Limitation for such Limitation Year by a fraction, the numerator of which is the number of months in such Limitation Year and the denominator of which is twelve (12).

- 4.3(c) The term "Annual Additions" shall mean the sum of the following amounts allocated to a Participant's account under the Plan for a Limitation Year:
 - (i) All contributions by the Employer to this or any other defined contribution plan maintained by the Employer including any other plan qualified under Section 401(a) of the Code; and
 - (ii) Any other amounts defined as "annual additions" under Section 415 of the Code.

Notwithstanding anything to the contrary herein, catch-up contributions under Section 414(v) of the Code, contributions to a plan maintained pursuant to Section 457 of the Code and amounts which are excluded from being "annual additions" under Section 415 of the Code shall not be considered Annual Additions for purposes hereof.

- 4.3(d) For purposes hereof, the term "Limitation Year" means the Plan Year.
- 4.3(e) For Plan Years (or Limitation Years, as applicable) beginning before July 1, 2007, and for purposes hereof, the term "Total Compensation" means the total compensation from the Employer received by or made available to an Employee during any Plan Year or, for purposes of the limitations imposed by Section 415 of the Code, any Limitation Year:
 - (i) Including, but not limited to, wages, salary, earned income (in the case of self-employed individuals), vacation pay, sick pay, overtime pay, bonuses and commissions, and as reportable to the Internal Revenue Service on Form W-2 (or its successor), where applicable, for federal income tax purposes, but
 - (ii) Including employee elective salary reduction or similar deferral contributions excluded from W-2 compensation by reason of Section 125, 132(f)(4), 402(g)(3) or 457(b) of the Code (and elective deferrals or contributions under any other sections of the Code covered by Section 415(c)(3)(D) of the Code), and
 - (iii) Excluding, except as otherwise expressly included by clause (ii) above, paid or reimbursed expenses, contributions or benefits under a simplified employee pension plan, contributions (to the extent not includible in the Employee's gross income when contributed) or benefits under this or any other plan of deferred compensation (other than an unfunded, non-qualified plan), contributions or benefits under any other employee benefit plan or arrangement (to the extent excludable from or not includible in gross income), now, heretofore or hereafter adopted, amounts paid or received or deemed received in connection with stock options or rights, other amounts which receive special tax benefits, or any amount otherwise paid as compensation but finally determined not to be deductible as compensation in determining the Employer's federal taxable income.
- 4.3(f) For Plan Years (or Limitation Years, as applicable) beginning on or after July 1, 2007, and for purposes hereof, the term "Total Compensation" means the total compensation

from the Employer received by or made available to an Employee during any Plan Year or, for purposes of the limitations imposed by Section 415 of the Code, any Limitation Year:

- (i) Consisting of wages, salaries, earned income (in the case of self-employed individuals), and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer to the extent that the amounts are includible in gross income (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits and reimbursements, or expense allowances under a nonaccountable plan (as described in Treas. Regs. Section 1.62-2(c)), and
- (ii) Including employee elective salary reduction or similar deferral contributions excluded from taxable compensation by reason of Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b) of the Code (and elective deferrals or contributions under any other sections of the Code covered by Section 415(c)(3)(D) of the Code), but

(iii) Excluding the following:

- (A) Employer contributions (other than elective contributions described in Section 402(e)(3), 408(k)(6), 408(p)(2)(A)(i), or 457(b) of the Code) to a plan of deferred compensation (including a simplified employee pension described in Section 408(k) of the Code or a simple retirement account described in Section 408(p) of the Code, and whether or not qualified) to the extent such contributions are not includible in the employee's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a plan of deferred compensation (whether or not qualified), including amounts received during the year by an employee prior to severance from employment with the Employer pursuant to a nonqualified unfunded deferred compensation plan to the extent includible in gross income;
- (B) Amounts realized from the exercise of a non-qualified stock option (that is, an option other than a statutory stock option described in Treas. Regs. Section 1.421-1(b)), or when restricted stock (or property) held by the employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;
- (C) Amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option;
- (D) Other amounts that receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are not includible in the gross income of the employee and are not salary reduction amounts that are described in Section 125 of the Code); and

(E) Other items of remuneration that are similar to any of the items listed in (A) through (D).

Any such total compensation in excess of the Compensation Limit for any Plan Year or Limitation Year shall be disregarded hereunder for all purposes. Back pay, within the meaning of Treas. Reg. Section 1.415(c)-2(g)(8), shall be treated as compensation for the Plan Year or Limitation Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included in Total Compensation.

- 4.3(g) Notwithstanding the foregoing, the following rules shall also apply in determining Total Compensation for Plan Years (or Limitation Years, as applicable) beginning on or after July 1, 2007:
 - (i) Amounts earned but not paid during a Plan Year (or Limitation Year, as applicable) solely because of the timing of pay periods and pay dates shall not be included in Total Compensation for the Limitation Year (or Plan Year, as applicable) earned, but shall be included when paid.
 - (ii) Amounts paid by the later of 2 ½ months after severance from employment or the end of the Limitation Year that includes the date of severance from employment shall be included in Total Compensation for the Limitation Year if such payments would have been paid to the Employee while the Employee continued in employment with the Employer absent the severance from employment and such amounts are regular compensation, commissions, bonuses or other similar compensation.
 - (iii) Except as described in (ii) above, no amount paid after separation from employment shall be treated as Total Compensation.
 - (iv) Total Compensation shall not include Deemed Section 125 Compensation. "Deemed Section 125 Compensation" is an amount that is excludable under Section 106 of the Code that is not available to a Participant in cash in lieu of group health coverage under a Section 125 of the Code arrangement solely because the Participant is unable to certify that he or she has other health coverage. Amounts are Deemed Section 125 Compensation only if the Employer does not request or otherwise collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan.
- 4.3(h) For purposes hereof, the rules of Section 415 of the Code are incorporated by reference for purposes of determining "Annual Additions" and applying the "415 Limitations".

4.4 <u>Additional Limitations on Annual Additions Where Employer Maintains More Than One Plan.</u>

4.4(a) If any Participant is or has been a participant in another Qualified Defined Contribution Plan, the limitations contained in paragraph 4.3 shall be appropriately adjusted when

and as required by Section 415 of the Code which provisions are incorporated by reference and shall control over any contrary or omitted or inconsistent provisions in the Plan.

- 4.4(b) If any Participant is or has been a participant in more than one Qualified Defined Contribution Plan (whether or not terminated), the limitations under Section 415 of the Code apply as if all such Qualified Defined Contribution Plans were one plan. The following rules shall also apply:
 - (i) In the event that the 415 Limitations would otherwise be exceeded for a Limitation Year, the applicable limitation shall be applied for such Participant by limiting the allocation of Annual Additions to the accounts of such Participant in the following order: first, by reducing and refunding any after tax contribution made by an employee to a defined contribution plan that is treated as an Annual Addition, then by reducing and refunding any pre-tax contribution made by the employee to a defined contribution plan that is treated as an Annual Addition, then by reducing allocations under all plans not hereinafter described, then by reducing profit sharing plan allocations (including those under this Plan), then by reducing profit sharing plan allocations made as a matching contribution (including those made under the Virginia Cash Match Plan), then by reducing money purchase pension plan allocations, then be reducing target benefit plan allocations, then by reducing any mandatory employee contribution made to a defined benefit plan that is treated as an Annual Addition.
 - (ii) If such Participant is a participant in two or more plans of the same type, the applicable limitation shall be applied to contributory plans or aspects thereof first and thereafter to non-contributory plans or aspects thereof and shall be applied pro rata among such plans or aspects thereof in the same limitation category on the basis of allocations thereunder before operation of the applicable limitation.
- 4.4(c) Solely for purposes of paragraphs 4.3, 4.4 and 4.5, the term "Qualified Defined Contribution Plan" means any plan maintained by the Employer or portion thereof described or treated as a defined contribution plan within the meaning of Sections 414(i) and 415(k) of the Code, including, but not limited to, defined contribution plans qualified under Section 401(a) of the Code, tax sheltered annuity contracts described in Section 403(b) of the Code, simplified employee pension plans described in Section 408(k) of the Code, any employee contribution portion of and any cost-of-living protection arrangement under a defined benefit plan qualified under Section 401(a) of the Code, any individual medical account under a pension or annuity plan within the meaning of Section 415(l) of the Code, and any welfare benefit fund within the meaning of Section 419(e) of the Code.
- 4.4(d) In complying with the limitations of Section 415 of the Code, all other transitional rules under any law enacting or amending Section 415, of the Code shall be applicable as determined by the Plan Sponsor.

4.5 **Special Account for Unallocated Annual Additions.**

- 4.5(a) For Limitation Years beginning before July 1, 2007, in the event a Participant's Annual Additions for a Plan Year exceed his 415 Limitations of paragraph 4.3, the excess Annual Additions of such Participant shall be reallocated, to the extent necessary to achieve compliance with the 415 Limitations of paragraph 4.3.
- 4.5(b) For Limitation Years beginning on or after July 1, 2007, if the Administrator determines that the amount of a Participant's Annual Additions exceed the limitations set forth herein, the excess Annual Additions shall be corrected as permitted under the Internal Revenue Service's Employee Plans Compliance Resolution System ("EPCRS"), including any successor system or program thereto, or pursuant to any other available guidance from the Internal Revenue Service or U. S. Department of the Treasury.
- 4.5(c) All contributions by the Employer for such Plan Year which are excess Annual Additions shall be retained as an undesignated account on the books of the Fund for allocation among the accounts of the Participants as a part of the Employer's contribution next due for the next following Plan Year. Any such amounts so used shall be treated for allocation purposes of the Plan as a part of the contribution by the Employer.
- 4.5(d) The undesignated special account maintained pursuant to this paragraph shall be adjusted at each Valuation Date for its share of net increase or decrease in value of the Fund, and such account shall be held in such investment vehicles as the Administrator shall direct.
- 4.5(e) Notwithstanding any other provisions of the Plan, no contributions by the Employer which would constitute amounts subject to the 415 Limitations of paragraph 4.3 for a Plan Year may be made to the Plan until any balance at the beginning of such Plan Year in the undesignated account maintained pursuant to this paragraph 4.5 has been allocated among the accounts of Participants.
- 4.6 <u>Valuation of Assets and Allocation of Valuation Adjustments</u>. Earnings, losses and valuation change adjustments (referred to herein collectively as the "net increase or decrease in value" or as the "valuation adjustments") shall be made at least annually to accounts as hereinafter provided. For purposes hereof, a "proportionate" allocation or an allocation "on the basis of" an amount or account balance means an allocation in the ratio that each such amount or account balance bears to all such amounts or account balances.
- 4.6(a) Upon direction pursuant to the applicable provisions of the Plan, if any, the Trustee shall segregate the directed portion of a Participant's account or accounts within the Fund and the Administrator shall, as of and within a reasonable time after each Valuation Date and with respect to any affected segregated account as of the date of any transfer out of or benefit payment from such segregated account, value each such segregated account and adjust the same to reflect its net increases and decreases since the last valuation thereof. Expenses incurred and paid out of Plan assets in connection with the administration and investment by such a segregated account shall be charged to the segregated account incurring the same in such non-discriminatory manner as determined by the Administrator.

- 4.6(b) Within a reasonable time after each Valuation Date, the Trustee shall determine the value of the assets held by the Fund in unsegregated accounts as of such Valuation Date and the Administrator shall then adjust each unsegregated account on the books of the Fund proportionately to reflect the net increase or decrease in such value since the last Valuation Date. Solely for purposes of determining such net increase or decrease in value and the proportionate adjustment to each such account, the rules set forth in either (i) or (ii) below will apply with respect to "post-valuation additions" and "post-valuation reductions". "Post-valuation additions" are the amounts of the following additions or allocations made to such accounts as of a date after the last Valuation Date: contributions by the Employer; transfers from segregated accounts; and direct transfers. "Post-valuation reductions" are the amounts of distributions or other payments which have been made from the Fund and charged to such accounts and transfers to segregated accounts since the last Valuation Date.
 - (i) Except as otherwise provided in clause (ii) of this subparagraph, in determining such values and in making such adjustments there shall not be taken into consideration any post-valuation additions or reductions.
 - (ii) Notwithstanding the foregoing provisions of clause (i), if the Administrator shall so determine, the determination of such values and adjustments shall be made by considering a portion of any individual items of post-valuation additions which have not been distributed or otherwise paid out of the Fund since the last Valuation Date and a portion of any individual items of post-valuation reductions for transfers to segregated accounts on a uniform and non-discriminatory basis to reflect their contribution to the net increase or decrease in value. The portion of any such item taken into account for such purposes shall be determined by multiplying such item by a fraction, the numerator of which is the number of whole calendar months (or payroll periods or calendar weeks or days as determined by the Administrator) since the last Valuation Date during which such item was held in an unsegregated account in the Fund and the denominator of which is the number of whole calendar months (or payroll periods or calendar weeks or days) since the last Valuation Date.
- 4.6(c) Notwithstanding anything to the contrary in the foregoing provisions of this paragraph, contributions by the Employer and/or contributions by Participants made during the Plan Year for which contributed shall, if so directed by the Administrator, be held in a segregated account by the Trustee on a uniform, non-discriminatory basis and the net increase or decrease in value in such account during such Plan Year shall be allocated in the same proportions as such contributions for such Plan Year which are held in the Plan in such segregated account on the Valuation Date as of which the adjustment hereunder is being made are allocated pursuant to paragraph 4.2. Notwithstanding anything to the contrary in the foregoing, the allocations contemplated by this subparagraph shall be made, on the basis of the aggregate of such contributions weighted on the basis of whole calendar months (or payroll periods or calendar weeks or days as determined by the Administrator) held in the Fund during such Plan Year.
- 4.6(d) The valuation adjustment contemplated by this paragraph shall be made before amounts are forfeited from accounts each Plan Year.

- 4.6(e) The Administrator shall select the method of accounting (either the cash method or the accrual method or some permissible combination thereof) to be used for purposes hereof.
- 4.6(f) The value of the assets of the Fund shall be their fair market value as of the Valuation Date or, where provided, such other valuation thereof.
- 4.6(g) Notwithstanding anything to the contrary in the foregoing, expenses of the Plan and Fund in determining whether a domestic relations order is an Approved Domestic Relations Order may, after direction of the Administrator on a uniform and non-discriminatory basis, be charged directly to the account of the Participant to whom the order applies.
- 4.6(h) If the Administrator determines in making any valuation, allocation or adjustments to any Participant's account under the provisions of the Plan that the strict application of the provisions of the Plan will not produce equitable and non-discriminatory allocation among the Participants' accounts, it may modify any procedures specified in the Plan for purposes of achieving an equal and non-discriminatory allocation in accordance with the general concepts and purposes of the Plan.
- 4.7 <u>Determination of Account Balances</u>. The value of any account on the books of the Fund at any time shall be that amount determined by adding the amount of all contributions and forfeitures which have been allocated to such account and all adjustments and transfers by which such account has been increased, and further by subtracting all amounts forfeited from such account, all adjustments by which such account has been decreased and all distributions, other payments and transfers made from such account, all as provided in the Plan.
- 4.8 **Expenses**. All costs and expenses incurred by the Plan Sponsor in connection with investments shall be borne by the appropriate account and appropriately reflected in the balance thereof.
- 4.9 <u>Statement of Accrued Benefit</u>. Within a reasonable period of time after each reporting period, not less often than annually, the Plan Administrator or Agent shall provide each Participant (and, when applicable, each Beneficiary, or Alternate Payee) a statement of the balance as of such date in the accounts including the nature and value of any assets or investments used for the purpose of valuing the accounts.
- 4.10 <u>Equitable Adjustment in Case of Error or Omission</u>. Where an error or omission is discovered in the account of the Participant, the Plan Administrator or Agent shall be authorized to make such equitable adjustment as it deems appropriate.

