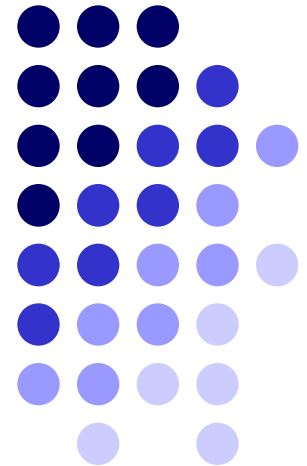




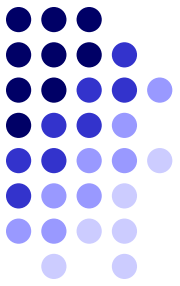
VACo/VML Pooled OPEB Trust

**Overview for
Virginia Government Finance Officers
Association**

October 2008



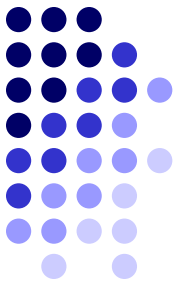
VACo/VML Pooled OPEB Trust



Key features:

- Established by the Virginia Municipal League and the Virginia Association of Counties as a service to members.
- Exclusively for accumulating and investing funds to offset liabilities associated with post-employment benefits other than pensions (OPEB – GASB 45).
- Governed by local government officials of participating localities.

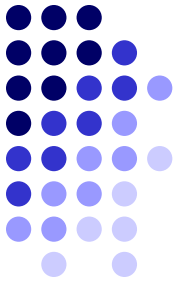
Why a Pooled Trust:



VACo/VML is the only Pooled OPEB Trust offered in Virginia:

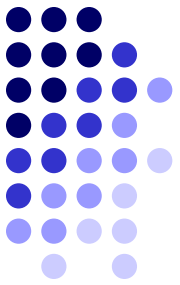
- 1) One Trust for all participants – local participants do not have to create their own trusts.
- 2) Participants are not tied to a single investment manager with a pre-selected investment platform.
- 3) Economies of scale that go beyond a single participant:
 - Less costly as pool grows.
 - Access to more investment choices & higher expected return.
 - More diversified portfolios & less expected volatility.

Current status



- \$91 Million invested as of September 30
- 13 current participants
- Focus now on Phase 2 localities

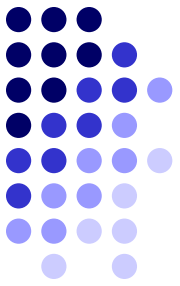
Chronology of Events



August 2007

- VACo & VML appoint local officials to OPEB Task Force; first meeting held to determine legal structure
- Decision: *Founding participants will use Joint Powers authority to create a pooled Trust Fund.*

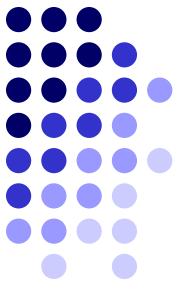
Chronology of Events



September 2007

- Second Task Force meeting held to determine preliminary investment strategy
- Decision: *Task Force will be organized like an actively-managed pension fund with a decision-making Board of Trustees and individual fund managers*

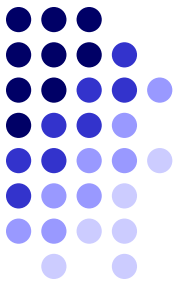
Chronology of Events



January 2008

- Fairfax County and Henrico County step forward as founding members.
- Trust Agreement drafted for consideration by county Boards of Supervisors over next several months

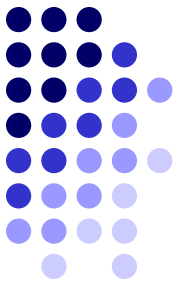
Chronology of Events



April 2008

- VML & VACo appoint three members to serve on Board of Trustees along with Fairfax & Henrico representatives
- First Board of Trustees meeting held:
 - Trust Agreement approved
 - Investment Policy adopted
 - Custodian bank selected

Chronology of Events



May-June 2008

- **Henrico County** makes first contribution to Trust Fund, May 29th
- Additional contributions received prior to year-end FY 2008:

City of Suffolk & Schools

Fairfax County

Chesapeake City Schools

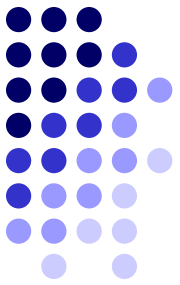
Chesterfield County & Schools

City of Roanoke

Fairfax Co. Public Schools

Virginia Beach & Public Schools

Chronology of Events



June - October 2008

- Board of Trustees meets in June; selects Julius Baer as fund manager for *International Equity* asset class.
- Board of Trustees meets in July; selects C.S. McKee, L.P., as fund manager for *Small Cap Equity* asset class.
- First Annual Meeting held
- Additional contributions received to date:

**Health Center Commission
of Chesterfield Co.**

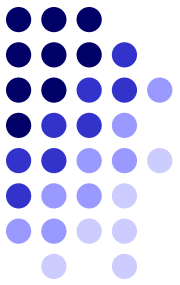
Stafford Co. Public Schools

Town of Leesburg

Fauquier Co. & Schools

City of Staunton

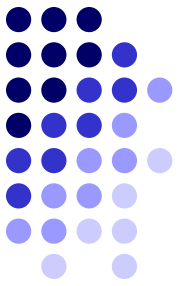
VACo/VML Pooled OPEB Trust



Investment portfolio

- Target return net of expenses: 7.5 - 8.0%.
- Funds are invested in a broadly diversified portfolio by asset class & style.
- An actively managed portfolio, combined with index funds for certain asset classes, results in higher rates of return and lower costs.
- *Documents allow for specialized portfolios for individual participants, if required.*

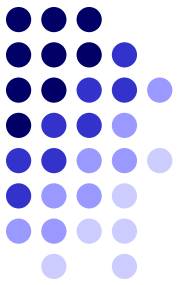
Investment Consultant



Evaluation Associates, LLC

- A Milliman Company - Norwalk, CT
- Full service investment consulting firm
- \$250 billion in client assets, 140 institutional clients
- 66 employees, including
 - 23 consultants
 - 12 research analysts

Governance & Administration



Board of Trustees

- Five to nine members: Founding members serve minimum of first six years; other members elected in weighted vote of all participants

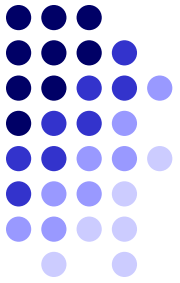
Local Finance Boards

- Required by Code; provide direction to Trust Fund on behalf of locality

Administration

- Staffing by VML/VACo Finance, with Kaufman & Canoles serving as Trust Counsel

VACo/VML Pooled OPEB Trust



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