

AGENDA

Meeting of the Accomack Local Finance Board

Meeting Date/Time: 5/22/17 @ 3:00

**Meeting Place: Accomack County's County
Administration Office Conference Room**

- 1. Call to Order**
- 2. Adoption of Agenda**
- 3. Consideration of Minutes**
 - a. Consider approving minutes from the 2/16/17 Meeting
- 4. New Business**
 - a. Quarterly Performance of Pooled OPEB Trust Investments ending 3/31/17:
 - i. Portfolio I returned 4.45%/Benchmark returned 4.09%
 - ii. Over a one year period, portfolio has outperformed benchmark by 0.57%
 - iii. Over a five year period, portfolio had an annualized return of 0.38% under custom benchmark.
 - b. Report on Market Value of Trust Funds as of 3/31/17.
 - i. Total value of County assets invested at 3/31/17
 - a. Market Value=\$179,511
 - b. Cost Basis=\$166,017
 - c. Health Insurance Credit (HIC) Benefit Information:
 - i. Health insurance credit (HIC) payments made to retirees totaled \$4,119 for the quarter ending 3/31/17. The total projected payments to retirees for FY17 is \$15,300.
 1. All payments based on benefit policy that provides qualifying retirees with 2.50 per year of VRS service.
- 5. Information Items**
 - a. Trust Fund Account Statement as of 3/31/17 (Comerica Bank)
 - b. Trust Fund Q3 FY17 (3/31/17) Performance Review Memo from VML/VACO
- 6. Adjournment**

VIRGINIA: At the Meeting of the Accomack County Local Finance Board held in the Board of Supervisors Chambers in Accomac, Virginia on the 16th day of February, A.D., 2017 at 3:00p.m.

Members Present:

Beth Onley, CPA

Mike Mason, CPA, County Finance Director

Members Absent:

Dana Bundick, County Treasurer

Other Staff Present:

Amy Ford, County Deputy Finance Director

Call to Order

The meeting was called to order by Mr. Mason at 3:05 p.m. on February 16, 2017.

Adoption of Agenda

Ms. Onley made a motion to adopt the agenda. Mr. Mason seconded the motion. It was unanimously approved.

Approval of Minutes

Mr. Mason went over the minutes from the February 16, 2017 meeting. No changes were recommended. Ms. Onley made a motion to approve the minutes from February 16, 2017 meeting as written. Mr. Mason seconded the motion. The motion was unanimously approved.

New Business

A. *Report on the Market Value of Trust Assets as of 12/31/16:*

Mr. Mason reviewed the overall performance of investments for the quarter ending 12/31/16. Mr. Mason passed out an investment summary from Comerica, dated 12/31/16, that showed a book value of trust fund contributions of \$166,237 and a market value of \$172,174.

B. *Health Insurance Credit (HIC) Benefit Distributions:*

Mr. Mason stated that the actual HIC benefits paid to retirees totaled \$3,820 for the quarter ending 12/31/16.

Adjournment

Ms. Onley made a motion to adjourn the meeting. Mr. Mason seconded the motion. The motion was unanimously approved. The meeting was adjourned at 3:10 p.m., February 16, 2017.

Approved

Date

ACCOUNT STATEMENT

03/01/2017 through 03/31/2017
 1055053839

Statement Period
 Account Number

Summary Of Assets

	AS OF 03/01/2017	AS OF 03/31/2017
	COST VALUE	MARKET VALUE
A S S E T S		
CASH	0.00	0.00
DUE FROM BROKERS	0.00	0.00
ACCRUED INCOME	0.00	0.00
TOTAL CASH & RECEIVABLES	0.00	0.00
OTHER INVESTMENTS		
CTF - OTHER	166,016.91	179,510.78
TOTAL OTHER INVESTMENTS	166,016.91	179,510.78
TOTAL HOLDINGS	166,016.91	179,510.78
TOTAL ASSETS	166,016.91	179,510.78
L I A B I L I T I E S		
DUE TO BROKERS	0.00	0.00
TOTAL LIABILITIES	0.00	0.00
TOTAL NET ASSET VALUE	166,016.91	179,510.78



VACo/VML Pooled OPEB Trust
919 E. Main Street, Suite 1100
Richmond, Virginia 23219
(804) 648-0635

James West, CFA
Investment Services Manager

May 19, 2017

MEMORANDUM

To: Participating Employers in the VACo/VML Pooled OPEB Trust

From: James West, CFA
Investment Services Manager

Re: VACo/VML Pooled OPEB Trust Fund
Q3 FY2017 Performance Review

I am pleased to present to you the Investment Performance Review of the VACo/VML Pooled OPEB Trust for the periods ending March 31, 2017, prepared by our investment advisor, Asset Consulting Group.