4.11 Special Rules for Reemployed Veterans.

4.11(a) Notwithstanding any other provision of the Plan, the following special rules shall apply in order to provide Make-up Contributions to the Plan on behalf of Reemployed Veterans:

- (i) Make-up Contributions shall be made to the Plan by the Employer on behalf of a Reemployed Veteran, and allocated to the appropriate account of the affected Participant's Accrued Benefit, in such amount and such manner and at such time or times as is required by the USERRA. In accordance with the requirements of USERRA, the Plan Administrator may establish procedures for determining the proper timing and ordering of Make-up Contributions and other contributions made under the Plan and for determining the time periods during which Make-up Contributions may be made when a Reemployed Veteran has multiple periods of Qualified Military Service.
- (ii) Make-up Contributions with respect to a Reemployed Veteran shall not be subject to any otherwise applicable contribution limits under Sections 402(g), 402(h), 403(b), 408, 415, or 457 of the Code as applied with respect to the Plan Year or taxable year, as applicable to the relevant section of the Code, in which the contribution is made. A Make-up Contribution shall not be taken into account in applying the contribution limits to any other contribution made during the Plan Year or taxable year, as applicable to the relevant section of the Code. Make-up Contributions shall not exceed the aggregate amount of contributions that would have been permitted under the Plan contribution limits for the Plan Year or taxable year, as applicable to the relevant section of the Code, to which the contribution relates had the Reemployed Veteran continued to be employed by the Employer during the period of his Qualified Military Service.
- (iii) Qualified Military Service of a Reemployed Veteran shall be counted as service for purposes of participation and benefit accrual under the Plan. Additionally, the time period between the end of the Reemployed Veteran's Qualified Military Service and his return to the Employer (including the time period spent recovering from an injury or illness as required under USERRA) shall be counted as Service for purposes of participation and benefit accrual under the Plan.
- 4.11(b) To the extent required by USERRA or Section 401(a)(37) of the Code for purposes of determining entitlement to death benefits under the Plan, in the event a Participant ceases to be an Employee in order to perform Qualified Military Service and dies on or after January 1, 2007 while performing Qualified Military Service, the Participant's death shall be considered to have occurred while he was an Employee and, if he ceased to be an Eligible Employee in order to perform Qualified Military Service, while he was an Eligible Employee so that his Beneficiaries are entitled to any additional benefits provided under the Plan (other than benefit accruals relating to the period of Qualified Military Service unless otherwise expressly provided), including without limitation any additional or enhanced vesting or death benefits, had the Participant resumed employment with the Employer and then terminated employment on account of death. If any benefit is due by reason of this subparagraph, the additional account balance that is due shall be restored out of forfeitures under the Plan or, if none, by a special contribution by the Employer.
- 4.11(c) To the extent required by USERRA or Section 401(a)(37) of the Code for purposes of determining the Accrued Benefit of an Employee in Qualified Military Service, in the event a Participant ceases to be an Employee in order to perform Qualified Military Service and dies on or after January 1, 2007 while performing Qualified Military Service, the Participant

shall be considered to have returned to work on the day before his death in order to receive the Make-up Contribution under the Plan relating to the period of Qualified Military Service.

- 4.11(d) Effective for Plan Years beginning on or after January 1, 2009, for purposes of the Plan, Total Compensation includes Differential Wage Payments and a person receiving a Differential Wage Payment from an Employer shall be considered an Employee of that Employer. A "Differential Wage Payment" is any payment which is made to an individual by an Employer with respect to any period during which the individual is performing Qualified Military Service while on active duty for a period of more than thirty (30) days and which represents all or a portion of the wages the individual would have received from an Employer if the individual were performing services for the Employer.
 - 4.11(e) For purposes of this paragraph, the following terms have the following meanings:
 - (i) "Make-up Contributions" means the contributions which are required to be made to the Plan for a Reemployed Veteran pursuant to the USERRA and Section 414(u) of the Code. These contributions generally are the contributions by the Employer that would have accrued to the Reemployed Veteran under the Plan, but for his absence due to his Qualified Military Service. Neither the Make-up Contribution obligation nor this paragraph requires that any earnings be credited to the account of a Reemployed Veteran with respect to any Make-up Contribution before such contribution is actually made.
 - (ii) "Qualified Military Service" means any service in the uniformed services (as defined under USERRA) by any individual if such individual is entitled to reemployment rights under USERRA with respect to such service and to the Employer.
 - (iii) "Reemployed Veteran" means a person who is or, but for his Qualified Military Service, would have been a Participant at some time during his Qualified Military Service and who is entitled to the restoration benefits and protections of USERRA with respect to his Qualified Military Service and the Plan.
 - (iv) "USERRA" means the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, and the final regulations and any other applicable guidance issued thereunder.

ARTICLE V Vesting

5.1 <u>Full Vesting at Time of Allocation</u>. As of the date on which the Employer makes a contribution for a Plan Year and the contribution is allocated to the Accumulation Account of the Participant on whose behalf such contribution is made, the Participant shall be immediately and fully vested in the amount of the contribution. All unvested and forfeitable portions of a Participant's Accrued Benefit that were contributed prior to the effective date of this Restatement shall become fully vested and non-forfeitable as of the effective date of this Restatement.

ARTICLE VI Payment of Benefits

6.1 Time of Payment.

- 6.1(a) The Accrued Benefit of a Participant shall be paid to the Participant, if then alive, or otherwise to his Beneficiary, as soon as reasonably practical following the last day of the quarter in when the Participant's severance from employment with the Employer for any reason.
- 6.1(b) With respect to a Plan Approved Domestic Relations Order approved by the Plan, the distribution to the Alternate Payee shall be made as soon as reasonably practical following such approval.
- 6.1(c) Notwithstanding the foregoing provisions of this paragraph, payment may be delayed for a reasonable period in the event the recipient cannot be located or is not competent to receive the benefit payment, there is a dispute as to the proper recipient of such benefit payment, additional time is needed to complete the Plan valuation adjustments and allocations, or additional time is necessary to properly explain the recipient's options.

6.2 Form of Payment.

- 6.2(a) Subject to the provisions of paragraph 6.4, the Accrued Benefit of a Participant shall be payable in a lump sum in cash to the Participant if then alive, or otherwise to his Beneficiary.
- 6.2(b) With respect to a Plan Approved Domestic Relations Order, subject to the provisions of paragraph 6.4, the distribution to the Alternate Payee shall be made in a lump sum in cash.
- 6.3 Required Minimum Distribution. To the extent the payment provisions of the Plan are inconsistent with and violative of the requirements of Section 401(a)(9) of the Code, the provisions of Section 401(a)(9) of the Code are hereby incorporated by reference and shall control, including the minimum distribution and incidental benefit requirements thereunder. In this regard the Plan will apply the minimum distribution requirements of Section 401(a)(9) of the Code in accordance with a good faith interpretation as permitted by the Pension Protection Act of 2006. Notwithstanding anything to the contrary in this paragraph or elsewhere in the Plan, the Plan shall be operated on the basis that required minimum distributions are required for calendar year 2009; and the temporary waiver of required minimum distributions for calendar year 2009 permitted under Section 401(a)(9)(H) of the Code is not adopted.

6.4 Plan to Plan Direct Rollover as a Distribution Option.

6.4(a) Notwithstanding any contrary provision of the Plan, but subject to any de minimis or other exceptions or limitations provided for under Section 401(a)(31) of the Code:

- (i) Any prospective recipient (whether a Participant, a surviving spouse, a current or former spouse who is an alternate payee under a Plan Approved Domestic Relations Order or any other person eligible to make a rollover) of a distribution from the Plan which constitutes an "eligible rollover distribution" (to the extent otherwise includible in the recipient's gross income) may direct the Trustee to pay the distribution directly to an "eligible retirement plan";
- (ii) If (A) the present value of the entire Accrued Benefit payable to a Participant exceeds \$1,000, (B) the Participant has not attained the later of his Normal Retirement Age or the age of sixty-two (62) and (C) the Participant does not either consent in writing to a distribution to him (as opposed to a rollover to an "eligible retirement plan") or direct in writing the distribution be made to a specified "eligible retirement plan" or plans, then any "eligible rollover distribution" to him shall be made by the Trustee's paying the distribution directly to an "eligible retirement plan" which is an individual retirement plan in a direct rollover to the individual retirement plan on behalf of the recipient (an "automatic rollover"). This clause does not apply to payment made to a person who is not a Participant; and
- (iii) Any non-Spouse designated Beneficiary within the meaning of Section 401(a)(9)(E) of the Code who is a prospective recipient of a distribution from the Plan that would be an eligible rollover distribution but for the fact that the recipient is not a Participant or a Participant's Spouse, may direct the Trustee to pay the distribution directly to an "inherited IRA."
- (iv) Any non-spouse designated Beneficiary within the meaning of Section 401(a)(9)(E) of the Code who is a prospective recipient of an eligible rollover distribution from the Plan may direct the Trustee to pay the distribution directly to an "inherited IRA."
- 6.4(b) For purposes hereof, the following terms have the meanings assigned to them in Section 401(a)(31) of the Code and, to the extent not inconsistent therewith, shall have the following meanings:
 - (i) The term "eligible retirement plan" means any of the following, as applicable:
 - (A) An eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan.
 - (B) A defined contribution plan which is either an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code (other than an endowment contract), an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the prospective recipient's eligible rollover distribution.

- (C) An eligible retirement plan shall also mean an annuity contract described in Section 403(b) of the Code.
- (D) The definition of eligible retirement plan applicable to a Participant shall also apply in the case of a distribution to a Participant's surviving spouse and to a Participant's spouse or former spouse who is the alternate payee under a ADRO.
- (E) Effective for distributions made after December 31, 2007, an individual retirement plan described in Section 408A of the Code (sometimes referred to as a Roth IRA) provided that for tax years beginning before January 1, 2010, the Participant does not have modified adjusted gross income in excess of \$100,000 and is not married filing a separate return, both as determined under Section 408A(c)(3)(b) of the Code.
- (F) For distributions made in Plan Years beginning on or after January 1, 2010, in the case of an eligible rollover distribution payable to a non-spouse designated Beneficiary within the meaning of Section 401(a)(9)(E) of the Code, an "eligible retirement plan" means only an "inherited" IRA.
- (ii) The term "eligible rollover distribution" means any distribution other than:
- (A) A distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made either for the life (or life expectancy) of the recipient or the joint lives (or joint life expectancies) of the recipient and his beneficiary who is an individual or for a specified period of ten (10) or more years,
- (B) A distribution to the extent it is required under the minimum distribution requirement of Section 401(a)(9) of the Code,
- (C) That portion of a hardship withdrawal attributable to pre-tax elective contributions or other contributions subject to the withdrawal restrictions of Section 401(k)(2)(B)(i)(IV) of the Code,
- (D) Any amount that is distributed on account of hardship as provided in Section 8.01(a) (whether or not subject to the withdrawal restrictions of Section 401(k)(2)(B)(i)(IV) of the Code), or
- (E) Any other amount which is not considered an eligible rollover distribution for purposes of Section 402(c)(4) of the Code with respect to the Plan.

A portion of a distribution shall not fail to be an "eligible rollover distribution" merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual

retirement account or annuity described in Sections 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Sections 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. For distributions made after December 31, 2006, such portion may also be paid to an annuity contract described in Section 403(b) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

- (iii) The term "inherited IRA" means an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code (other than an endowment contract) or, for Plan Years beginning in or after 2010, an individual retirement plan described in Section 408A of the Code (sometimes referred to as a Roth IRA) established for the purpose of receiving the distribution where the individual retirement account or annuity or Roth IRA is treated as an inherited individual retirement account or annuity within the meaning of Section 408(d)(3)(C) or, as applicable, Section 409A(d)(3)(B) of the Code.
- 6.4(c) Any such direction shall be filed with the Administrator in such form and at such time as the Administrator may require and shall adequately specify the eligible retirement plan to which the payment shall be made.
- 6.4(d) The Trustee shall make payment as directed only if the proposed transferee plan will accept the payment.
- 6.4(e) Any such plan to plan transfer shall be considered a distribution option under this Plan and shall be subject to all the usual distribution rules of this Plan (including but not limited to the requirement an advance explanation of the option).
- 6.4(f) The Administrator is authorized in its discretion, applied on a uniform and non-discriminatory basis, to apply any discretionary de minimis or other discretionary exceptions or limitations provided for under Section 401(a)(31) of the Code in effecting or declining to effect plan to plan transfers hereunder.
- 6.4(g) Within a reasonable time (generally not more than ninety (90) nor less than thirty (30) days) before the benefit payment date of a prospective recipient of an eligible rollover distribution from the Plan, the Administrator shall provide the prospective recipient with a written explanation of the rollover and tax rules required by Section 402(f) of the Code. In addition, where the prospective distribution is described in clause (ii) of subparagraph 6.4(a), the Administrator shall provide the written notice to the prospective recipient required by Sections 401(a)(31)(B)(i) of the Code (either separately or at the time the notice under Section 402(f) of the Code is provided) that the automatic rollover to an individual retirement plan pursuant to clause (ii) of subparagraph 6.4(a) may be transferred to another individual retirement plan.

- 6.4(h) In the case of an automatic rollover described in clause (ii) of subparagraph 6.4(a):
 - (i) Unless otherwise determined by the Plan Sponsor by written agreement with another Plan fiduciary, the Administrator shall determine the individual retirement plan to receive the automatic rollover and the initial investment under the individual retirement plan in which the automatic rollover is invested;
 - (ii) The automatic rollover shall be made to an individual retirement plan within the meaning of Section 7701(a)(37) of the Code;
 - (iii) In connection with the automatic rollover, the Administrator shall enter into a written agreement with the individual retirement plan provider that provides:
 - (A) The rolled-over funds shall be invested in an investment product designed to preserve principal and provide a reasonable rate of return, whether or not such return is guaranteed, consistent with liquidity;
 - (B) For purposes of clause (iii)(A) of this subparagraph, the investment product selected for the rolled-over funds shall seek to maintain, over the term of the investment, the dollar value that is equal to the amount invested in the product by the individual retirement plan;
 - (C) The investment product selected for the rolled-over funds shall be offered by a state or federally regulated financial institution, which shall be either (I) a bank or savings association, the deposits of which are insured by the Federal Deposit Insurance Corporation, (II) a credit union, the member accounts of which are insured within the meaning of Section 101(7) of the Federal Credit Union Act, (III) an insurance company, the products of which are protected by State guaranty associations, or (IV) an investment company registered under the Investment Company Act of 1940;
 - (D) All fees and expenses attendant to an individual retirement plan, including investments of the individual retirement plan (e.g., establishment charges, maintenance fees, investment expenses, termination costs and surrender charges) shall not exceed the fees and expenses charged by the individual retirement plan provider for comparable individual retirement plans established for reasons other than the receipt of a rollover distribution subject to the provisions of Section 401(a)(31)(B) of the Code; and
 - (E) The recipient on whose behalf the Plan makes an automatic rollover shall have the right to enforce the terms of the contractual agreement establishing the individual retirement plan, with regard to his rolled-over funds, against the individual retirement plan provider, and.

(iv) Participants shall be furnished a description, of the Plan's automatic rollover provisions effectuating the requirements of Section 401(a)(31)(B) of the Code, including an explanation that the mandatory distribution in the form of an automatic rollover will be invested in an investment product designed to preserve principal and provide a reasonable rate of return and liquidity, a statement indicating how fees and expenses attendant to the individual retirement plan will be allocated (i.e., the extent to which expenses will be borne by the account holder alone or shared with the distributing Plan or Plan Sponsor), and the name, address and phone number of a plan contact (to the extent not otherwise provided in the description) for further information concerning the Plan's automatic rollover provisions, the individual retirement plan provider and the fees and expenses attendant to the individual retirement plan.

It is intended that the automatic rollover provisions of the Plan satisfy the safe harbor therefore Section 51.1-124.30.F of the Code of Virginia, and such provisions shall be interpreted and administered in accordance therewith.

6.5 Notice and Election Procedures Regarding Payment.

- 6.5(a) Within a reasonable time before a Participant's Accrued Benefit is to be paid to him, the Administrator shall by mail or personal delivery provide the Participant with a written explanation of the terms and conditions of the lump sum payment, including the special tax notice and rollover election forms.
- 6.5(b) Within a reasonable time before the Accrued Benefit of a Participant who died prior to commencement of payment of his Accrued Benefit is to be paid, the Administrator shall by mail or personal delivery provide the Participant's Beneficiary with a written explanation of the terms and conditions of the lump sum payment including the special tax notice and rollover election forms.

