

COUNTY OF HENRICO, VIRGINIA
FINANCE BOARD
REGULAR MEETING
March 30, 2022

The Henrico County Finance Board convened a regular meeting on Wednesday, March 30, 2022 at 2:00 p.m. in the Finance Conference Room, Administration Building, Henrico County Government Center, Parham and Hungary Spring Roads, Henrico County, Virginia.

Members of the Board Present:

Sheila Minor, Director of Finance, Board Chairman
Vaughan G. Crawley, Citizen Member
John B. Wack, Citizen Member (via Webex)
Carter Whitelow, Citizen Member

Other Attendees:

Charles Ramsay, Finance-Accounting

Mrs. Minor called the meeting to order at 2:06 p.m.

The meeting began with introductions as the Board of Supervisors appointed Mr. Whitelow to the Finance Board at their March 8, 2022 meeting.

Approval of Minutes of the Meeting of December 22, 2021

Mr. Crawley noted that he had emailed a draft of the minutes for review in advance of the meeting and had incorporated emailed feedback. The Board approved the minutes of the December 22 meeting as presented. Mr. Wack and Mr. Whitelow abstained as they had not been present.

Mrs. Minor provided an overview of the County's OPEB program by reviewing the related notes to the County's annual comprehensive financial report as of June 30, 2021. She reviewed (1) the benefits provided to employees upon retirement (implicit rate subsidy and monthly supplement for years of service) and (2) the recorded OPEB liabilities and plan net position at June 30.

She reviewed the Comerica account statement as of 1/31/22 noting Henrico's \$91 million level of participation in the VACO/VML Pooled OPEB trust.

Summary of VML/VACO OPEB Board Meeting – March 18, 2022 and Review of Portfolio Performance

Mrs. Minor noted that she had been officially appointed to the Board at the March meeting since she had officially joined Henrico after the Board's December meeting.

She reiterated that the OPEB Board managed two portfolios with the help of an advisor, Asset Consulting Group (ACG). Henrico's funds were in Portfolio I. She noted that Portfolio II was more conservative and only included two localities (Loudoun and Poquoson). She noted that the local board could suggest moves between the portfolios.

She noted that there had been a Barings presentation at the OPEB meeting and she could share a copy afterwards for anyone interested. Portfolio I includes an international equity investment in a Barings fund.

She reviewed the 2/28/22 report of Actual vs. Target Allocation for Portfolio I. She noted that the portfolio contained \$1.3 billion and most investments were allocated by investment type close to expectation when compared to the Board's overall percentage targets. She also pointed out that the total portfolio was performing well relative to the custom benchmarks. She noted that one topic of discussion was the private equities target.

She also noted that ACG was concerned about an AllianceBernstein international equity investment and would be bringing another emerging markets manager forward given comparison to benchmarks. ACG was tempering expectations related to average return on investments in the coming years despite 8+% returns the last 10 years.

She pointed out that the Board approved a proposed target allocation adjustment shown as "Mix 2" on one of the meeting handouts which moved investments in real assets from 10 to 15% and reduced investments in fixed income products from 25 to 20%.

Finally, she reviewed a meeting handout outlining Russian exposure noting that it was considered very minor.

Other Business

- Mr. Crawley mentioned the required annual report to the Board of Supervisors updating them on OPEB. Mrs. Minor noted that she would draft a letter similar to what had been prepared and sent out under the County Manager's name in the past.
- Mrs. Minor noted that the next VML/VACO meeting would be a retreat on May 31/June 1st.

Next Meeting

Monday, June 13

Adjourn

There being no further business, the meeting was adjourned at 2:43 p.m.

A handwritten signature in cursive script, appearing to read "Sheila S. Minor", written in black ink.

Director of Finance
Finance Board Chairman
Henrico County, Virginia