



COMMONWEALTH of VIRGINIA

Joint Legislative Audit and Review Commission

Philip A. Leone
Director

Suite 1100, General Assembly Building, Capitol Square
Richmond, Virginia 23219

(804) 786-1258

MINUTES

July 11, 2005

Attending

JLARC Members: Delegate Lacey E. Putney, Chairman; Senator Thomas K. Norment, Vice-Chairman; Delegate Vincent Callahan; Senator John H. Chichester; Senator Charles J. Colgan; Delegate Kirkland Cox; Delegate Morgan Griffith; Delegate Frank Hargrove; Delegate Johnny Joannou; Delegate Dwight Jones; Delegate Harry J. Parrish; Senator Walter Stosch; Delegate Leo C. Wardrup; Senator Martin Williams; and Mr. Walter J. Kucharski, Ex Officio.

JLARC Staff: Phil Leone, Director; Glen Tittermary, Deputy Director; Trish Bishop, Jamie Bitz, Jennifer Breidenbaugh, Angela Coleman, Hal Greer, Paula Lambert, John Long, Ellen Miller, Jason Powell, Greg Rest, Bob Rotz, and Walt Smiley.

Others: Stephen McElhaney, Mercer Human Resource Consulting; Paul Timmreck, Chairman, VRS Board of Trustees; Charles Grant, Acting Chief Investment Officer, VRS; Robert Schultze, Director, VRS; Barry Faison, Jeanne Chenault, Patty Atkins-Smith, Larry Kicher, Donna Shumate, VRS; Roy Wallace, VRS Board Member; Brian Goodman, Attorney General's Office; Mary Jo Fields, Virginia Municipal League; Anne Oman, Robert Vaughn, Craig Burns, House Appropriations Committee; Rob Jones, Virginia Education Association; Karen Helderman and Jennifer Schreck, Auditor of Public Accounts staff; WCVE Reporter; Chris Jenkins, Washington Post; Jeff Shapiro, Richmond Times Dispatch; Bob Lewis, Associated Press.

The meeting was called to order at 10:07 a.m. by Delegate Putney, Chairman. Delegate Putney began by providing an overview of the Virginia Retirement System Oversight Act (Enclosure 1) and explained the purpose of the subcommittee created for the special report on Virginia Retirement System (VRS) personnel-related issues. He then recognized Mr. Phil Leone, staff Director, who provided an overview of the meeting agenda (Enclosure 2).

For the first agenda item, Mr. Leone introduced Trish Bishop, JLARC's VRS oversight analyst, who presented a briefing (Enclosure 3) of the *Semi-Annual Investment Report* (Enclosure 4). Ms. Bishop answered several members' questions on the report. At the conclusion of her presentation, Ms. Bishop introduced Mr. Stephen McElhaney, F.S.A. of Mercer Human Resources Consulting who provided an overview of the Quadrennial Actuarial Audit of VRS (Enclosure 5) and the Actuarial Audit of 2005 VRS Valuation (Enclosure 6) and answered several questions of the Commission. At the conclusion of Mr. McElhaney's summary, Delegate Putney called for a motion to receive the *Semi-Annual Investment Report* and authorize printing. Delegate Callahan provided a motion, which was seconded by Senator Norment and approved by the Commission.

Mr. Paul Timmreck, Chairman of the VRS Board of Trustees then presented an overview of recent changes to VRS and the Board of Trustees, in addition to a summary of the upcoming VRS Board Retreat (Enclosure 7). Mr. Timmreck then introduced Charles Grant, Acting Chief Investment Officer for VRS, who presented the Commission with the annual VRS investment review. Mr. Grant answered several questions of the Commission, then turned the presentation over to Robert Schultze, Director of VRS. Mr. Schultze provided a brief summary of VRS membership and funding.

At the conclusion of Mr. Schultze's presentation, Mr. Leone re-introduced Trish Bishop who provided the Commission with a briefing (Enclosure 8) on the *Special Report: Certain Personnel Issues at the Virginia Retirement System* (Enclosure 9) and answered numerous questions of the Commission.

In response to Ms. Bishop's presentation, Mr. Paul Timmreck provided the Commission with a brief statement (Enclosure 10) regarding JLARC's review of certain personnel issues at VRS. Mr. Timmreck answered several questions of the Commission and explained that the Board of Trustees plans to act on these issues at their board meeting held on July 12, 2005.

Following Mr. Timmreck's statement, Senator Stosch provided a motion to receive the special report and authorize printing. This motion was seconded by Senator Norment and approved by the Commission.


For the final item on the agenda, Delegate Wardrup, Chairman of JLARC's Internal Service Funds Subcommittee, provided the Commission with a brief summary of the Approval of VITA Rates (Enclosure 11), which is a revised policy for handling requests for approval of VITA's new rates. Subsequently, Delegate Parrish

provided a motion to approve the VITA rate process, which was seconded by Delegate Joannou and approved by the Commission.

There being no further business, the Commission rose at 12:40 p.m.

Approved by: 
Philip A. Leone, Director

Date: July 12, 2005

Prepared by: 
Paula C. Lambert, Legislative Analyst