6.6 Benefit Determination and Payment Procedure.

- 6.6(a) The Administrator shall make all determinations concerning eligibility for benefits under the Plan, the time or terms of payment, and the forms or manner of payment to the Participant or the Participant's Beneficiary, in the event of the death of a Participant. The Administrator shall promptly notify the Trustee of each such determination that benefit payments are due or should cease to be made and provide to the Trustee all other information necessary to allow the Trustees to carry out said determination, whereupon the Trustee shall pay or cease to pay such benefits in accordance with the Administrator's determination.
- 6.6(b) In making the determinations described in subparagraph 6.6(a), the Administrator shall take into account the terms of any Plan Approved Domestic Relations Order received with respect to the Accrued Benefit of the Participant or any Death Benefit with respect to the Participant. The time and form of payment with respect to the Plan Approved Domestic Relations Order and the time and form of payment chosen by the Participant or his Beneficiary or required by the Plan shall not be altered by the terms of the Plan Approved Domestic Relations Order. The Administrator shall make all determinations regarding benefit payments to be made pursuant to a

Plan Approved Domestic Relations Order. Any benefit payments which may be subject to the terms of a domestic relations order received by the Administrator shall be suspended during the period the Administrator is considering whether the order is a Plan Approved Domestic Relations Order. In the event that benefits are in pay status at the time that a domestic relations order is received, the Administrator shall promptly notify the Trustee of the amount, if any, of the benefit payments that must be suspended for the period required by the Administrator to determine the status of the order. Upon the completion of the Administrator's review or other determination of the status of the order, the Administrator shall promptly notify the Trustee of the time benefit payments are to commence and of the identity of, and the amount and form of benefits to be paid to, the person or persons to whom payment is to be made.

- 6.7 Payments to Minors and Incompetents. If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.
- 6.8 <u>Distribution of Benefit When Distributee Cannot Be Located</u>. The Administrator shall make all reasonable attempts to determine the identity and/or whereabouts of a Participant or Participant's spouse or a Participant's Beneficiary entitled to benefits under the Plan, including the mailing by certified mail of a notice to the last known address shown on the Employer's, the Administrator's or the Trustee's records. If the Administrator is unable to locate such a person entitled to benefits hereunder, or if there has been no claim made for such benefits, the Trustee shall continue to hold the benefit due such person, subject to any applicable statute of escheats.

ARTICLE VII Beneficiary Designation

- 7.1 <u>Beneficiary Designation</u>. The Participant shall be entitled to designate a Beneficiary hereunder by filing a designation in writing with the Plan Administrator on the form provided for such purpose. Any Beneficiary designation made hereunder shall be effective only if signed and dated by the Participant and delivered to the Plan Administrator prior to the time of the Participant's death. Any Beneficiary designation hereunder shall remain effective until changed or revoked hereunder.
- 7.1(a) Any Beneficiary designation may include multiple, contingent or successive Beneficiaries, a trust, and may specify the proportionate distribution to each Beneficiary. The Participant shall designate each Beneficiary by name. If multiple beneficiaries are designated, absent any other provision by the Participant, those named or the survivors of them shall share equally in any amounts payable thereunder. Notwithstanding the rule that a Participant shall designate each Beneficiary by name, if the Plan Administrator, in its sole discretion, finds that a Beneficiary Designation sufficiently describes a trust, that Beneficiary Designation will be construed as naming the duly appointed and currently acting trustee of that trust.

- 7.1(b) A Beneficiary designation may be changed by the Participant at any time, or from time to time, by filing a new designation in writing with the Plan Administrator.
- 7.1(c) If the Participant dies without having designated a Beneficiary, or if the Beneficiary so designated has predeceased him, the Participant's Beneficiary shall be deemed to be:
 - (i) The Participant's surviving spouse, or
 - (ii) if none, his children and descendents of his deceased children, <u>per stirpes</u>, or
 - (iii) if none, his parents, equally if both living, or
 - (iv) if none, the duly appointed executor or administrator of his estate, or
 - (v) if none the next of kin entitled to inherit under the laws of the his domicile at the time of his death.

If a Beneficiary of the Participant shall survive the Participant but shall die before the Accrued Benefit hereunder has been distributed, then, absent any other provision by the Participant, the unpaid balance thereof shall be distributed to the estate of the deceased Beneficiary.

ARTICLE VIII Plan to Plan Transfers and Loans

- 8.1 Plan to Plan Transfer to Cash Match Plan. Upon attaining the age of 55 while a Participant, a Participant who has any established account under the Virginia 457 Deferred Compensation Plan may transfer a portion (but not all) of his Accumulation Account (based on the value as of the last day of the most recent quarter for which the valuation is completed) in the Plan to the Virginia Cash Match Plan in a plan to plan transfer. The transferred balances shall be held in the Cash Match Plan in an account having the same distribution restrictions as those applicable to the Accumulation Account (i.e., not before severance from employment), except that Hardship Withdrawals will not be available under the Cash Match Plan.
- 8.2 Other Withdrawals and Loans Not Available. Except as permitted in paragraph 8.1, there shall be no withdrawals or loans permitted from the Plan.

ARTICLE IX Trust Fund

9.1 <u>The Trust Fund</u>. All assets of the Plan shall be held and invested in the Fund in accordance with this Plan and the Trust Agreement.

ARTICLE X Plan Administrator

- 10.1 <u>Plan Administrator</u>. The Plan Administrator has full and complete authority and discretion to control and manage the operation of and shall decide all matters under the Plan. The Plan Administrator has any and all powers as may be necessary or advisable to discharge its duties under the Plan including the power and authority to interpret the terms of the Plan. The Plan Administrator does not have any duties concerning a Participant's selection of plan investments.
- 10.2 <u>Responsibilities of Plan Administrator</u>. The Plan Administrator is responsible for performing all duties required for the operation of the Plan, and is responsible for supervising the performance of any other persons who may assist in the performance of the Plan Administrator's responsibilities.
- 10.3 <u>Information from Employer</u>. To enable the Plan Administrator to perform its responsibilities, the Employer(s) shall promptly provide to the Plan Administrator complete and accurate information on any matter that is required by the Plan Administrator in order to make any decision or determination under the Plan. The Plan Administrator shall rely upon this information as supplied by the Employer, and shall have no duty or responsibility to verify this information.
- 10.4 Plan Administrator May Delegate or Contract. Except as prohibited by the Enabling Statute or other State or local law, the Plan Administrator may, except when expressly prohibited by this Plan, delegate any of its duties to any Employer, or to any officers, employees, or agents of any kind. Except as prohibited by State or local law, the Plan Administrator may, except when expressly prohibited by this Plan, contract any of its duties to the Agent or otherwise.
- 10.5 <u>Plan Services</u>. The Plan Administrator may contract with any person to provide services to assist in the administration of the Plan. The Plan Administrator must make such contracts in compliance with applicable State and local law. Any person other than the Plan Administrator who performs services regarding the Plan (including but not limited to the Agent) is subject to the supervision and direction of the Plan Administrator, and does not have authority to control the operation of the Plan.

ARTICLE XI Amendment and Termination of Plan

- 11.1 <u>Termination of the Plan</u>. The Plan may be terminated at any time by the Board, provided that no such termination shall reduce, suspend or terminate the Accrued Benefit otherwise payable to a Participant or Beneficiary hereunder as of the date of such termination.
- 11.2 <u>Amendment of the Plan</u>. The Board of the Plan Sponsor may amend the Plan at any time, provided that no such amendment shall reduce, suspend or terminate the Accrued Benefit otherwise payable to a Participant or Beneficiary hereunder as of the date of such

amendment. To the extent required by the exclusive benefit, any amendment of the Plan shall not be effective to the extent that the amendment has the effect of causing any Plan assets to be diverted to or inure to the benefit of the Employer, or to be used for any purpose other than providing Accrued Benefits to Participants and Beneficiaries and defraying reasonable expenses of administering the Plan.

ARTICLE XII Miscellaneous

12.1 Non-assignability.

- 12.1(a) The interests of each Participant hereunder the Plan are not subject to the claims of the Participant's creditors; and neither the Participant nor his Beneficiary, shall have any right to sell assign, transfer or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be non-assignable and non-transferable.
- 12.1(b) Notwithstanding the foregoing, the exceptions to the non-assignability provisions of 51.1-124.4.A of the Virginia Code shall apply to the Accrued Benefit under the Plan.
- 12.1(c) Neither the Employer, the Trustee, the Plan Administrator, the Agent nor any person serving under contract or otherwise with respect to the Plan shall be obligated to incur any cost to defend against or set aside any judgment, decree, or order relating to the division, attachment, garnishment, or execution of or levy upon the Participant's Accrued Benefit or any distribution, including (but not limited to) any order in any bankruptcy proceeding of any kind. Notwithstanding the foregoing, if any such person is joined in any proceeding, the party may take such action as it considers necessary or appropriate to protect any and all of its legal rights, and the Participant (or Beneficiary or Alternate Payee) shall reimburse all actual fees of lawyers and legal assistants and expenses reasonably incurred by such party.
- 12.2 <u>Binding Effect</u>. The Plan shall be binding upon and inure to the benefit of the Plan Sponsor, its successors and assigns, and the Participant and his heirs, executors, administrators and legal representatives.
- 12.3 <u>Construction</u>. The Plan is intended to be a profit sharing, defined contribution plan within the meaning of Section 401(a) of the Code and maintained by a state, political subdivision of a state or any agency or instrumentality of a state or political subdivision of a state and the provisions of the Plan shall be interpreted and administered as such.
- 12.4 <u>Gender and Number</u>. In construction of the Plan, the masculine shall include the feminine or neuter and the singular shall include the plural and vice-versa in all cases where such meanings would be appropriate.
- 12.5 <u>Governing Law</u>. The Plan shall be construed, enforced and administered in accordance with the laws of the Commonwealth of Virginia, including any law preventing an

individual or person claiming through him from acquiring property or receiving benefits as a result of the death of a decedent where such individual caused the death.

- 12.6 <u>No Rights Created by Allocation</u>. Any allocation of contributions or investment earnings to any Account shall not cause the Participant to have any right, title, interest, in any of the Plan, except as expressly provided by the Plan.
- 12.7 <u>Service of Legal Process</u>. Requests for information, claims or demands, legal process, and court orders are properly delivered when delivered to the Plan Administrator's principal place of business.
- 12.8 <u>Severability</u>. If any provision of the Plan should for any reason be declared invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall nevertheless remain in full force and effect.

12.9 Signatures and Broad Acceptance of Writings.

- 12.9(a) Except as provided in subparagraph 12.9(b), all notices required to be given in writing and all elections, consents, applications and the like required to be made in writing, under any provision of the Plan, shall be invalid unless made on such forms as may be provided or approved by the Administrator and, in the case of a notice, election, consent or application by a Participant or Beneficiary, unless executed by the Participant or Beneficiary giving such notice or making such election, consent or application.
- 12.9(b) Subject to limitations under applicable provisions of the Code, the Administrator is authorized in its discretion to accept other means for receipt of effective notices, elections, consents, applications and/or other forms or communications by Participants and/or Beneficiaries, including but not limited to electronic transmissions through e-mail, voice mail, recorded messages on electronic telephone systems, and other permissible methods, on such basis and for such purposes as it determines from time to time.
- 12.10 <u>Statute of Limitations</u>. As to any action at law or in equity under or with respect to this Plan (other than as described by the other sentence of this paragraph), the action shall be governed by (or precluded by) the relevant statute of limitations or statute of repose for actions upon a written contract according to the internal laws (without regard to the law of conflicts) of the Commonwealth of Virginia. For any dispute that was resolved by arbitration, to the extent that the statute of limitations or statute of repose relating to any arbitration proceeding or arbitration award or any other matter relating to arbitration shall be governed by the internal laws (without regard to the law of conflicts) of the Commonwealth of Virginia.
- 12.11 <u>Conclusiveness of Employer Records</u>. The records of the Employer with respect to age, service, employment history, compensation, absences, illnesses and all other relevant matters shall be conclusive for purposes of the administration of the Plan.
- 12.12 <u>Right to Require Information and Reliance Thereon</u>. The Plan Sponsor, the Administrator and the Trustee shall have the right to require any Participant, Beneficiary or other

person receiving benefit payments to provide it with such information, in writing, and in such form as it may deem necessary to the administration of the Plan and may rely thereon in carrying out its duties hereunder. Any payment to or on behalf of a Participant or Beneficiary in accordance with the provisions of the Plan in good faith reliance upon any such written information provided by a Participant or any other person to whom such payment is made shall be in full satisfaction of all claims by such Participant and his Beneficiary; and any payment to or on behalf of a Beneficiary in accordance with the provisions of the Plan in good faith reliance upon any such written information provided by such Beneficiary or any other person to whom such payment is made shall be in full satisfaction of all claims by such Beneficiary.

12.13 <u>Titles and Captions</u>. Titles and captions and headings herein have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

ARTICLE XIII Qualified Government Excess Benefit Arrangement

13.1 Qualified Government Excess Benefit Arrangement.

- 13.1(a) As of the effective date of this Restatement, no further contributions will be made to the Qualified Government Excess Benefit Arrangement under the Plan except those made on behalf on behalf of the Chief Investment Officer. Contributions made on behalf of the Chief Investment Officer shall be determined by the Board after contributions permitted by Section 415(c) of the Code have been maximized.
- 13.1(b) The Qualified Government Excess Benefit Arrangement will terminate effective June 30, 2013 with respect to all Participants except the Chief Investment Officer. The Qualified Government Excess Benefit Arrangement shall remain subject to the rules in this ARTICLE XIII until the date of the termination described herein.
- 13.2 <u>Full Vesting at Time of Restatement</u>. Consistent with ARTICLE V above, any portion of Participants' Excess Benefit Amount that has been previously credited to such Participant's Excess Benefit Account that remains unvested and forfeitable shall become fully vested and nonforfeitable.
- Governmental Excess Benefit Arrangement terminates as described in paragraph 13.1 above, each Participant (other than the Chief Investment Officers) shall receive, subject to any applicable tax withholdings, a distribution of the entire balance of his Excess Benefit Account as soon as administratively feasible within two months of the termination of this Arrangement, and in no event later than August 31, 2013. The amount to be distributed to the Participant shall be determined based on the value of the Participant's Excess Benefit Account as determined on the last day of the quarter ending on June 30, 2013.
- 13.4 <u>Form of Distribution</u>. A Participant shall receive a distribution of his or her Excess Benefit Account in a lump sum.

- 13.5 <u>Distributions on Account of Separation of Service</u>. Prior to the termination of this Arrangement with respect to any Participant, a Participant's Excess Benefit Account shall be distributed within 180 days after the Participant's separation from service. The amount to be distributed to the Participant under this paragraph 13.4 shall be determined based on the value of the Participant's Excess Benefit Account as determined on the last day of the quarter in which the Participant separates from service with the Employer.
- 13.6 <u>Distributions Upon Participant's Death</u>. Prior to the termination of this Arrangement with respect to any Participant, in the event that the Participant dies before receiving a distribution of the amount credited to his or her Excess Benefit Account, such amount shall be distributed in the form of a lump sum within 180 days of the Participant's death to the person who is the Participant's beneficiary designated under paragraph 7.1. The amount to be distributed to the Participant's designated shall be determined based on the value of the Participant's Excess Benefit Account as determined on the last day of the quarter in which the Participant died.
- 13.7 Payments to Minors and Incompetents. If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.
- 13.8 <u>No Trust Established</u>. All amounts credited to Participants' Excess Benefit Accounts shall be payable from the Employer's general assets. Participants' Excess Benefit Amounts shall not be contributed to the Trust and no trust or other type of funding vehicle shall be established to hold the amounts credited to Participants' Excess Benefit Accounts.

IN WITNESS	WHEREOF, the undersigned has executed this Plan this	20th	_day of
June	, 2013.		-

THE COMMONWEALTH OF VIRGINIA Virginia Retirement System

Harter

by pace for



Approve FY 2020 incentive payments for VRS investment professionals.

Requested Action

The VRS Board of Trustees approves payment of an incentive amount of approximately \$3,351,572 for FY 2020 to VRS investment professionals as authorized by the Investment Professionals' Pay Plan.

Description/Background

The VRS Board of Trustees approved a revised Investment Professionals' Pay Plan (the "Plan") on November 14, 2018. Overall, this pay plan is designed to:

- Attract, motivate and retain skilled investment professionals by offering competitive compensation opportunities.
- Directly align compensation with long-term, superior relative and absolute investment performance.
- Reinforce risk management priorities and standards.
- Attract and retain senior investment professionals by deferring a portion of incentive compensation on a tax-deferred basis.
- Benefit all stakeholders VRS' beneficiaries, VRS' employees, and Virginia's taxpayers through a compensation plan that is clear, aligned with performance, competitive and cost effective.

Importantly, this pay plan remains anchored on two broad and long-standing philosophical principles:

- 1. VRS should pay base salaries consistent with the 75th percentile of a peer group of other leading public funds.
- 2. VRS should provide incentive compensation opportunities such that, in combination with base salary, total compensation levels approximate the median (50th percentile) of a blended group weighted 75% to the total compensation levels of leading peer group public funds and 25% to the total compensation levels of a broad range of private sector firms that employ investment professionals.

