



COMMONWEALTH of VIRGINIA

Glen S. Tittermary
Director

*Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building, Capitol Square
Richmond, Virginia 23219*

(804) 786-1258

MINUTES

July 9, 2012

Attending

JLARC Members:

Delegate John O'Bannon, Chairman; Senator John Watkins, Vice-Chairman; Delegate David Albo, Delegate Kirk Cox, Senator Janet Howell, Delegate Johnny Joannou, Delegate Chris Jones, Delegate James Massie, Delegate Robert Orrock, Delegate Lacey Putney, Delegate Lionell Spruill, Senator Walter Stosch, and Mr. Walter Kucharski, Ex Officio.

JLARC Staff:

Glen Tittermary, Director; Hal Greer, Deputy Director; Jamie Bitz, Drew Dickinson, Chris Duncombe, Martha Erwin, Katie Francis, Nicole Gaffen, Mark Gribbin, Anna Haley, Nia Harrison, Joan Irby, Paula Lambert, Ellen Miller, Laura Parker, David Reynolds, Kimberly Sarte, Walt Smiley, Tracey Smith, and Christine Wolfe.

Others:

Karen Helderman, Audit Director (APA); Diana Cantor, Chair, Board of Trustees (VRS); Ronald Schmitz, CIO (VRS); Robert Schultze, Director (VRS); Mary Morris, Gary Ometer, Sherri Wyatt, Chris McGee, Vivian Shields (Virginia College Savings Plan); David Von Moll (Department of Accounts); Jason Powell (SFC); Paul Van Lenten and Michael Jay (HAC); John Garka (DLS).

The meeting was called to order at 10:03 a.m. by Delegate O'Bannon, Chairman. Delegate O'Bannon asked the members of the Commission to introduce themselves. The first order of business was the appointment of members to the Internal Service Funds Subcommittee. Delegate O'Bannon appointed Delegate Albo, Delegate Joannou, and Senator Watkins. The ISF subcommittee will meet on Monday, August 20 at 10:30 a.m. to review requested rate increases for DGS and VITA.

Delegate O'Bannon then recognized Glen Tittermary, JLARC staff Director, who provided the Commission with an overview of the meeting agenda (Enclosure 1). Mr. Tittermary then introduced Karen Helderman, Audit Director for the Auditor of Public Accounts, who presented a briefing (Enclosure 2) on the *Status of the Cardinal System and Implementation Challenges*. During her presentation, Ms. Helderman responded to

several questions from the Commission. At the conclusion of Ms. Helderman's presentation, it was suggested by Delegate Cox that this item be included on the agenda at another meeting date to provide the Commission with an update on the Cardinal system. This was agreed to by the full Commission. Mr. Tittermary indicated that it will be included on the agenda and will also request staff from the Department of Accounts to attend the meeting to provide the Commission with any additional information.

At this time, Mr. Tittermary introduced Ms. Mary Morris, CEO for the Virginia College Savings Plan. Ms. Morris provided the Commission with an overview of the Virginia College Savings Plan (Enclosure 3). After responding to questions from the Commission, Mr. Tittermary turned the meeting over to Tracey Smith, Principal Legislative Analyst for VRS Oversight.

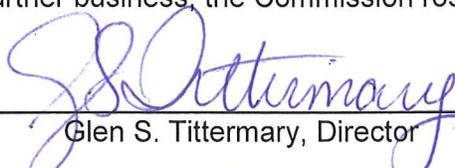
Ms. Smith presented a briefing (Enclosure 4) of the *VRS Semi-Annual Investment Report* (Enclosure 5). At the conclusion of Ms. Smith's presentation, Delegate O'Bannon requested a motion to receive the report and authorize printing. A motion was made by Delegate Jones and seconded by Senator Watkins. The motion was approved unanimously by the Commission.

Delegate O'Bannon then welcomed Ms. Diana Cantor, Chairman of the VRS Board of Trustees, who provided the Commission with an overview of VRS (Enclosure 6). Following Ms. Cantor'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, pension reform initiatives, and a summary of the 2012 legislation.

Lastly, Mr. Tittermary announced that the next Commission meeting is scheduled for Monday, September 10, 2012 which will include a presentation on dedicated funding options for land conservation and status report from VITA's CIO.

There being no further business, the Commission rose at 12:35 p.m.

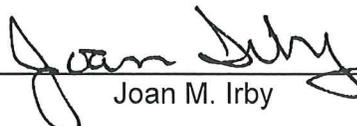
Approved by: _____


Glen S. Tittermary, Director

Date: _____

7/11/12

Prepared by: _____


Joan M. Irby