
Minutes

A regular meeting of the Virginia Retirement System Administration, Finance and Talent Management Committee was held on March 29, 2023, with the following members participating:

A. Scott Andrews, Chair
Joseph W. Montgomery, Vice Chair
Michael P. Disharoon
W. Brett Hayes

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Jeanne Chenault, Michael Cooper, David Cotter, Juanita Cribbs, Valerie Disanto, Jonathan Farmer, Robert Irving, LaShaunda King, Curt Mattson, Michael McDaniel, Angela Payne, Matt Priestas, Steven Ramirez, Paula Reid, Mark Rein and Leslie Weldon.

Guests:

Jamie Bitz, Joint Legislative Audit and Review Commission; Elizabeth Myers, Office of Attorney General; and Tom Astin, retiree.

The meeting convened at 10:30 a.m.

Opening Remarks

Mr. Andrews called the meeting to order and welcomed everyone to the March 29, 2023, meeting of the Administration, Finance and Talent Management Committee.

Approval of Minutes

Following a motion by Mr. Hayes, with a second by Mr. Montgomery, the Committee unanimously approved the minutes of its December 8, 2022, meeting.

Reappointment of IAC Members and IAC Chairperson

Andrew Junkin, Chief Investment Officer, presented the recommendations for reappointment of two members of the Investment Advisory Committee (IAC) whose terms are set to expire. Both members have expressed interest in continuing to serve on the IAC. In addition, the IAC Chair's term is set to expire and the incumbent has expressed interest in continuing to serve in that role.

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

RBA: Reappointment of IAC Members and IAC Chair

Request for Board Action: *The Board reappoints to the Investment Advisory Committee: Michael Beasley for a two-year term ending June 20, 2025, and Rod Smyth for a two-year term ending June 20, 2025. The Board also reappoints Lawrence E. Kochard as Chairperson of the Investment Advisory Committee for a two-year term ending on May 31, 2025.*

Mr. Andrews thanked Mr. Junkin for his presentation.

Reappointment of DCPAC Members

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

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

RBA: Reappointment of DCPAC Members

Request for Board Action: *The Board reappoints Shannon T. Irvin, Rick Larson and David A. Winter to the Defined Contribution Plans Advisory Committee (DCPAC), each for a two-year term ending June 20, 2025.*

Mr. Andrews thanked Ms. Bishop for her presentation.

Approve Revised Investment Professionals' Pay Plan

Paula Reid, Director of Human Resources, provided an overview of the proposed amendments to the Investment Professionals' Pay Plan (Pay Plan). Ms. Reid advised the revisions include removing the position of Chief Managing Director as there is no further need for the position in the Pay Plan. In addition, Item 483 of the 2022 Appropriation Act requires the Department of Human Resource Management to increase by 5% the minimum and maximum of each of the salary bands in the Commonwealth's Classified Compensation Plan. Generally, the VRS Board of Trustees also adjusts the salary scales in its pay plans in accordance with the requirements in the Appropriation Act. This change, effective June 10, 2023, is consistent with changes made to the Commonwealth's Classified Compensation Plan.

Ms. Reid advised that if, subsequent to the approval of the request for Board action, an Appropriation Act is enacted in 2023 that provides for any additional changes other than the 5% contained in Item 483 of the 2022 Appropriation Act, the Pay Plan will be amended to remain consistent with the changes made to the Commonwealth's Classified Compensation Plan.

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

RBA: Approve Changes to Investment Professionals' Pay Plan

Request for Board Action: *The Virginia Retirement System Board of Trustees approves an amended Investment Professionals' Pay Plan, effective June 10, 2023.*

Approve Revised Administrative and Investment Operations and Administration Pay Plans

Next, Ms. Reid provided an overview of the proposed amendments to the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan. Ms. Reid advised that as with the Investment Professionals' Pay Plan, the revisions include an increase of 5% to the minimum and maximum salary scales for the Administrative Pay Plan and the Investment Operations and Administration Staff Pay Plan. This adjustment is consistent with changes made to the Commonwealth's Classified Compensation Plan as provided for in Item 483 of the 2022 Appropriation Act.

Ms. Reid also noted additional recommended changes to the Administrative Pay Plan will be presented at the April AFT meeting. The recommendations are based on the recently completed market study and analysis of the compensation plan.

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

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

Request for Board Action: *The VRS Board of Trustees approves an amended Administrative Pay Plan and Investment Operations and Administration Staff Pay Plan, effective June 10, 2023.*

Mr. Andrews thanked Ms. Reid for her presentation.

Quarterly Budget Update

Next, Jon Farmer, Budget and Performance Reporting Manager, provided an update on the FY 2023 budget. Mr. Farmer advised VRS began the fiscal year with approximately \$119 million and provided an overview of the agency's expenditures of approximately \$69 million as of February 2023. Mr. Farmer reviewed the remaining projected expenditures which are mostly influenced by salary revisions and increased travel and training as compared to recent years. Mr. Farmer concluded the agency is on track to conclude FY 2023 with an estimated \$14.8 million in unexpended appropriation.

Mr. Andrews thanked Mr. Farmer for his report.

Closed Session

Mr. Montgomery moved, with a second by Mr. Disharoon, that the Administration, Finance and Talent Management Committee of the Virginia Retirement System Board of Trustees convene a closed meeting under the Virginia Freedom of Information Act to discuss information that describes the design, function, operation, or access control features of a security system which is used to control access to or use of an automated data processing system, pursuant to the public safety exemption at § 2.2-3711(A)(19) of the *Code of Virginia*, and for consultation with legal counsel pursuant to § 2.2-3711(A)(8) of the *Code of Virginia*.

Upon return to open meeting, Mr. Montgomery moved, with a second by Mr. Disharoon, the following resolution:

WHEREAS, the Administration, Finance and Talent Management Committee of the Virginia Retirement System Board of Trustees convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, § 2.2-3712 of the Code of Virginia requires a certification by this Committee that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Committee certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Committee.

The Committee approved the resolution upon the following roll call vote:

Mr. Disharoon: Aye
Mr. Hayes: Aye
Mr. Montgomery: Aye
Mr. Andrews: Aye

Other Business

Lastly, Mr. Andrews noted the Audit and Compliance Committee will meet at 1:00 p.m. following the conclusion of the AFT meeting, and the Defined Contribution Plans Advisory Committee will meet on March 30 at 1:00 p.m.

Adjournment

Following a motion by Mr. Montgomery, with a second by Mr. Hayes, the Committee agreed to adjourn the meeting.

There being no further business, the meeting concluded at 11:18 a.m.



Chair

4-20-23

Date