The VRS Board of Trustees, through the Administration and Personnel Committee ("A&P"), administers the Plan. As Plan Administrator, the Board retains full and complete discretion:

- To increase or decrease target incentives for Plan participants.
- To modify, amend or rescind any aspect of the Plan at any time for Plan participants.

The Plan Administrator may delegate certain aspects of the Plan's day-to-day operations to the VRS CIO and Director of Human Resources. However, (i) substantive Plan-related questions or (ii) issues impacting incentive payouts for the CIO require the Plan Administrator's prior approval.

The Plan also provides for advance review by the Plan Administrator of incentive awards:

Board Review

Prior to payout of awards, the CIO will present a schedule of aggregate incentives to the Board of Trustees, through the A&P Committee, in advance. This report will include, in aggregate, the target awards, the multipliers awarded for each component, the actual dollar awards earned for each component and the total awards, attached. As requested by the A&P Committee, the CIO will provide additional information prior to the Board approving the payout of awards.

Internal Audit notified Human Resources in a September 11, 2020 memorandum, a copy of which is attached to this RBA, that the aggregate amount and the proposed payment amounts for each individual are accurately computed and in accordance with the Plan.

Rationale for Requested Action

The aggregate recommended incentive award amount for the Board of Trustees to approve is approximately \$3,351,572 for the 53 investment professionals eligible to participate in the pay plan during FY 2020.

Authority for Requested Action

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

The above action is approved.		
O'Kelly E. McWilliams, III, Chairman	Date	
VRS Board of Trustees		

Fiscal Year 2020 Incentive Compensation Summary

Target Incentive Levels		
VRS Position	Target Incentive	
Chief Investment Officer	70%	
Deputy Chief Investment Officer	65%	
Managing Director - Strategy, Research, Risk and/or Investment Decision Support	65%	
Managing Director - Internal Assets	65%	
Managing Director - Global Investments	65%	
Program Director	60%	
Director - Strategy, Research, Risk and/or Investment Decision Support	50%	
Senior Portfolio Manager	50%	
Portfolio Manager	40%	
Manager - Strategy, Research, Risk and/or Investment Decision Support	30%	
Senior Investment Officer	30%	
Investment Officer	30%	
Senior Investment Analyst	25%	
Investment Analyst	5%	

	3 Year	5 Year
Total Fund	0.10	0.70
Public Equity	0.00	0.00
Fixed Income	2.00	2.00
Credit Strategies	0.00	0.00
Real Assets	0.73	1.44
Private Equity	2.00	2.00
Internal Equity Management	0.00	0.00
Average of All Asset Class Multipliers	0.79	0.91
Average of Public Market Assets	0.67	0.67
Average of Private Market Assets	0.91	1.15
Defined Contribution Plans	1.44	1.44

Aggregate Incentives	
Total Fund	\$503,068.66
Specific Fund	\$1,113,485.87
Average Specific Fund	\$536,466.07
Qualitative	\$1,198,550.90
Preliminary Total	\$3,351,571.50
1 Year Absolute Return Adjustment	\$0.00
Total	\$3,351,571.50



P.O. Box 2500, Richmond, Virginia 23218-2500 Toll-free: 1-888-VARETIR (827-3847)

Website: www.varetire.org

Date:

September 11, 2020

To:

Paula Reid, Director of Human Resources

CC:

Trish Bishop, Director

Ron Schmitz, Chief Investment Officer

From:

Jennifer Schreck, Internal Audit Director

Subject:

Review of FY2020 Investment Incentive Compensation

Internal Audit has reviewed the proposed Investment Incentive Compensation for the fiscal year ended June 30, 2020. The Investment Incentive Compensation amount, in aggregate, is \$3,351,571.50, where a qualitative multiplier of 1.0 is used for the Chief Investment Officer. We found this aggregate amount, as well as the proposed payment amounts, were accurately computed in accordance with the Investment Professionals' Pay Program, dated November 14, 2018.

Please share this information with the Administration and Personnel Committee as well as the Board of Trustees, as you deem appropriate.



Approve performance bonus and supplemental payment to the VRS Director as authorized in the 2020 Appropriation Act.

Requested Action

The VRS Board of Trustees approves a performance bonus for the VRS Director payable on October 16, 2020 and a supplemental payment made December 1, 2020 as authorized in the 2020 Appropriation Act.

Description/Background

A performance bonus may be paid to the VRS Director pursuant to § 4-6.01(c)(2)(b)(1) of the 2020 Appropriation Act:

The appointing or governing authority may grant performance bonuses of 0-5 percent for positions whose salaries are listed in §§ 1-1 through 1-9, and 4-6.01 b, c, and d of this act, based on an annual assessment of performance, in accordance with policies and procedures established by such appointing or governing authority. Such performance bonuses shall be over and above the salaries listed in this act, and shall not become part of the base rate of pay.

A 5% performance bonus is payable October 16, 2020.

The Board may supplement the salary of the Director pursuant to § 4-6.01(c)(8) of the 2020 Appropriation Act:

Notwithstanding any provision of this Act, the Board of Trustees of the Virginia Retirement System may supplement the salary of its Director. The Board should be guided by criteria, which provide a reasonable limit on the total additional income of the Director. The criteria should include, without limitation, a consideration of the salaries paid to similar officials in comparable public pension plans. The Board shall report such criteria and potential supplement level to the Chairmen of the Senate Finance and House Appropriations Committees at least 60 days prior to the effectuation of the compensation action. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

A supplement of \$75,000 will be paid on December 1, 2020, with an amount up to the applicable Internal Revenue Code § 415(c) limits paid to the Defined Contribution Incentive Plan for VRS Investment Management Personnel (DCPIP) as an employer contribution, and the remainder paid in taxable compensation to the Director.

Rationale for Requested Action

This RBA, which recommends a performance bonus and the award of supplemental compensation for the VRS Director, considers the salaries paid to similar officials in comparable public pension plans, which in 2019 was an average salary of \$281,700. Total average compensation in 2018 (most recent data available) for comparable Directors without CIO responsibilities was \$321,500. The combined salary, performance bonus and supplemental compensation for the VRS Director is intended to make her total

RBA	2020)-09 -	

compensation comparable to the salary of other similarly situated officials in comparable public pension plans. The statutory base salary for the VRS Director is \$190,982.

The current limitation for 401(a) contributions under Internal Revenue Code § 415(c)(1)(A) is \$57,000, so no more than this amount (taking into account any other 401(a) contributions) may be paid into the DCPIP. Attached is an extract from the 2019 McLagan Pension Funds Compensation Survey.

Additionally, the timing of the payment of the supplement complies with the 2020 Appropriation Act. The supplement will be paid on December 1, 2020, which allows more than 60 days' notice to the Chairmen of the Senate Finance and House Appropriations Committees.

Authority for Requested Action

Section 4-6.01(c)(2)(b)(1) and (c)(8) of the 2020 Appropriation Act.

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.		
O'Kelly E. McWilliams, III, Chairman VRS Board of Trustees	Date	

Trish Bishop

Table of Contents

		Page
	Executive Summary	2
	Focus on Exceptional Customer Service	4
myVRS	Serving Members Online Through myVRS	5
	Employee Engagement and Diversity	6
	Leveraging Technology	7
	Outreach	9
DCP Jupina Retweenert System	Defined Contribution Plans	12
	Agency Operational Measures and Performance Outcomes	13
	2020 Legislation	14

Executive Summary



It has been an extraordinary year of teamwork and agility as VRS responded to the COVID-19 global pandemic. I am pleased to report that VRS kept its focus on serving those who serve others across our commonwealth.

Our comprehensive mobility initiative well-positioned the agency for the transition to remote work, with a nearly seamless shift to a new paradigm as of mid-March. Team members exhibited resilience as they navigated tremendous change and demonstrated unwavering commitment to providing the high level of service and support for which VRS is known.

Payments to retirees and beneficiaries—now at \$450 million per month—remain on time, as most staff work primarily from home to process new retirements, counsel members, communicate news and process contributions from 837 employers.

We delivered additional COVID-19-related support to our employers as they deliberated furloughs and salary reductions. Likewise, we smoothly adapted to providing member and retiree counseling online, by phone and through virtual benefits fairs. To add flexibility for our Hybrid Retirement Plan members, we allowed monthly (instead of quarterly) changes to voluntary contribution amounts. In the face of unique challenges posed by the pandemic, new solutions emerged.

Our award-winning myVRS Financial Wellness program took on a new level of importance and proved to be nimble. We added a COVID-19 Resource Guide in the spring, offering practical information for those experiencing financial insecurity due to layoffs and illness.

Beyond the pandemic, of course, VRS initiatives marched forward with resolve and positive results.

Our staff exceeded its operational measurement goals and successfully delivered four of six agency performance outcomes (APOs). Due to the extensive system updates required to implement 2020 legislation, we will be piloting online retirement through our secure myVRS member portal later this year, with full rollout in 2021.

VRS leveraged technology to engage members throughout their careers and empower them to expand their financial knowledge while planning for retirement. We motivated Hybrid Retirement Plan members to increase savings by introducing active choice techniques on our defined contribution webpages and completing our second auto-escalation of voluntary contributions.

The most recent CEM benchmarking results show that VRS provides a high level of service at a low total pension administration cost – \$81 per member. That's \$22 below the peer average.

Despite market volatility in the early portion of the fourth quarter, the overall financial health of our system remains strong.

With the lowering of the long-term rate of return from 7% to 6.75%, effective July 1, 2019, we saw slight decreases in funded status as well as slight increases in employer contribution rates. We are encouraged that the new state budget for this biennium currently includes full funding of the board-certified contribution rates for our statewide plans.

VRS was honored to receive several national and local awards in the past year:



- 2020 Communicator Award of Distinction
 - Recognizes marketing effectiveness for Hybrid Retirement Plan autoescalation "Let the Good Times Roll With Escalated Savings" campaign.
 - Presented by the Academy of Interactive & Visual Arts (AIVA), which spotlights big ideas in marketing and communication.
- Public Pension Standards Award for Funding and Administration
 - o Recognizes professional standards for plan funding and administration.
 - 16th consecutive year for the award, presented by the Public Pension Coordinating Council.
- Certificate of Achievement for Excellence in Financial Reporting for the 2019 CAFR
 - o Recognizes excellence in governmental accounting and financial reporting.
 - o 38th consecutive year for this award, presented by the Government Finance Officers Association (GFOA) of the U.S. and Canada.
- Award for Outstanding Achievement in Popular Annual Financial Reporting for the 2019 PAFR
 - Recognizes the concise summary of financial, investment and statistical information derived from the more comprehensive CAFR.
 - o Fourth consecutive year for this award, presented by the Government Finance Officers Association (GFOA) of the U.S. and Canada.
- Virginia Public Relations Awards Capital Award of Merit for the VRS "Welcome to Virginia" speech presented by Trish Bishop at the 2019 NASRA meeting in Williamsburg.
 - o Presented by the Public Relations Society of America-Richmond Chapter.

By helping members plan for tomorrow, today, we are directing our daily energies to improving retirement outcomes for our members and our beneficiaries.

Focus on Exceptional Customer Service



Perhaps this year more than ever as the new realities of remote work took shape, our VRS team put its collective shoulder to the wheel to support our employers, members and retirees.

When VRS employers found themselves at home without a secure means to submit documents, our IT team and imaging teams collaborated with the Customer Relations Department and the Employer Representative team to devise a secure method for employers to email forms.

Various departments came together virtually to develop guidance for employers and members experiencing furloughs, salary reductions and leave without pay.

When the federal CARES Act passed, the Defined Contributions Plan team worked closely with ICMA-RC to parse the legislation and spell out the emergency distribution options. We communicated this information through the website, newsletters and direct email, along with timely reassurance that VRS support was readily available by phone, webinar and online through myVRS.

In short, we adapted new formats where needed to conduct VRS business without interruption. Here's a lookback at some of our primary service points this past fiscal year.

Customer Contact Center

- 191,732 calls answered
- 6,933 email responses provided

Member Counseling

- 237 education sessions held statewide (including 16 virtual sessions);
 21,681 attendees
- 4,390 member and retiree counseling sessions (including 140 virtual sessions)

Hybrid Retirement Plan Sessions

- 7 benefit fairs; 616 attendees
- 3 webinars; 99 attendees
- 38 Plan Features & Benefits presentations (conducted with ICMA-RC); 553 attendees
- 253 education sessions (conducted by ICMA-RC), including 76 virtual sessons; 3,718 attendees
- 9 RealizeRetirement Tour stops in Virginia

Education & Training

- 4 instructor-led sessions; 58 attendees
- 17 e-courses; 1,110 views; 606 completions
- 20 webinars; 375 attendees
- 18 member training videos (hybrid, myVRS, LODA);
 14,853 views

Serving Members Online Through myVRS



Member usage of myVRS continues to grow as VRS responds to members' increasing interest and expectation for online retirement planning tools that help them prepare for the future.

Members are taking greater advantage of the myVRS Retirement Planner and Benefit Estimator to determine how long they want to work and how much they need to save for expenses in retirement.



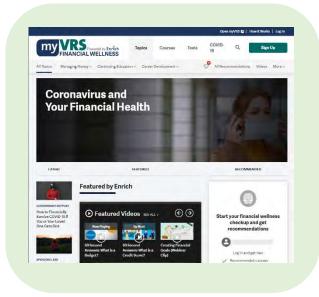
We continue to work with our partner iGrad to promote the program and engage users. Within weeks of the onset of COVID-19, we posted the **COVID-19 Resource Guide** in myVRS Financial Wellness. Topics include:

- Your Personal Finances & Coronavirus
- Society, the Economy & Coronavirus
- Keeping Calm During Coronavirus

37,359	FY20 Registrations
292,092	Total Registrations

87,643	FY20 Retirement Plans Created
411,468	FY20 Benefit Estimates Created

69,002	FY20 Page Views
5,517 15,093	FY20 Registrations Total Registrations
702	FY20 Course Completions
3,403	Cumulative Course Completions





This year, VRS created a **digital toolkit to assist employers** in getting the word out to members. The kit includes ready-made articles, flyers and graphics.

The Public Relations team also scripted and produced a promotional video series for myVRS Financial Wellness targeting millennials:

Make the Most of Your Finances

Get Help With Big Money Decisions

Financial Tools to Help You Plan Better







Employee Engagement and Diversity



As our nation grapples with issues of diversity and inclusion, VRS is committed to leaning in, listening and building on the work our Diversity and Inclusion Committee began in 2008. We believe many benefits derive from candid conversations around race, ethnicity, culture and gender. From those conversations, we have opportunity to bring more voices, differing perspectives and fresh ideas to the workplace at all levels.

In the past year, we were fortunate to hear directly from two members of the Richmond community who are instrumental in building bridges and motivating others to examine and overcome built-in biases.

- Rodney Robinson, VRS member and 2019 National Teacher of the Year, served as keynote speaker at our Annual Meeting in December.
- Regina Boone, publisher of the Richmond Free Press, headlined a Diversity and Inclusion session for VRS employees.

Although the pandemic interrupted our in-person gatherings and training sessions, VRS staff members embraced online webinars, video meetings and other virtual opportunities for learning and broadening their perspectives.

Many of these forums provide timely discussions of diversity and inclusion and spur ideas for promoting lasting change in our workplaces. Staff members attended virtual conferences offered by the National Association of Government Defined Contribution Administrators for professional development, joined online forums hosted by the Virginia Commonwealth University-based Performance Management Group and participated in other peer group online forums.

To maintain connection among VRS employees in the early days of remote work, our Human Resources Department staff personally called every employee and contractor to check in and address any needs. They've kept the connection going with calls and chats on employee birthdays and other occasions. Likewise, managers regularly reach out to their staff by phone or video to say hello, inject some levity

and laughter—often the best medicine at times of uncertainty—and maintain that all-important person-to-person connection that binds teams together.

With the pandemic stretching out, our HR director attended a five-week webinar series, "Fifteen Minutes to Better Employee Engagement," to prepare for extensive virtual engagement activities during FY 2021.

Service to Community

Each year, our staff finds rewarding ways to give back to the community. Our ACE group (Activities Committee for Everyone) often leads the charge, supporting blood drives and charitable activities through fundraising breakfasts and bake sales. Of special note was the ACE-led school supplies drive in support of the YMCA Bright Beginnings Backpack Buddy program. Last fall, VRS donated fully loaded backpacks and bags of school supplies to support school-aged children in our community. In December, ACE promoted the U.S. Marine Corps Reserve Toys for Tots program, collecting three tall boxes of toys for children during the holiday season.

