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Robert P. Schultze
Director

July 5, 2006

Philip A. Leone
Director
Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building
Richmond, VA 23219

Dear Phil:

Thank you for the opportunity to review a draft copy of the *Quadrennial Actuarial Audit of the Virginia Retirement System*. All major issues and concerns with the draft were conveyed orally in a meeting between our respective actuaries on June 28, 2006 during which they reached substantial agreement on the report's major findings.

VRS and its actuaries from Wachovia Retirement Services concur with the report's major findings and recommendations. We find that the Quadrennial Audit conducted by JLARC and its actuary is an important tool for validating VRS' valuation and rate-setting process.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Robert P. Schultze', written over a printed name and title.

Robert P. Schultze
Director