

COUNTY OF HENRICO, VIRGINIA
FINANCE BOARD
REGULAR MEETING
October 4, 2023

The Henrico County Finance Board convened a regular meeting on Wednesday, October 4, 2023, 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 S. Minor, Director of Finance, Board Chairman
Vaughan G. Crawley, Citizen Member
John B. Wack, Citizen Member

Members of the Board Absent:

Carter Whitelow, Citizen Member (online at start but excused)

Other Attendees:

Charles Ramsay, Finance-Accounting (online)

Mrs. Minor called the meeting to order at 2:02 p.m.

Approval of Minutes of the Meeting of July 12, 2023

Mr. Crawley reminded everyone that a draft of the minutes had been emailed for review in advance of the meeting. The Board approved the minutes as presented.

Reflecting on the open items from the minutes, Mrs. Minor noted that the annual update letter required by the Code of Virginia had been sent to the Board of Supervisors. She also noted that Mr. Whitelow had been reappointed to another term on the Board at a July Board of Supervisors meeting.

Summary of VML/VACO OPEB Board Meeting – September 22, 2023

Mrs. Minor noted that she and Mr. Whitelow had attended the Annual Meeting in September. She was elected to serve another term on the Board. She was previously filling the unexpired term of a past County director.

Mrs. Minor reviewed excerpts of handouts from the VML/VACO OPEB Board meeting materials.

She reviewed a chart indicating nearly half of the portfolio balance (43%) was from growth of assets and not contributions. She highlighted some of the accomplishments during the past year. Among other things, the Board (1) created and filled a Director of Investments position to help oversee the portfolio and make recommendations; (2) hired a second emerging markets manager; (3) invested in new private equity funds; and (4) selected FORVIS as the new auditor for the next 3 years.

She noted that there was a presentation from First Mark Managing Partner which is represented in the private equity investments. They discussed their strategy and the research they do into private equity firms. They noted that they insist on a seat at the table, typically on the Board of Directors, in businesses where they invest so they can be involved in the decision making process.

Review of Portfolio Performance

She reviewed fiscal year returns pointing out the volatility in the last few years and noted that 2023 was closer to the benchmark. She pointed out a schedule indicating changes in fund managers including a recent decision to terminate one fund manager for qualitative reasons. She pointed out the investment

mix between the two portfolios as well as the portfolio target allocation which is used to rebalance the funds when needed.

She noted there was a change to policies and procedures of the Board to accommodate investment decisions in the private equity space since the timelines for those types of investments do not necessarily align with Board meetings. The change allows VACO/VML to send a proposal to the Board and make an investment if there is no negative feedback. The managing director proposes. The chair and vice chair ratify if there's no negative feedback from the Board.

Mrs. Minor reviewed the comparison of the portfolio investments to benchmarks as well as by investment manager.

Other Business

- Mr. Wack inquired about the liability funding status. He noted that the most recent letter to the Board of Supervisors indicated that the liability was 72% funded as of FY22. Mr. Ramsay noted that it was probably around 76% funded as of FY23.

Next Meeting

Wednesday, December 20, 2023.

Adjourn

There being no further business, the meeting was adjourned at 2:26 p.m.



Director of Finance
Finance Board Chairman
Henrico County, Virginia