Our colleagues in Investments volunteered at the Red Door Soup Kitchen and the Feed More Community Kitchen. Team members also provided desserts for health care workers affiliated with Bon Secours this past spring.

Employees across the agency generously contributed a record-setting amount to the Commonwealth of Virginia Campaign. Through fundraisers, direct giving and pledges, VRS employees donated more than \$70,000 to this past year's campaign.

Leveraging Technology



Employee Systems

Following the onset of COVID-19, one of the most widely used internal tools provided by our IT department is Microsoft Teams. This application makes it easy to stay in touch with colleagues by text, video and in-app calling. The software, which also works well on mobile devices, facilitates meetings—large and small—across the agency and with external stakeholders, supporting collaboration and connectedness.



We leveraged Teams to conduct monthly VRS Today meetings for all staff and build *esprit de corps* in this unusual year of remote work. VRS employees have the resources they need to be healthy, productive and engaged at work.

Last December, VRS implemented a modern backup and recovery solution replacing its legacy offsite tape storage with an on-premise



solution with cloud backup. This solution enhances VRS protections against Storage Area Network ransomware attacks.

We also began transitioning staff to Microsoft Office 365, including email migration for better security and backup.

myVRS Enhancements

VRS added additional security tools to the login and registration process in myVRS. In addition, we continue to make progress on the VRS Online Retirements Plus project, which will provide a more robust online experience for our members and retirees with more self-service features.

Members will soon have the ability to retire online in myVRS; retirees will enjoy added functionality to manage beneficiaries and change bank account information online as well as update health insurance



A secure way to manage and update your VRS benefits.

credit information. For the first time, survivors of VRS members will have capability to register for a myVRS account, which will provide access to view and maintain their survivor benefit information.

Data Quality Initiative

Given the large volume of information VRS manages on a daily basis, we launched an initiative this past year to focus on the accuracy of the VRS benefit administration data. This initiative analyzes the quality of the data and usage of the data in the business process. Early wins include development of a visual dashboard to enable various departments to monitor trends, analyze patterns and set baseline norms. Through daily monitoring of the dashboard, our departments can perform quality checks and quickly detect inconsistencies that may need addressing. We anticipate reducing time spent on reconciling data issues while simultaneously decreasing organizational risk.

Outreach



Virginia General Assembly

Following last year's elections and subsequent turnover in General Assembly leadership, VRS redoubled outreach efforts to focus on the new members of our committees and subcommittees of jurisdiction. We met personally with numerous legislators to strengthen connections and ensure that those members who handle VRS business are informed about the agency and the services we provide to employees across the commonwealth.

In our ongoing quest to serve those who serve others, we also engage with stakeholder groups—often through presentations and publications.

External Communications

• The agency placed articles related to VRS benefits and myVRS Financial Wellness in print and online publications:

Virginia Education Association Virginia Governmental Employees Association

Virginia Department of Human Resources Management

- VRS senior staff met with stakeholder groups to provide education and build awareness of VRS resources and services:
 - Virginia Retired Teachers Association
 - Virginia Governmental Employees Association
 - Virginia Association of School Superintendents (VASS) & Virginia Association of School Business Officials (VASBO) Winter Conference
 - o Virginia Municipal League/Virginia Association of Counties Finance Forum
 - o Virginia Government Finance Officers Association
 - Virginia Sheriffs' Association
 - Montgomery-Radford Bar Association
 - o JLARC
 - o Senate Finance Committee and House Appropriations Committee

Spotlighting VRS Members and Participating Employers

We continued our focus on showcasing the daily contributions VRS members make to their communities and also providing insights into VRS operations through video education.

Albemarle County Service Authority1,849 viewsMathews County3,188 viewsTown of Ashland1,363 viewsAnnual Report Highlights 20192,204 views



Member and Retiree Support

Attention to individual member and retiree needs is at the heart of our customer service commitment. Our Customer Programs team provides caring service to members and retirees experiencing disability and loss. Our Retiree Services team transitions active members to retiree status. Our Finance and Accounting teams ensure on-time and accurate payments, while processing refunds and service purchases.

Here are some FY 20 metrics:

VSDP Claims

- STD claims received = 3,705
- STD claims approved = 2,942
- LTD claims opened = 720
- LTD claims closed = 836

VLDP Claims

- STD claims received = 330
- STD claims approved = 230
- LTD claims opened = 38
- LTD claims closed = 36

Life Insurance

- Basic = 7,438
- Optional= 323
- Total claims opened = 7,761

Health Insurance Credit

- Dollars paid = \$164.5 million
- Payees = 129,877

7,541
Service
Retirements
Processed

\$5.2 billion in

Benefit Payments

to

219,113

Retirees & Beneficiaries

\$11.8 million
Purchase of
Prior Service
Contributions

Employer Support

Providing personalized support to VRS' 837 participating employers is job one for the Employer Representative Team, backed by the Employer Support unit in the Customer Relations Department.

Roundtables and Site Visits

- 22 employer site visits
- 26 employer roundtables completed
- 441 employer contacts attended, representing 269 employers

Employer Participation and Benefit Coverage

- Processed 24 employer requests for new coverage:
 - o 7 new employers
 - 26 additional benefit coverage items elected by employers

Special and Continuing Projects

- Outreach to 476 new Benefit Administrators at participating employers to offer technical assistance and guidance on VRS programs and services.
- Administration of critical shortage program, benefit forfeitures and notification to employers that offer the enhanced hazardous duty benefits and have employees reaching the age-70 limit.

Web Services

VRS members, retirees and employers actively consulted the agency's websites during this past fiscal year.

WEBSITE	PAGE VIEWS
varetire.org (members and retirees)	3.4 million
employers.varetire.org	336,000
Defined Contribution & Hybrid Sites (co-managed with ICMA-RC)	947,000
orphe.varetire.org	39,000
valoda.org (Virginia Line of Duty Act)	16,200
volsap.org (Volunteer Firefighters' & Rescue Squad Workers' Service Award Program)	2,600

Defined Contribution Plans



Save early, gradually increase savings and collect your employer match. The DC Plans team hit those themes repeatedly in its activities and campaigns in FY20 encompassing the Hybrid Retirement Plan, the Commonwealth of Virginia 457 Deferred Compensation Plan and VRS-administered optional retirement plans.

Hybrid Plan Member Auto-Escalation

Working with ICMA-RC and the VRS Public Relations team, DC Plans implemented the second autoescalation since the launch of the Hybrid Retirement Plan in 2014.

The 2020 auto-escalation campaign took an upbeat motivational approach of "Let the Good Times Roll With Escalated Savings" that resonated with hybrid members. The campaign met its goal of achieving a low opt-out rate, thereby helping hybrid plan members succeed in saving more for the future.

Campaign Results

79,751
hybrid members
auto-escalated
January 2020

1.0% opt-out rate (vs. 3.1% in 2017)

2.5% of hybrid plan members took active control

Set up automatic annual increases using SmartStep

In other good news, our active election voluntary contribution rate actually increased from 28.67% to 29.95% in the fourth quarter of 2020, despite the current environment.

ORPHE 2020 Updates

The DCP team completed the provider transition and investment menu changes for the Optional Retirement Plan for Higher Education (ORPHE). The year-long effort included extensive outreach to higher education institutions and their faculty members, and close coordination with ICMA-RC and TIAA. The smooth and successful transition reduced investment fees and improved investment transparency for ORPHE members.



Commonwealth of Virginia Deferred Compensation Plan Adoption

Seven local employers adopted the Commonwealth of Virginia 457 plan over the past fiscal year.

Defined Contribution Plan Security Enhancements

The DC Plans team worked with ICMA-RC to launch an online request system for distributions, replacing paper forms. Participants now have a multi-factor authentication at log-in and a security token requirement to process distribution requests. Additional benefits include instant confirmation and real-time notification for participants.

Agency Operational Measures and Performance Outcomes



VRS performs well in terms of cost and service when compared with other public pension plans. According to the latest report from Cost Effectiveness Measurement (CEM), an independent benchmarking firm, our pension administration cost of \$81 per member was \$22 below the peer average of \$103. Although our drive to provide more online services, a financial wellness program and greater security has slightly increased administration cost per member, VRS' total service stands at 83, above the peer median score of 80. In sum, we are in the enviable low-cost, high-service quadrant for cost effectiveness.

To ensure continuous improvement and a high level of customer service, VRS establishes annual agency operational measures and agency performance outcomes.

This year our staff exceeded 15 of 16 operational measurement goals for:

 Timely monthly financial account reconciliations and monthly retirement disbursements, answering calls and responding to email inquiries efficiently.

- Employing a highly skilled and trained staff with across-the-board security system awareness training and a high level of employee engagement in professional development.
- Implementing internal audit recommendations for effective and efficient operations.
- Keeping our IT systems available 99% of the planned time.
- Nurturing an exceptional organizational culture and work environment that reduces staff turnover.

In addition, we successfully delivered four of six agency performance outcomes (APOs).

- Completed phase 2 of the Enterprise Risk Management project, initiating a risk assessment to validate and prioritize risks to agency.
- Facilitated changes to the Optional Retirement Plan for Higher Education, transitioning from three to two investment options and updating investment options to reduce fees and improve transparency.
- Reengineered VRS Business Continuity Plans to better prepare the agency to effectively respond to and recover from crisis, such as natural disasters and system outages.
- Implemented FY 2020 legislation, which entailed system changes, development of new processes and communications to stakeholders.
- Due to July 1 legislation implementation, the agency will continue work on online retirement and other myVRS enhancements into 2021.

Legislation



The 2020 Legislative Session was busier than in recent years and school-focused:

- The health insurance credit was extended to school division support personnel.
- Retired law enforcement officers were permitted to return to work as school security officers.
- Retirees can now work in school bus driver critical shortage positions.

The 2020-2022 state budget fully funds the VRS board-certified retirement contribution rates for all plans as well as the rates for other post-employment benefits (OPEB).

For details, please refer to the 2020 Legislative Summary.

2019 McLagan United States - Asset Owners / Institutional Investors - Public Funds (US.AOIPUB) - Participant List

Alaska Permanent Fund Corporation Alaska Retirement Management Board Arizona State Retirement Sys CA Public Employees' Retirement Sys CA State Teachers' Retirement Sys CO Public Employees' Retirement Assoc. **Employees Retirement Sys of Texas** Fire & Police Pension Assoc. of CO Florida State Board of Administration Hawaii Employees Retirement Sys Idaho Endowment Investment Board Idaho Public Employee Retirement Sys Illinois Municipal Retirement Fund Indiana Public Employees Retirement Fund Iowa Public Employees' Retirement Sys Kansas Public Employees Retirement Sys Louisiana State Employees Retirement Sys Louisiana Teachers' Retirement Sys Maryland State Retirement Agency Massachusetts PRIM Michigan State Retirement Systems Minnesota State Board of Investments Missouri Highway and Trans. Retirement S Missouri Public School Retirement Sys Missouri State Employees' Retirement Sys MO Local Gov't Employees Retirement Sys Montana Board of Investments Municip. Employees' Retirement Sys of MI Municip. Fire & Police Retire. Sys of IA Nebraska Investment Council Nevada Public Employees' Retirement Sys New Jersey Division of Investment New Mexico Educational Retirement Board New York State & Local Retirement Sys New York State Teachers' Retirement Sys North Dakota Retirement and Investment O Office of the General Treasurer - Rhode Ohio Police and Fire Pension Fund Ohio Public Employees Retirement Sys Ohio School Employees Retirement Board Oklahoma Public Employees Retirement Sys Orange County Employees Retirement Syste Oregon Public Employees' Retirement Fund South Dakota Investment Council State of Wisconsin Investment Board State Teachers Retirement Sys of Ohio

State Univ. Retirement Sys of Illinois
Teacher Retirement Sys of Texas
Tennessee Consolidated Retirement Sys
Texas County and District Retirement Sys
Texas Municipal Retirement Sys
Utah School & Institutional Trust Funds
Utah State Retirement Systems
Virginia Retirement Sys
Washington State Investment Board
West Virginia Investment Mgmt Board
Wisconsin Dept of Employee Trust Funds
Wyoming Retirement Sys

2019 McLagan United States - Asset Owners / Institutional Investors - Public Funds (US.AOIPUB)

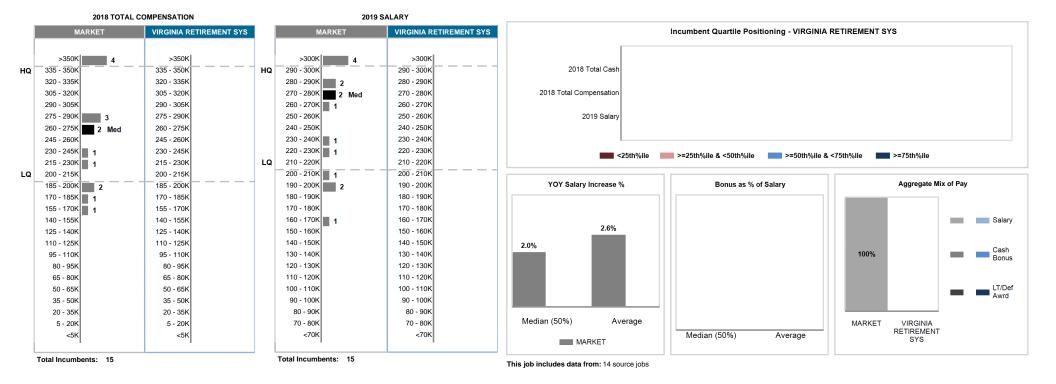
Firm: Virginia Retirement Sys Function: Leadership Job Code: LE.BIMF.P0

Market: All Participants - Bundled Report

Job: Executive Director Without CIO Responsibilities All Levels

Currency: USD (000's)

				MARKET						VIRGIN	A RETIREM	ENT SYS			VIRGINIA RETIR	EMENT	SYS
	LOW QUARTILE	MEDIAN	HIGH QUARTILE	90TH PERCENTILE		MEDIAN OF	3RD HIGHEST		LOW QUARTILE	MEDIAN	HIGH QUARTILE		RANK OF FIRM'S		VARIANCE TO MI	EDIAN (50%	6)
	(25%)	(50%)	(75%)	(90%)	AVERAGE	MEDIANS	MEDIAN	_	(25%)	(50%)	(75%)	AVERAGE	MEDIAN	_	-50%	0%	+50%
2018 Salary	206.5	263.3	288.6	-	275.1	263.3	-		-	-	-	-	15		-		
2018 Cash Bonus		-	-	-	-	-	-		-	-	-	-	4		-		
2018 Total Cash	206.5	263.3	334.2	-	315.2	263.3	-		-	-	-	-	15		-		
2018 LT Deferred Awards	-	-	-	-	-	-	-		-	-	-	-	3		-		
2018 Total Compensation	206.5	263.3	347.4	-	325.1	263.3	-		-	-	-	-	15		-		
2019 Salary	212.1	275.0	296.0	-	281.7	275.0	-		-	-	-	-	15		-		
2019 Maximum Bonus	-	-	-	-	-	-	-		-	-	-	-	3		-		
2019 Maximum Total Cash	212.1	275.0	317.8	-	353.6	275.0	-		-	-	-	-	15		-		



Visit the Help Center to learn more about the features of the State Budget Portal.

VIRGINIA STATE BUDGET

2020 Session

Budget Bill - HB30 (Chapter 1289)

Bill Order » Part 4: General Provisions » Special Conditions and Restrictions on Expenditures » Item 4-6.01

Employee Compensation

Item 4-6.01

§ 4-6.00 POSITIONS AND EMPLOYMENT

§ 4-6.01 EMPLOYEE COMPENSATION

a. The compensation of all kinds and from all sources of each appointee of the Governor and of each officer and employee in the Executive Department who enters the service of the Commonwealth or who is promoted to a vacant position shall be fixed at such rate as shall be approved by the Governor in writing or as is in accordance with rules and regulations established by the Governor. No increase shall be made in such compensation except with the Governor's written approval first obtained or in accordance with the rules and regulations established by the Governor. In all cases where any appointee, officer or employee is employed or promoted to fill a vacancy in a position for which a salary is specified by this act, the Governor may fix the salary of such officer or employee at a lower rate or amount within the respective level than is specified. In those instances where a position is created by an act of the General Assembly but not specified by this act, the Governor may fix the salary of such position in accordance with the provisions of this subsection.

b. Annual salaries of persons appointed to positions by the General Assembly, pursuant to the provisions of §§ 2.2-200 and 2.2-400, Code of Virginia, shall be paid in the amounts shown. However, if an incumbent is reappointed, his or her salary may be as high as his or her prior salary.