U.S. equity markets, which surged in Q4 2016 on expectations of pro-growth policies from the incoming Trump administration, experienced much slower growth during Q1 2017 as investors have become skeptical of the administration's ability to implement its policy goals. Financial stocks, which had been one of the primary beneficiaries of pro-growth policy expectations in Q4, declined slightly in Q1; the Russell 2000 financials sector returned -1.65% over the quarter after advancing 37.34% in Q4.

The Federal Reserve increased the target for the Fed Funds rate by 0.25% at its March meeting, bringing the target to 0.75% – 1.00%. Fed futures contract pricing indicates that the market believes there is a greater than 50% chance of two more rate increases in 2017; with the next increase expected in June.

International markets breathed a sigh of relief in early May as Emmanuel Macron defeated National Front candidate Marine Le Pen in the second round of the French presidential elections. Le Pen, a nationalist, had called for a referendum on France leaving the European Union and opposes the nation's continued participation in the Eurozone currency union. Observers speculated that "Frexit", the moniker given to a potential French exit from the EU, could portend the end of the EU, which has already been weakened as the UK has recently begun the formal process of withdrawing from the union.

The total investments of the Trust stood at \$897.39 million as of March 31, 2017, vs. \$857.75 million as of December 31, 2016.

The following are selected highlights of the performance of the two portfolios in the Trust for the periods ending March 31, 2017.

Portfolio I Highlights:

- Investments as of March 31, 2017, totaled \$705.31¹ million.
- Portfolio I returned 4.45% during the quarter vs. the custom benchmark return of 4.09%.
- Portfolio I outperformed its custom benchmark over the one-year period, returning 12.18% vs. the benchmark's return of 11.61%.
- Portfolio I had an annualized return of 6.37% over the past five years vs. 6.75% for the custom benchmark.

¹This figure includes \$1 million due to brokers for pending trades.

The following chart provides a snapshot of each active manager and how it performed relative to its respective benchmark for the quarter ended March 31, 2017.

Relative Performance*	Fund	Q3 FY2017	
		Fund Return	Benchmark Return**
	Domestic Equity		
-	Cortina Small Cap Growth	4.71%	5.35%
+	Integrity Small Cap Value	1.24%	-0.13%
	International Equity		
=	Baring Focused International Plus	7.49%	7.39%
+	Marathon-London International	8.36%	7.39%
	Fixed Income		
+	Baird Core Plus	1.19%	0.82%
+	Pioneer Opportunistic Core Plus	1.94%	1.09%
	Hedge Fund & Real Assets		
=	Grosvenor Institutional Partners	1.74%	1.90%
=	AEW Core Property Trust	1.76%	1.55%
+	UBS Trumbull Property Growth & Income Fund	2.30%	1.55%
=	Gresham TAP Fund, LLC	-2.08%	-2.33%

*Fund managers with returns within +/- 25 basis points (0.25%) of the benchmark are denoted by =.

** Please refer to the quarterly performance report for each fund's benchmark.

Portfolio II Highlights:

- Investments as of March 31, 2017, totaled \$192.08² million;
- Portfolio II outperformed its benchmark over the quarter, returning 3.12%, while the custom benchmark returned 2.54%.
- On an annual basis, Portfolio II returned 8.18%, while its custom benchmark returned 6.40%.
- The five-year average annual return of Portfolio II was 5.22% vs. 5.03% for the custom benchmark.

²This figure includes \$2.92 million due to brokers for pending trades.

Recent events:

- At its meeting on February 10, 2017, the Board of Trustees met with representatives from Pioneer Investments as part of its regular due diligence process. The topics discussed included Pioneer's investment process, recent performance, and market outlook.
- At the February 10th meeting, the Board of Trustees also voted to eliminate the actively managed portion of the Trust's large cap domestic equity allocation. The domestic large cap equity allocation as a percentage of each portfolio will remain the same, however, the investments will now be passively managed, i.e. invested in an index fund that tracks the S&P 500.

Upcoming events:

- The Board of Trustees will hold its next meeting on Friday, June 2, 2017.

For Your Information:

- Please notify James West at jwest@valocalfinance.org as contributions are being made so we can ensure that they are credited to the correct account at Comerica.
- If you currently do not have online access to your account at Comerica Bank, please contact us. Through your Comerica account you can access your monthly account statement as well as your individualized quarterly performance report.
- Please visit our website, valocalfinance.org, and click on "OPEB Actuarial Services" to request a no-obligation fee quote for an actuarial study. We have negotiated a discounted fee schedule with Milliman Inc. on your behalf.

VACo/VML Pooled OPEB Trust Q3 FY17 Performance Review
May 19, 2017
Page 4 of 4

Please don't hesitate to contact us at (804) 648-0635 with questions or comments. Thank you for your continued confidence in the VACo/VML Pooled OPEB Trust.

Attachments:

1. Quarterly Performance Report;
2. VACo/VML Pooled OPEB Trust Fund Deposit Procedures