COMMONWEALTH of VIRGINIA

Hal E. Greer
Director

Joint Legislative Audit and Review Commission
201 North 9th Street, General Assembly Building, Suite 1100
Richmond, VA 23219

(804) 786-1258

JLARC Meeting – Minutes

July 14, 2014

Attending

JLARC Members:
Senator John C. Watkins, Chairman; Delegate Robert Orrock, Vice-Chairman; Delegate David B. Albo, Senator Charles J. Colgan, Delegate M. Kirkland Cox, Senator Janet Howell, Delegate Johnny Joannou, Delegate R. Steven Landes, Delegate James P. Massie III, Delegate John M. O'Bannon, Delegate Lionell Spruill, Sr., Senator Walter Stosch, Ms. Martha Mavredes, Ex Officio.

JLARC Staff:
Hal Greer, Director; Justin Brown, Associate Director; Kimberly Sarte, Assistant Director; Lauren Axselle, Erik Beecroft, Sarah Berday-Sacks, Jamie Bitz, Susan Bond, Drew Dickinson, Chris Duncombe, Kathy DuVall, Bridget Farmer, Nicole Gaffen, Mark Gribbin, Nia Harrison, Borna Kazerooni, Liana Kleeman, Paula Lambert, Jeff Lunardi, Joe McMahon, Ellen Miller, Greg Rest, David Reynolds, Beth Singer, Tracey Smith, and Christine Wolfe.

Others:
Robert Greene, Bob Schultze, Ronald Schmitz, Jeanne Chenault, Rory Badura, Cynthia Comer, Curt Mattson (Virginia Retirement System); Mary Morris, Gary Ometer, Sherri Wyatt, Chris McGee, and Vivian Shields (Virginia College Savings Plan); Danny White and Ryan Falls (Gabriel, Roeder, Smith and Company); Rich Sliwoski (Department of General Services); Rob Jones (Virginia Education Association); Mary Jo Fields (Virginia Municipal League); Mark Smith (George Mason University); Phil Leone and Elizabeth Hooper (Virginia Tech); Michael Martz (Richmond Times-Dispatch); Anne Marie Morgan (Virginia Public Radio); Jason Saunders (Department of Planning and Budget); Mary Kate Felch (Legislative Services); Alana Austin (NBC29 Charlottesville); Tony Maggio (House Appropriations Committee); and Jason Powell (Senate Finance Committee).

The meeting was called to order at 10:00 a.m. by Senator Watkins, Chairman. Senator Watkins then recognized Hal Greer, JLARC staff Director, who introduced Sarah Berday-Sacks, a new staff member, to the Commission who joined

the JLARC staff on June 23. Mr. Greer then provided the Commission with an overview of the meeting agenda and introduced Kimberly Sarte who presented a briefing of the *Semi-Annual VRS Investment Report*. At the conclusion of Ms. Sarte's presentation, Senator Watkins requested a motion to receive the report and authorize printing. A motion was made by Delegate O'Bannon, seconded by several Commission members, and approved unanimously by the Commission.

Senator Watkins then welcomed Mr. Robert Greene, Vice Chairman of the VRS Board of Trustees, who provided the Commission with an overview of VRS. Following Mr. Greene's remarks, Mr. Ronald Schmitz, VRS Chief Investment Officer, presented an overview of VRS' investments and answered several questions from the Commission members. At the end of Mr. Schmitz's presentation, Mr. Bob Schultze, VRS' Director, provided the Commission with an overview of VRS membership, benefits funding, contribution rates, and pension reform initiatives. Towards the end of Mr. Schultze's presentation, Senator Watkins stated that Martha Mavredes should present to JLARC next year a primer on changes in how pension liabilities will be reported in state and locality year-end financial statements pursuant to GASB requirements. Following Mr. Schultze's presentation, Ms. Sarte introduced Mr. Danny White and Mr. Ryan Falls, consultants with Gabriel, Roeder, Smith and Company who provided the Commission with a brief presentation of the *2014 Quadrennial Actuarial Audit of the Virginia Retirement System*.

Mr. Greer then introduced Ms. Sarte to discuss the proposed policy changes to internal service fund (ISF) oversight. Subsequently, Ms. Sarte presented a summary of the specific policy changes, referred the Commission to a memo explaining the details of the changes, and requested the Commission's approval of the proposed new policy. A motion was made by Delegate O'Bannon to approve the new ISF policy, seconded by Delegate Massie, and approved unanimously by the Commission. Ms. Sarte noted that the new policy would be effective immediately.

Ms. Sarte then introduced Mark Gribbin who provided the Commission with a presentation on the *Biennial VA529 College Savings Plan Status Report*. Following his presentation to the Commission, Senator Watkins requested a motion to receive the report and authorize printing. A motion was made by Delegate O'Bannon, seconded by Delegate Joannou, and approved unanimously by the Commission. Mr. Gribbin then introduced Mary Morris, CEO for the Virginia College Savings Plan, who provided the Commission with an overview of the VCSP.

Following Ms. Morris' presentation, Senator Watkins stated that the JLARC study priorities subcommittee met that morning before the Commission meeting to discuss potential new studies for JLARC staff to begin this year. He requested a Commission vote to allow staff to (1) move forward with three new studies:

- Review of state agency contract development and management (to include P3s)

- Review of the Department of Motor Vehicles
- Review of Medicaid-funded non-emergency transportation services (after a new contract has been implemented)

and (2) prepare scoping documents on two potential new studies, which will be presented to the Commission on September 8, 2014:

- Water resource planning in Virginia
- Review of Virginia's Medicaid program

A motion was made by Senator Colgan, seconded by Delegate Cox and Senator Howell, and approved unanimously by the Commission. Senator Watkins also noted that upon receiving the two scoping documents, the Commission will decide whether the staff should move forward with the additional studies.

There being no further business, the Commission rose at 12:30 p.m.

Approved by: Hal E. Greer
Hal E. Greer, Director

Date: 7/25/2014

Prepared by: Paula Lambert
Paula C. Lambert
Manager, Fiscal and Administrative Services &
Senior Legislative Analyst