	July 1, 2020 to June 24, 2021	June 25, 2021 to November 24, 2021	November 25, 2021 to June 30, 2022
Chief of Staff	\$183,859	\$183,859	\$183,859
Secretary of Administration	\$176,730	\$176,730	\$176,730
Secretary of Agriculture and Forestry	\$180,706	\$180,706	\$180,706
Secretary of Commerce and Trade	\$176,730	\$176,730	\$176,730
Secretary of the Commonwealth	\$180,706	\$180,706	\$180,706
Secretary of Education	\$176,730	\$176,730	\$176,730
Secretary of Finance	\$184,887	\$184,887	\$184,887
Secretary of Health and Human Resources	\$176,730	\$176,730	\$176,730
Secretary of Natural Resources	\$176,730	\$176,730	\$176,730
Secretary of Public Safety	\$182,705	\$182,705	\$182,705
Secretary of Transportation	\$176,730	\$176,730	\$176,730

\$180,706

\$180,706

\$180,706

- c.1.a) Annual salaries of persons appointed to positions listed in subdivision c 6 hereof shall be paid in the amounts shown for the current biennium, unless changed in accordance with conditions stated in subdivisions c 2 through c 5 hereof.
- b) The starting salary of a new appointee shall not exceed the midpoint of the range, except where the midpoint salary is less than a ten percent increase from an appointee's preappointment compensation. In such cases, an appointee's starting salary may be set at a rate which is ten percent higher than the preappointment compensation, provided that the maximum of the range is not exceeded. However, in instances where an appointee's preappointment compensation exceeded the maximum of the respective salary range, then the salary for that appointee may be set at the maximum salary for the respective salary range except if the new hire was employed in a state classified position, then the Governor may exceed the maximum salary for the position and set the salary for the employee at a salary level not to exceed the employee's salary at their prior state position.
- c) Nothing in subdivision c 1 shall be interpreted to supersede the provisions of § 4-6.01 e, f, g, h, i, j, k, l, and m of this act.
- d) For new appointees to positions listed in § 4-6.01c.6., the Governor is authorized to provide for fringe benefits in addition to those otherwise provided by law, including post retirement health care and other non-salaried benefits provided to similar positions in the public sector.
- 2.a)1) The Governor may increase or decrease the annual salary for incumbents of positions listed in subdivision c 6 below at a rate of up to 10 percent in any single fiscal year between the minimum and the maximum of the respective salary range in accordance with an assessment of performance and service to the Commonwealth.
- 2) The governing boards of the independent agencies may increase or decrease the annual salary for incumbents of positions listed in subdivision c.7. below at a rate of up to 10 percent in any fiscal year between the minimum and maximum of the respective salary range, in accordance with an assessment of performance and service to the Commonwealth.
- b)1) The appointing or governing authority may grant performance bonuses of 0-5 percent for positions whose salaries are listed in §§ 1-1 through 1-9, and 4-6.01 b, c, and d of this act, based on an annual assessment of performance, in accordance with policies and procedures established by such appointing or governing authority. Such performance bonuses shall be over and above the salaries listed in this act, and shall not become part of the base rate of pay.
- 2) The appointing or governing authority shall report performance bonuses which are granted to executive branch employees to the Department of Human Resource Management for retention in its records.
- 3. From the effective date of the Executive Pay Plan set forth in Chapter 601, Acts of Assembly of 1981, all incumbents holding positions listed in this § 4-6.01 shall be eligible for all fringe benefits provided to full-time classified state employees and, notwithstanding any provision to the contrary, the annual salary paid pursuant to this § 4-6.01 shall be included as creditable compensation for the calculation of such benefits.
- 4. Notwithstanding § 4-6.01.c.2.b)1) of this Act, the Board of Commissioners of the Virginia Port Authority may supplement the salary of its Executive Director, with the prior approval of the Governor. The Board should be guided by criteria which provide a reasonable limit on the total additional income of the Executive Director. The criteria should include, without limitation, a consideration of the salaries paid to similar officials at comparable ports of other states. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.
- 5.a. With the written approval of the Governor, the Board of Trustees of the Virginia Museum of Fine Arts, the Science Museum of Virginia, the Virginia Museum of Natural History, Gunston Hall, and the Library Board may supplement the salary of the Director of each museum, and the Librarian of Virginia from nonstate funds. In approving a supplement, the Governor should be guided by criteria which provide a reasonable limit on the total additional income and the criteria should include, without limitation, a consideration of the salaries paid to similar officials at comparable museums and libraries of other states. The respective Boards shall report approved supplements to the Department of Human Resource Management for retention in its records.

b) The Board of Trustees of the Jamestown-Yorktown Foundation may supplement, using nonstate funds, the salary of the Executive Director of the Foundation. In approving the supplement the Board should be guided by criteria which provides a reasonable limit on the total additional income and the criteria should include, without limitation, a consideration of the salaries paid to similar officials at comparable Foundations in other states. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

6.a) The following salaries shall be paid for the current biennium in the amounts shown, however, all salary changes shall be subject to subdivisions c 2 through c 5 above.

	July 1, 2020 to	June 25, 2021 to November 24,	November 25, 2021 to
Level I Range	June 24, 2021 \$169,179- \$241,463	2021 \$169,179- \$241,463	June 30, 2022 \$169,179- \$241,463
Midpoint	\$205,321	\$205,321	\$205,321
Chief Information Officer, Virginia Information Technologies Agency	\$198,844	\$198,844	\$198,844
Commissioner, Department of Motor Vehicles	\$173,321	\$173,321	\$173,321
Commissioner, Department of Social Services	\$214,748	\$214,748	\$214,748
Commissioner, Department of Behavioral Health and Developmental			
Services Commonwealth Transportation Commissioner	\$241,463	\$241,463	\$241,463
Commonwealth Transportation Commissioner	\$218,509	\$218,509	\$218,509
Director, Department of Corrections	\$193,367	\$193,367	\$193,367
Director, Department of Environmental Quality	\$199,815	\$199,815	\$199,815
Director, Department of Medical Assistance Services	\$212,578	\$212,578	\$212,578
Director, Department of Planning and Budget	\$181,441	\$181,441	\$181,441
State Health Commissioner	\$236,390	\$236,390	\$236,390
State Tax Commissioner	\$172,986	\$172,986	\$172,986
Superintendent of Public Instruction	\$241,463	\$241,463	\$241,463
Superintendent of State Police	\$194,054	\$194,054	\$194,054 November 25,
	July 1, 2020 to	June 25, 2021 to November 24,	2021 to
Level II Range	June 24, 2021 \$117,474 - \$189,111	2021 \$117,474 - \$189,111	June 30, 2022 \$117,474 - \$189,111
Midpoint	\$153,293	\$153,293	\$153,293
Commissioner, Department for Aging and Rehabilitative Services	\$163,786	\$163,786	\$163,786
Commissioner, Department of Agriculture and Consumer Services	\$169,538	\$169,538	\$169,538
Commissioner, Department of Veterans Services	\$154,529	\$154,529	\$154,529
Commissioner, Virginia Employment Commission	\$169,863	\$169,863	\$169,863

ntern 4-6.01 (Employee Con	npensation) nbsu - Cha	ipter 1209	
Executive Director, Department of Game and Inland Fisheries	\$148,385	\$148,385	\$148,385
Commissioner, Marine Resources Commission	\$145,905	\$145,905	\$145,905
Director, Department of Forensic Science	\$176,048	\$176,048	\$176,048
Director, Department of General Services	\$175,678	\$175,678	\$175,678
Director, Department of Human Resource Management	\$170,525	\$170,525	\$170,525
Director, Department of Juvenile Justice	\$165,110	\$165,110	\$165,110
Director, Department of Mines, Minerals and Energy	\$154,204	\$154,204	\$154,204
Director, Department of Rail and Public Transportation	\$160,048	\$160,048	\$160,048
Director, Department of Small Business and Supplier Diversity	\$146,525	\$146,525	\$146,525
Executive Director, Motor Vehicle Dealer Board	\$120,117	\$120,117	\$120,117
Executive Director, Virginia Port Authority	\$148,454	\$148,454	\$148,454
State Comptroller	\$181,303	\$181,303	\$181,303
State Treasurer	\$181,158	\$181,158	\$181,158
Executive Director, Board of Accountancy	\$148,988	\$148,988	\$148,988
Chief Executive Officer, Virginia Alcoholic Beverage Control			
Authority	\$189,111	\$189,111	\$189,111
	July 1, 2020	June 25, 2021	November 25, 2021
	to	to November 24,	to
	June 24, 2021	2021	June 30, 2022
Level III Range	\$119,014 - \$161,360	\$119,014 - \$161,360	\$119,014 - \$161,360
Midpoint	\$140,187	\$140,187	\$140,187
Adjutant General	\$146,681	\$146,681	\$146,681
Chairman, Virginia Parole Board	\$137,957	\$137,957	\$137,957
Vice Chairman, Virginia Parole Board	\$121,394	\$121,394	\$121,394
Member, Virginia Parole Board	\$119,014	\$119,014	\$119,014
Commissioner, Department of Labor and Industry	\$146,715	\$146,715	\$146,715
Coordinator, Department of Emergency Management	\$156,395	\$156,395	\$156,395
Director, Department of Aviation	\$154,125	\$154,125	\$154,125
Director, Department of Conservation and Recreation	\$159,249	\$159,249	\$159,249
Director, Department of Criminal Justice Services	\$131,349	\$131,349	\$131,349
Director, Department of Health Professions	\$142,002	\$142,002	\$142,002
Director, Department of Historic Resources	\$130,000	\$130,000	\$130,000
Director, Department of Housing and Community Development	\$144,246	\$144,246	\$144,246
Director, Department of Professional and Occupational Regulation	\$136,818	\$136,818	\$136,818
Director, The Science Museum of Virginia	\$145,824	\$145,824	\$145,824
	\$143,024		
Director, Virginia Museum of Fine Arts	\$143,824	\$151,620	\$151,620
Director, Virginia Museum of Fine Arts Director, Virginia Museum of Natural History			\$151,620 \$124,477

18/2020 Ite	m 4-6.01 (Employee Comp	ensation) HB30 - Cha	pter 1289	
Executive Director, Jamestown-Yorktown Found	lation	\$148,019	\$148,019	\$148,019
Executive Secretary, Virginia Racing Commission	n	\$130,938	\$130,938	\$130,938
Librarian of Virginia		\$161,360	\$161,360	\$161,360
State Forester, Department of Forestry		\$152,232	\$152,232	\$152,232
Level IV Range		July 1, 2020 to June 24, 2021 \$95,120 - \$124,386	June 25, 2021 to November 24, 2021 \$95,120 - \$124,386	November 25, 2021 to June 30, 2022 \$95,120 - \$124,386
Midpoint		\$109,753	\$109,753	\$109,753
Administrator, Commonwealth's Attorneys' Serv	vices Council	\$113,215	\$113,215	\$113,215
Commissioner, Virginia Department for the Blin	nd and Vision	+ ,	.	~,
Impaired		\$124,386	\$124,386	\$124,386
Executive Director, Frontier Culture Museum of	Virginia	\$111,125	\$111,125	\$111,125
Commissioner, Department of Elections		\$116,619	\$116,619	\$116,619
Executive Director, Virginia-Israel Advisory Boa	ard	\$100,695	\$100,695	\$100,695
Director, Gunston Hall		\$95,120	\$95,120	\$95,120
		July 1, 2020 to June 24, 2021	June 25, 2021 to November 24, 2021	November 25, 2021 to June 30, 2022
Level V Range		\$24,162 - \$103,566	\$24,162 - \$103,566	\$24,162 - \$103,566
Midpoint		\$63,864	\$63,864	\$63,864
Director, Virginia Department for the Deaf and I	Hard-of-Hearing	\$103,566	\$103,566	\$103,566
Executive Director, Department of Fire Program	ıs	\$101,288	\$101,288	\$101,288
Executive Director, Virginia Commission for the	Arts	\$101,288	\$101,288	\$101,288
Chairman, Compensation Board		\$24,162	\$24,162	\$24,162

^{7.} Annual salaries of the directors of the independent agencies, as listed in this subdivision, shall be paid in the amounts shown. All salary changes shall be subject to subdivisions c 1, c 2, and c 3 above.

	July 1, 2020 to June 24, 2021	June 25, 2021 to November 24, 2021	November 25, 2021 to June 30, 2022
Independent Range	\$176,683 - \$192,643	\$176,683 - \$192,643	\$176,683 - \$192,643
Midpoint	\$184,663	\$184,663	\$184,663
Executive Director, Virginia Lottery	\$176,683	\$176,683	\$176,683
Director, Virginia Retirement System	\$190,982	\$190,982	\$190,982

Chief Executive Officer, Virginia College Savings Plan

\$192,643

\$192,643

\$192,643

- 8. Notwithstanding any provision of this Act, the Board of Trustees of the Virginia Retirement System may supplement the salary of its Director. The Board should be guided by criteria, which provide a reasonable limit on the total additional income of the Director. The criteria should include, without limitation, a consideration of the salaries paid to similar officials in comparable public pension plans. The Board shall report such criteria and potential supplement level to the Chairmen of the Senate Finance and House Appropriations Committees at least 60 days prior to the effectuation of the compensation action. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.
- 9. Notwithstanding any provision of this Act, the Board of the Virginia College Savings Plan may supplement the compensation of its Chief Executive Officer. The Board should be guided by criteria which provide a reasonable limit on the total additional income of the Chief Executive Officer. The criteria should include, without limitation, a consideration of compensation paid to similar officials in comparable qualified tuition programs, independent public agencies or other entities with similar responsibilities and size. The Board shall report such criteria and potential supplement level to the Chairmen of the Senate Finance and House Appropriations Committees at least 60 days prior to the effectuation of the compensation action. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.
- d.1. Annual salaries of the presidents of the senior institutions of higher education, the President of Richard Bland College, the Chancellor of the University of Virginia's College at Wise, the Superintendent of the Virginia Military Institute, the Director of the State Council of Higher Education, the Director of the Southern Virginia Higher Education Center, the Director of the Southwest Virginia Higher Education Center and the Chancellor of Community Colleges, as listed in this paragraph, shall be paid in the amounts shown. The annual salaries of the presidents of the community colleges shall be fixed by the State Board for Community Colleges within a salary structure submitted to the Governor prior to June 1 each year for approval.
- 2.a) The board of visitors of each institution of higher education or the boards of directors for Southern Virginia Higher Education Center, Southwest Virginia Higher Education Center, and the New College Institute may annually supplement the salary of a president or director from private gifts, endowment funds, foundation funds, or income from endowments and gifts. Supplements paid from other than the cited sources prior to June 30, 1997, may continue to be paid. In approving a supplement, the board of visitors or board of directors should be guided by criteria which provide a reasonable limit on the total additional income of a president or director. The criteria should include a consideration of additional income from outside sources including, but not being limited to, service on boards of directors or other such services. The board of visitors or board of directors shall report approved supplements to the Department of Human Resource Management for retention in its records.
- b) The State Board for Community Colleges may annually supplement the salary of the Chancellor from any available appropriations of the Virginia Community College System. In approving a supplement, the State Board for Community Colleges should be guided by criteria which provide a reasonable limit on the total additional income of the Chancellor. The criteria should include consideration of additional income from outside sources including, but not being limited to, service on boards of directors or other such services. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.
- c) Norfolk State University is authorized to supplement the salary of its president from educational and general funds up to \$17,000.
- d) Should a vacancy occur for the Director of the State Council of Higher Education on or after the date of enactment of this act, the salary for the new director shall be established by the State Council of Higher Education based on the salary range for Level I agency heads. Furthermore, the state council may provide a bonus of up to five percent of the annual salary for the new director.

July 1, 2020 June 25, 2021

November 25, 2021

	to June 24, 2021	to November 24, 2021	to June 30, 2022
NEW COLLEGE INSTITUTE			
Executive Director, New College Institute	\$148,332	\$148,332	\$148,332
STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA			
Director, State Council of Higher Education for Virginia	\$204,965	\$204,965	\$204,965
SOUTHERN VIRGINIA HIGHER EDUCATION CENTER			
Director, Southern Virginia Higher Education Center	\$137,966	\$137,966	\$137,966
SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER			
Director, Southwest Virginia Higher Education Center	\$137,582	\$137,582	\$137,582
VIRGINIA COMMUNITY COLLEGE SYSTEM			
Chancellor of Community Colleges	\$185,953	\$185,953	\$185,953
SENIOR COLLEGE PRESIDENTS' SALARIES			
Chancellor, University of Virginia's College at Wise	\$130,716	\$130,716	\$130,716
President, Christopher Newport University	\$146,528	\$146,528	\$146,528
President, The College of William and Mary in Virginia	\$173,144	\$173,144	\$173,144
President, George Mason University	\$161,712	\$161,712	\$161,712
President, James Madison University	\$173,292	\$173,292	\$173,292
President, Longwood University	\$158,089	\$158,089	\$158,089
President, Norfolk State University	\$188,510	\$188,510	\$188,510
President, Old Dominion University	\$178,510	\$178,510	\$178,510
President, Radford University	\$167,050	\$167,050	\$167,050
President, Richard Bland College	\$142,606	\$142,606	\$142,606
President, University of Mary Washington	\$155,568	\$155,568	\$155,568
President, University of Virginia	\$192,656	\$192,656	\$192,656

President, Virginia Commonwealth University	\$186,383	\$186,383	\$186,383
President, Virginia Polytechnic Institute and State University	\$203,718	\$203,718	\$203,718
President, Virginia State University	\$153,607	\$153,607	\$153,607
Superintendent, Virginia Military Institute	\$159,042	\$159,042	\$159,042

- e. 1. Salaries for newly employed or promoted employees shall be established consistent with the compensation and classification plans established by the Governor.
- 2. The State Comptroller is hereby authorized to require payment of wages or salaries to state employees by direct deposit or by credit to a prepaid debit card or card account from which the employee is able to withdraw or transfer funds.
- f. The provisions of this section, requiring prior written approval of the Governor relative to compensation, shall apply also to any system of incentive award payments which may be adopted and implemented by the Governor. The cost of implementing any such system shall be paid from any funds appropriated to the affected agencies.
- g. No lump sum appropriation for personal service shall be regarded as advisory or suggestive of individual salary rates or of salary schedules to be fixed under law by the Governor payable from the lump sum appropriation.
- h. Subject to approval by the Governor of a plan for a statewide employee meritorious service awards program, as provided for in § 2.2-1201, Code of Virginia, the costs for such awards shall be paid from any operating funds appropriated to the affected agencies.
- i. The General Assembly hereby affirms and ratifies the Governor's existing authority and the established practice of this body to provide for pay differentials or to supplement base rates of pay for employees in specific job classifications in particular geographic and/or functional areas where, in the Governor's discretion, they are needed for the purpose of maintaining salaries which enable the Commonwealth to maintain a competitive position in the relevant labor market.
- j.1. If at any time the Administrator of the Commonwealth's Attorneys' Services Council serves on the faculty of a state-supported institution of higher education, the faculty appointment must be approved by the Council. Such institution shall pay one-half of the salary listed in § 4-6.01 c 6 of this act. Further, such institution may provide compensation in addition to that listed in § 4-6.01 c 6; provided, however, that such additional compensation must be approved by the Council.
- 2. If the Administrator ceases to be a member of the faculty of a state-supported institution of higher education, the total salary listed in § 4-6.01 c 6 shall be paid from the Council's appropriation.
- k.1.a. Except as otherwise provided for in this subdivision, any increases in the salary band assignment of any job role contained in the compensation and classification plans approved by the Governor shall be effective beginning with the first pay period, defined as the pay period from June 25 through July 9, of the fiscal year if: (1) the agency certifies to the Secretary of Finance that funds are available within the agency's appropriation to cover the cost of the increase for the remainder of the current biennium and presents a plan for covering the costs next biennium and the Secretary concurs, or (2) such funds are appropriated by the General Assembly. If at any time the Secretary of Administration shall certify that such change in the salary band assignment for a job role is of an emergency nature and the Secretary of Finance shall certify that funds are available to cover the cost of the increase for the remainder of the biennium within the agency's appropriation, such change in compensation may be effective on a date agreed upon by these two Secretaries. The Secretary of Administration shall provide a monthly report of all such emergency changes in accordance with § 4-8.00, Reporting Requirements.
- b. Notwithstanding any other provision of law, state employees will be paid on the first workday of July for the work period June 10 to June 24 in any calendar year in which July 1 falls on a weekend.

- 2. Salary adjustments for any employee through a promotion, role change, exceptional recruitment and retention incentive options, or in-range adjustment shall occur only if: a) the agency has sufficient funds within its appropriation to cover the cost of the salary adjustment for the remainder of the current biennium or b) such funds are appropriated by the General Assembly.
- 3. No changes in salary band assignments affecting classified employees of more than one agency shall become effective unless the Secretary of Finance certifies that sufficient funds are available to provide such increase or plan to all affected employees supported from the general fund.
- l. Full-time employees of the Commonwealth, including faculty members of state institutions of higher education, who are appointed to a state-level board, council, commission or similar collegial body shall not receive any such compensation for their services as members or chairmen except for reimbursement of reasonable and necessary expenses. The foregoing provision shall likewise apply to the Compensation Board, pursuant to § 15.2-1636.5, Code of Virginia.
- m.1. Notwithstanding any other provision of law, the board of visitors or other governing body of any public institution of higher education is authorized to establish age and service eligibility criteria for faculty participating in voluntary early retirement incentive plans for their respective institutions pursuant to § 23.1-1302 B and the cash payment offered under such compensation plans pursuant to § 23.1-1302 D, Code of Virginia. Notwithstanding the limitations in § 23.1-1302 D, the total cost in any fiscal year for any such compensation plan , shall be set forth by the governing body in the compensation plan for approval by the Governor and review for legal sufficiency by the Office of the Attorney General.
- 2. Notwithstanding any other provision of law, employees holding full-time, academic-year classified positions at public institutions of higher education shall be considered "state employees" as defined in § 51.1-124.3, Code of Virginia, and shall be considered for medical/hospitalization, retirement service credit, and other benefits on the same basis as those individuals appointed to full-time, 12-month classified positions.
- n. Notwithstanding the Department of Human Resource Management Policies and Procedures, payment to employees with five or more years of continuous service who either terminate or retire from service shall be paid in one sum for twenty-five percent of their sick leave balance, provided, however, that the total amount paid for sick leave shall not exceed \$5,000 and the remaining seventy-five percent of their sick leave shall lapse. This provision shall not apply to employees who are covered by the Virginia Sickness and Disability Program as defined in § 51.1-1100, Code of Virginia. Such employees shall not be paid for their sick leave balances. However, they will be paid, if eligible as described above, for any disability leave credits they have at separation or retirement or may convert disability credits to service credit under the Virginia Retirement System pursuant to § 51.1-1103 (F), Code of Virginia.
- o. It is the intent of the General Assembly that calculation of the faculty salary benchmark goal for the Virginia Community College System shall be done in a manner consistent with that used for four-year institutions, taking into consideration the number of faculty at each of the community colleges. In addition, calculation of the salary target shall reflect an eight percent salary differential in a manner consistent with other public four-year institutions and for faculty at Northern Virginia Community College.
- p. Any public institution of higher education that has met the eligibility criteria set out in Chapters 933 and 945 of the 2005 Acts of Assembly may supplement annual salaries for classified employees from private gifts, endowment funds, or income from endowments and gifts, subject to policies approved by the board of visitors. The Commonwealth shall have no general fund obligations for the continuation of such salary supplements.
- q. The Governor, or any other appropriate Board or Public Body, is authorized to adjust the salaries of employees specified in this item, and other items in the Act, to reflect the compensation adjustments authorized in this Act.
- r. Any public institution of higher education shall not provide general fund monies above \$100,000 for any individual athletic coaching salaries after July 1, 2013. Athletic coaching salaries with general fund monies above this amount shall be phased-down over a five-year period at 20 percent per year until reaching the cap of \$100,000.



Approve Fourth Amendment to the CIO Employment Agreement.

Requested Action

The VRS Board of Trustees approves the Fourth Amendment to the Chief Investment Officer's (CIO's) Employment Agreement.

Description/Background

The CIO's original Employment Agreement was signed September 9, 2011 and was effective from October 31, 2011 through October 31, 2016. A First Amendment was signed April 19, 2012, a Second Amendment was signed September 6, 2013 and a Third Amendment was signed on October 15, 2015.

Rationale for Requested Action

The Fourth Amendment, a copy of which is attached to this RBA, extends the term of the CIO's Employment Agreement to January 1, 2023, clarifies the application of Virginia Department of Human Resource Management policies to the CIO's annual leave balance, updates the annual base rate of pay, extends other compensation provisions to January 1, 2023 and clarifies the administration of retention pay provisions.

Authority for Requested Action

Code of Virginia § 51.1-124.24 requires the Board to employ a chief investment officer to direct, manage, and administer the investment department, and requires the employment to be under special contract with the Board. Also, § 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.		
O'Kelly E. McWilliams, III, Chairman	Date	
VRS Board of Trustees		



Diana F. Cantor, Esq.

- HEREAS, Diana F. Cantor, Esq., was appointed to serve on the Virginia Retirement System Board of Trustees for a first term beginning in March 2010 and was subsequently reappointed in March 2015; and
- HEREAS, the Governor of Virginia appointed her to serve as Chair of the Virginia Retirement System Board of Trustees in May 2010, and she was subsequently reappointed to serve another term as Chair with honor and distinction; and
- HEREAS, Ms. Cantor further contributed to the System by serving as the Vice Chair of the Board of Trustees and in a variety of other roles, including Member and then Vice Chair of the Audit and Compliance Committee; Chair and then Vice Chair of the Investment Policy Committee; Chair and then Vice Chair of the Administration and Personnel Committee; Chair of the Strategic Projects Committee; and Chair of the Chief Investment Officer Search Committee; and
- HEREAS, Ms. Cantor led the Board with distinction during a period of tremendous change to public pension plans across the nation and at the Virginia Retirement System with the implementation of two new retirement plans, and following the Great Recession she guided the system and its administration through a challenging time, while exercising steady leadership and encouraging active participation in Board committees; and
- HEREAS, by virtue of her considerable experience serving on corporate boards, her vast expertise in legal, financial, investment and economic matters, and her extensive experience in state government, she contributed immeasurably to the success of the System;
- OW, THEREFORE, BE IT RESOLVED, that on September 22, 2020, we, the members of the Board of Trustees of the Virginia Retirement System, hereby acknowledge Ms. Cantor's superior leadership of the System, and express our deep gratitude for her support and unwavering dedication to the Board of Trustees, the Virginia Retirement System, its members and the Commonwealth of Virginia.

O'KELLY E. McWilliams III, Esq., Chair



Resolution of Appreciation PRESENTED TO

William H. Leighty

- HEREAS, William H. Leighty was appointed to serve on the Virginia Retirement System Board of Trustees from March 2014 through July 2020, serving as a Gubernatorial appointee from the Higher Education community; and
- HEREAS, Mr. Leighty contributed immeasurably to the System by serving as a Member and then Chair of the Audit and Compliance Committee; Member of the Investment Policy Committee; and Member of the Strategic Projects Committee; and
- HEREAS, Mr. Leighty possessed expert knowledge of the System, member benefit programs, administration and industry best practices from having served as the former Director of the Agency as well as in state government at the highest levels, focusing on continuous improvement and applying his comprehensive understanding to Board discussions and decisions; and taking an interest in reviewing agency audit reports and actively participating in audit discussions;
- OW, THEREFORE, BE IT RESOLVED, that on September 22, 2020, we the members of the Board of Trustees of the Virginia Retirement System hereby acknowledge Mr. Leighty's dedication to the Board of Trustees and express our deep gratitude for his commitment to the System and his support and unwavering dedication to the Board of Trustees, the Virginia Retirement System, its members, and the Commonwealth of Virginia.

O'KELLY E. McWilliams III, Esq., Chair



New Coverage Elections September 2020

Coverage Elected	Details
Enhanced Hazardous Duty Benefits for Firefighters and Emergency Medical Technicians	 King William County Effective July 1, 2020 Town of Marion (Smyth County) Effective July 1, 2020
Enhanced Hazardous Duty Benefits for Law Enforcement Officers	- Town of Tazewell (Tazewell County) Effective July 1, 2020
Group Life Insurance Program	- Town of South Hill (Mecklenburg County) Effective July 1, 2020
Enhanced Hazardous Duty 1.85% Multiplier	- Town of Smithfield (Isle of Wight County) Effective July 1, 2020

Status Indicator																									
VRS Roadmap FISCAL YEAR 2021 August 2020 Status Report Agency Performance Objectives (APOs) Implement New myVRS Functionality - Online Retirement Processing Implement New myVRS Functionality - Payment, Health Insurance Maintenance ERM Implementation - The Plan (Track 1), Agency (Track 2) And Rotires (Track 3) IT Initiatives¹ Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Implement New MyVRS Functionality of Mark Appr May Jugory Application Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Implement New MyVRS Functionality of Mark Appr May Jugory Application Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Implement New MyVRS Functionality of Mark Appr May Jugory Application Program Transformation Initiative Nrs Jugory Application Program Transformation Initiative Nrs Jugory Application Program Transformation Initiative Nrs Jugory Application Program Transformation Initiative Strategy Operational/Ongoing Activities Operational/Ongoing Activities Implement New MyVRS Functionality Application Program Transformation Initiative Strategy Operational/Ongoing Activities Implement New MyVRS Functionality Application P																5	Sta	ıtu	s	lnc	lic	ate	or		
VRS Roadmap FISCAL YEAR 2021 August 2020 Status Report Agency Performance Objectives (APOs) Implement New myVRS Functionality - Online Retirement Processing Implement New myVRS Functionality - Payment, Health Insurance Maintenance ERM Implementation - The Plan (Track 1), Agency (Track 2) And Rotires (Track 3) IT Initiatives¹ Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Iff Security Fraud Prevention Initiatives Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Implement New MyVRS Functionality of Mark Appr May Jugory Application Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Implement New MyVRS Functionality of Mark Appr May Jugory Application Office 355 Cloud Transition Other Projects Upgrade Angular JS framework to Angular (in VNAV Application) Implement New MyVRS Functionality of Mark Appr May Jugory Application Program Transformation Initiative Nrs Jugory Application Program Transformation Initiative Nrs Jugory Application Program Transformation Initiative Nrs Jugory Application Program Transformation Initiative Strategy Operational/Ongoing Activities Operational/Ongoing Activities Implement New MyVRS Functionality Application Program Transformation Initiative Strategy Operational/Ongoing Activities Implement New MyVRS Functionality Application P																-	roc	eec	lina	as ı	olar	ned			
FISCAL YEAR 2021 August 2020 Status Report Agency Performance Objectives (APOs) Implement New myVRS Functionality - Online Retirement Processing Implement New myVRS Functionality - Payment, Health Insurance Maintenance ERM implementation - The Plan (Track 1), Agency (Track 2) and Retiree (Track 3) IT Initiatives¹ Upgrade Angular JS framework to Angular (in VNAV Application) T Security - Fraud Prevention initiatives Office 356 Cloud Transition Secure Print Rollout Access Management System to All Operating Units Other Projects² Other Projects² Sul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju Upgrade Angular JS framework to Angular (in VNAV Application) T Security - Fraud Prevention initiatives Office 365 Cloud Transition Other Projects² Sul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju Agency Print Commonwealth Bond Disclosure NS Employee Engagement Initiative NS MS Performance Management Evaluation Process NS VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Records Retention Program Transformation initiative Strategy Development Operational/Ongoing Activities Operational/Ongoing Activities Transformation NS Upgrade Angular JS framework to Angular (in VNAV Application) T Initiatives¹ Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju Angular Agency Potention Process NS Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju COLA 2020 T Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities T Suppose T Security Policy Training NS NS NS NS NS NS NS NS NS N	Virginia VPS Poodmon														^										
August 2020 Status Report Agency Performance Objectives (APOs) Implement New myVRS Functionality - Online Retirement Processing Implement New myVRS Functionality - Online Retirement Processing Implement New myVRS Functionality - Payment, Health Insurance Maintenance ERM Implementation Cardinal HCM Implementation - The Plan (Track 1), Agency (Track 2) and Retiree (Track 3) IT Initiatives¹ Upgrade Angular JS framework to Angular (in VNAV Application) IT Security - Fraud Prevention initiatives Upgrade Angular JS framework to Angular (in VNAV Application) IT Security - Fraud Prevention initiatives Office 365 Other Projects² Other Projects² Solut August 2020 Commonwealth Bond Disclosure NS Commonwealth Bond Disclosure NS Employee Engagement Initiative NS Employee Engagement Initiative NS WSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Records Retention Program Transformation initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities Transformation NS COLA 2020 FYE 2020 Retirement Wave 2020 Teacher Contracts MBPS Annual Code of Ethics Training NS NS NS NS NS NS NS NS NS N	Retirement VN3 Noaumap																Ī								
Agency Performance Objectives (APOs) Agency Performance Objectives (APOs) 2021	System FISCAL YEAR 2021														•	C	Off p	lan	, mit	tigat	ion	nee	ded	d	
Agency Performance Objectives (APOs) Implement New myVRS Functionality - Online Retirement Processing Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul REMINISTRY Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul Aug Sep Oct Nov Dec Jan Fe	August 2020 Status Report														☆	c	om	plet	ed						
Agency Performance Objectives (APOs) Implement New myVRS Functionality - Online Retirement Processing																F	roj	ect 1	time	line					
Agency Performance Objectives (APOs) Total Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju Implement New myVRS Functionality - Online Retirement Processing Implement New myVRS Functionality - Payment, Health Insurance Implementation														ı	N/S	N	lot :	star	ted						
Implement New myVRS Functionality - Online Retirement Processing		S.					2	202	20										20)2 1					
Implement New myVRS Functionality - Online Retirement Processing	Agency Performance Objectives (APOs))tati	١.		۸.		٥,		00	١,	Jo.	, _	١	١.	an	 -	۸h	M	25	۸۳		Ma	,	1	ın
Implement New myVRS Functionality - Payment, Health Insurance Maintenance ERM Implementation Cardinal HCM Implementation - The Plan (Track 1), Agency (Track 2) and Retiree (Track 3) IT Initiatives¹ Upgrade Angular JS framework to Angular (in VNAV Application) IT Security - Fraud Prevention Initiatives Office 365 Colloud Transition Secure Print Rollout Access Management System to All Operating Units Other Projects² Other Projects² Usua Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju Commonwealth Bond Disclosure NIS Employee Engagement Initiative NIS Performance Management Evaluation Process NIS VSD Pand VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Received and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities COLA 2020 ** ** ** ** ** ** ** ** **	Implement New myVPS Functionality - Online Petirement Processing	S	П	Ϊ	AL	19	Se	;p	T		VOV		T	J	an 	T	В	IVI	ar	AL.)r	IVI a	y I	Ju	n
Maintenance ERM Implementation Cardinal HCM Implementation - The Plan (Track 1), Agency (Track 2) and Retiree (Track 3) Tinitiatives			H	+		+	H	$^{\rm H}$	+	H	+	$^{+}$	$^{+}$	H	$^{+}$	$^{+}$	\blacksquare	H	+	+	$^{+}$	$^{+}$	H	Н	
Cardinal HCM Implementation - The Plan (Track 1), Agency (Track 2) and Retiree (Track 3) IT Initiatives¹ Upgrade Angular JS framework to Angular (in VNAV Application) IT Security - Fraud Prevention Initiatives Office 365 Cloud Transition Secure Print Rollout Access Management System to All Operating Units Other Projects² Other Projects² Other Projects² Other Projects² Other Projects² System to All Operating Units NS Employee Engagement Initiative NS VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities System Upgrade Agency Policies Retirement Wave 2020 **Transing Operations Transing Operations Oper	1																								
IT Initiatives¹ IT Initiatives¹ IT Security - Fraud Prevention Initiatives Office 365 Office 365 Office 365 Other Projects² Other Projects² Other Projects² Other Projects² Sumanagement System to All Operating Units Other Projects² Other Projects² Other Projects² Sumanagement System to All Operating Units Other Projects² Other Projects² Sumanagement System to All Operating Units Other Projects² Sumanagement System Unitiative N/S Sumanagement System Unitiative N/S VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Ungrade VRS Strategic Plan Development (2022-2026) VRS Strategic Plan Development (2022-2026) Operational/Ongoing Activities Operational/Ongoing Activities Operational/Ongoing Activities Sumanagement System Ungrade Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities Sumanagement System Ungrade Actuarial Experience Study Operational Initiative Strategy Operational Initiative Strat			П	I				П					П	П		П				П			П	Ш	
Upgrade Angular JS framework to Angular (in VNAV Application) IT Security - Fraud Prevention Initiatives Office 365 Cloud Transition Secure Print Rollout Access Management System to All Operating Units Other Projects																									
Upgrade Angular JS framework to Angular (in VNAV Application) IT Security - Fraud Prevention Initiatives Office 365 Cloud Transition Secure Print Rollout Access Management System to All Operating Units Other Projects Oth	and Retiree (Track 3)	v	Ш	_	Ш	ш	Щ	2U.	20 20	Ш	Ш	Ш	Ш	Н	Ш	Ш	Ш	ш	2	Ш 121	Н	Ш	Ш	Ш	
Upgrade Angular JS framework to Angular (in VNAV Application) IT Security - Fraud Prevention initiatives Office 365 Cloud Transition Secure Print Rollout Access Management System to All Operating Units Other Projects Other Projects Other Projects Other Projects Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju Commonwealth Bond Disclosure Employee Engagement Initiative NIS Performance Management Evaluation Process NIS VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study NIS Operational/Ongoing Activities COLA 2020 FYE 2020 Retirement Wave 2020 Teacher Contracts MBPS Annual Code of Ethics Training VIS User IT Security Policy Training NIS FOIA Training PAFR	IT Initiatives ¹	tatn																							
IT Security - Fraud Prevention Initiatives Office 385 Cloud Transition Secure Print Rollout Access Management System to All Operating Units Other Projects² Other Projects² Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul Aug Sep Oct Nov Dec	Harvada Angular IC francourses to Angular (in VAIAV Anglication)	S	Jι	ıl	Αι	ıg	Se	p	Oc	t l	VOV	<u> </u>)ec	J	an	F	eb	М	ar	Αp	r	Ma	у	Ju	ın
Office 365 Cloud Transition Secure Print Rollout Access Management System to All Operating Units Other Projects² Total August Sep Oct Nov Dec Jan Feb Mar Apr May Ju Ns Sep Oct Nov Dec Jan Feb Mar Apr May Ju Ns Sep Oct Nov Dec Jan Feb Mar Apr May Ju Ns			H	t		+	H	$^{+}$	H	H	H	Ħ	$^{+}$	H	$^{+}$	H	H	H	\pm	+	Ħ	H	H	H	
Secure Print Rollout Access Management System to All Operating Units Other Projects Other Projects Dul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju Commonwealth Bond Disclosure Employee Engagement Initiative Performance Management Evaluation Process VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities COLA 2020 Retirement Wave 2020 Teacher Contracts MBPS Annual Code of Ethics Training VRS User IT Security Policy Training CAFR PAFR	-		Ħ	t	H	Ħ	H	Ħ	Ħ	Ħ	Ħ	Ħ	Ħ	Ħ	Ħ	Ħ	Ħ	H	Ħ	Ħ	Ħ	Ħ	Ħ	Ħ	
Rollout Access Management System to All Operating Units Other Projects2 Other Projects2 Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju Employee Engagement Initiative N/S Performance Management Evaluation Process N/S VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities System Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office System Upgrade VRS User IT Security Policy Training VRS User IT Security Policy Training NS POAR PAFR	Cloud Transition		П	Ť					Ħ					Ħ	Ħ	Ħ				T		Ħ		П	
Other Projects2 Other Projects2 Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Ju Repropriet Engloyee Engagement Initiative Employee Engagement Initiative Performance Management Evaluation Process N/S VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Pandemic Return to the Office Strategic Plan Development Actuarial Experience Study Post Post Post Post Post Post Post Post			Ш					Ш	Ш				Ш	Ц	Ш	Ш		Ш		Ш			Ц	Ш	
Commonwealth Bond Disclosure Employee Engagement Initiative Vis Performance Management Evaluation Process VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities Teacher Contracts MBPs Annual Code of Ethics Training VRS User IT Security Policy Training PAFR PAFR	Rollout Access Management System to All Operating Units	<u></u>	Ш	_	Ш	Ш	Щ	3U.	20	Ш	Ш	Ш	Щ	Н		Ш	Щ		20	12.	Ц				
Commonwealth Bond Disclosure Employee Engagement Initiative Vis Performance Management Evaluation Process VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities Teacher Contracts MBPs Annual Code of Ethics Training VRS User IT Security Policy Training PAFR PAFR	Other Projects ²	atri					_	20	20											J					
Employee Engagement Initiative Performance Management Evaluation Process N/S VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study N/S Post Pandemic Return to the Office Operational/Ongoing Activities Type 2020 Type 2021 Type 2020	· ·		Jι	ıl	Αι	ıg	Se	p	Oc	t l	Nov	<u> </u>	Эес	J	an	F	eb	М	ar	Αp	r	Ma	у	Ju	in
Performance Management Evaluation Process VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities COLA 2020 FYE 2020 Retirement Wave 2020 Teacher Contracts MBPs Annual Code of Ethics Training VRS User IT Security Policy Training FOIA Training CAFR PAFR		_	$^{+}$	$^{+}$		+	Н	+	+	H	+	+	+	Н	$^{+}$	Н		Н			\blacksquare			Н	
VSDP and VLDP Long Term Care Plans RFP Analysis and Planning for Financial System Upgrade VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities COLA 2020 FYE 2020 Retirement Wave 2020 Teacher Contracts MBPs Annual Code of Ethics Training VRS User IT Security Policy Training FOIA Training CAFR PAFR			Ħ	t		H	H	$^{+}$	Ħ	H	+	Ħ	††		Ħ	H	H	H	$^{+}$	+	Ħ	Ħ	H	H	
VRS Strategic Plan Development (2022-2026) Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities Tournel Strategy Development Authorization Training Post Pandemic Return to the Office Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul New Market Contracts Annual Code of Ethics Training VRS User IT Security Policy Training PAFR																									
Review and Update Agency Policies Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities Operational/Ongoing Activities Teacher Contracts MBPs Annual Code of Ethics Training VRS User IT Security Policy Training VRS User IT Security Policy Training CAFR PAFR			Н	+		\perp	Ш	Н	Ш	Ш	Н	Ш	4	Н	Щ	Щ								Ш	
Records Retention Program Transformation Initiative Strategy Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul Aug Sep Oct Nov Dec Jan F			H	+	Н	+	Н	$^{+}$	+	H	+	+	+	Н	Н	Н		Н		Н			Н	Н	
Development Actuarial Experience Study Post Pandemic Return to the Office Operational/Ongoing Activities Toll A 2020 FYE 2020 Retirement Wave 2020 Teacher Contracts MBPs Annual Code of Ethics Training VRS User IT Security Policy Training FOIA Training CAFR PAFR			Ħ	t		Ħ	H	Ħ	Ħ	H	Ħ	Ħ	Ħ	Ħ	Ħ	Ħ	Ħ	H	$^{+}$	Ħ	Ħ	Ħ	H	H	
Post Pandemic Return to the Office Operational/Ongoing Activities Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr Ma	Development		Щ			Ш		Ш					Ш	Ц	Ш	Ш	Ш	Ш		Ш		Ш	Ш	Ш	
Operational/Ongoing Activities Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul Aug Sep Oct Nov Dec Jan Feb Ma		N/S		1					Ш			Ш	Ш	Н		Н				Н	\blacksquare		H	Ш	
Operational/Ongoing Activities Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jul Aug Sep Oct Nov Dec Jan Feb Ma	Post Pandemic Return to the Office	9	Ш	_	Ш	Ш	Щ	3U.	20	Ш	Ш	Ш	Ш	Н	Ш	Ш	Щ	Ш	20	12	Ц	Ш	Ш	Ш	_
COLA 2020 ★ FYE 2020 ★ Retirement Wave 2020 ★ Teacher Contracts ★ MBPs ★ Annual Code of Ethics Training ▼ VRS User IT Security Policy Training N/S FOIA Training N/S CAFR ▼ PAFR ▼	Operational/Ongoing Activities	l ät l		_				10/	20	T		T				Т				<i>J</i> <u> </u>			T		
FYE 2020 ★ Image: Contract of the co			Jι	ıl	Αι	ıg	Se	p	Oc	t l	Nov	<u> </u>)ec	J	an	F	eb	М	ar	Αp	r	Ma	у	Ju	ın
Retirement Wave 2020 Teacher Contracts MBPs Annual Code of Ethics Training VRS User IT Security Policy Training FOIA Training CAFR PAFR			$^{\rm H}$	+	Н	+	Н	$^{+}$	+	Н	+	+	+	H	Н	$^{+}$	Н	Н	+	+	+	+	H	Н	
Teacher Contracts MBPs Annual Code of Ethics Training VRS User IT Security Policy Training FOIA Training CAFR PAFR		-	Ħ	t		†	H	$^{\rm H}$	Ħ	H	H	Ħ	Ħ	Ħ	Ħ	Ħ	H	H	+	$\dagger \dagger$	$^{+}$	\dagger	H	H	
Annual Code of Ethics Training VRS User IT Security Policy Training FOIA Training CAFR PAFR		_	Ħ	Ť					Ħ			П	Ħ	Ħ	Ħ	Ħ	П	Ħ			Ħ		Ħ	Ш	
VRS User IT Security Policy Training FOIA Training CAFR PAFR		*					Ш																	Ш	
FOIA Training CAFR PAFR			Н	1		\perp	Ш	Ш	Ш		\blacksquare	Ш	4	Н	\coprod	\bot	\coprod	Н		\bot	\perp	\bot	H	Ш	L
CAFR PAFR			$^{+}$	+	Н	+	Н	+	+	H	\blacksquare	H	+	${\sf H}$	${\it H}$	$^{+}$	+	H		H	H	+	${\it H}$	₩	\vdash
PAFR		14/3	+	t				H					$^{+}$	$^{\rm H}$	$^{\rm +}$	$^{+}$	$^{+}$	H			H	+	${\dagger}$	H	
GASP 67	PAFR	Ŏ	╽	Ī										Ħ	⇈	Ħ	Ħ	I	1	∄	∄	⇈	⇈	Ħ	
	GASB 67	N/S	Д	I	Щ	П	Щ	П	H			Į.	П	Ц	П	П	Ц	Ц		П	П	П	Ц	П	
GASB 68 N/S			$^{ m H}$	+	Н	+	Н	H	\bot	Н	Н	Н	$^{+}$	H	H	H	H	H			H	H	H	H	
GASB 74 N/S			$^{+}$	+	Н	+	H	H	H	H	Ħ	H	+	H	H	H	H	H		H	H	H		H	
Actuarial Valuations				İ										П	П						T				
MyVRS Annual Updates N/S	MyV/PS Annual Undates	N/S	П	Т	П	Т	П	П	П	П	П	П	П	П	T	т	\vdash	т	т	\neg	П	П	П	Ш	
1099/W2	, ,	_	₩	+	Ш	щ	ш	++	+	Щ	Щ	Щ	++	Ш	Щ	Щ	Ш	Щ	Щ	Щ	Ш	4	₩	₩	₩

Operational/Ongoing Activities	sr	2020									2021										
	Statu	Jι	ıl	Aug	ı s	Sep	Oct	t 1	Vov	D	ec	Ja	n l	Feb	Ma	ır	Apr		lay	J	lun
Annual Roadmap Review	N/S					П					П	П	П	Ш	Ш					П	
FYE 2021	N/S								П				П		Ш	П					
Retirement Wave 2021	N/S								П				П							П	
Commonwealth Bond Disclosure	N/S			Ш			Ш		П		Ш			Ш	Ш					П	
ORPHE Surcharge Billing for FY 2022	N/S		Т		П	П			П	П	П		П		П	П			П	П	
Data Fixes											Ш		П		Ш	П				П	
Releases (including top BOLT items)					П		Ш		П		П		П		П	П				П	
Retirement and State Workforce Commission					П		Ш		П		Ш		П	Ш	П	П	Ш			П	
Employer Compliance Review	N/S	П	Т	Ш	П	П	Ш		П	П	П	П	П		П	П	Ш		П	П	
Biennium Budget Preparation	N/S		Т		П	П			П	П			П	Ш	Ш	П					
VRS Fund Sensitivity and Stress Testing Report for GA	N/S			Ш	П		Ш		П		П		П		Ш					П	
Legislation FY 2021 - Placeholder	N/S		Τ								Ш									Ш	

Yellow Status Items

Item	Due Date	Comments
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. Onboarding of all
		Administration Business Units is complete. The project is expected to be complete by December 2020.

Red Status Items

Item	Due Date	Comments
N/A		

Realignments/Adjustments

Item	Due Date	Comments
N/A		

¹Initiatives led directly by Technology Services. ²Other initiatives are led by other business units and supported by Technology Services.