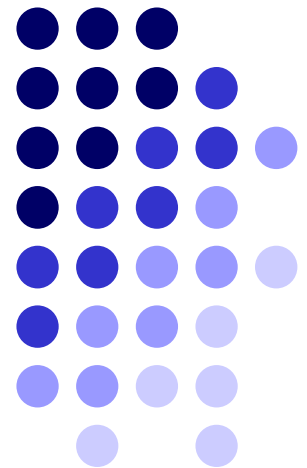




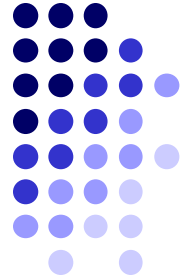
# VACo/VML Pooled OPEB Trust

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**Annual Report of the  
Program Administrator  
2011**



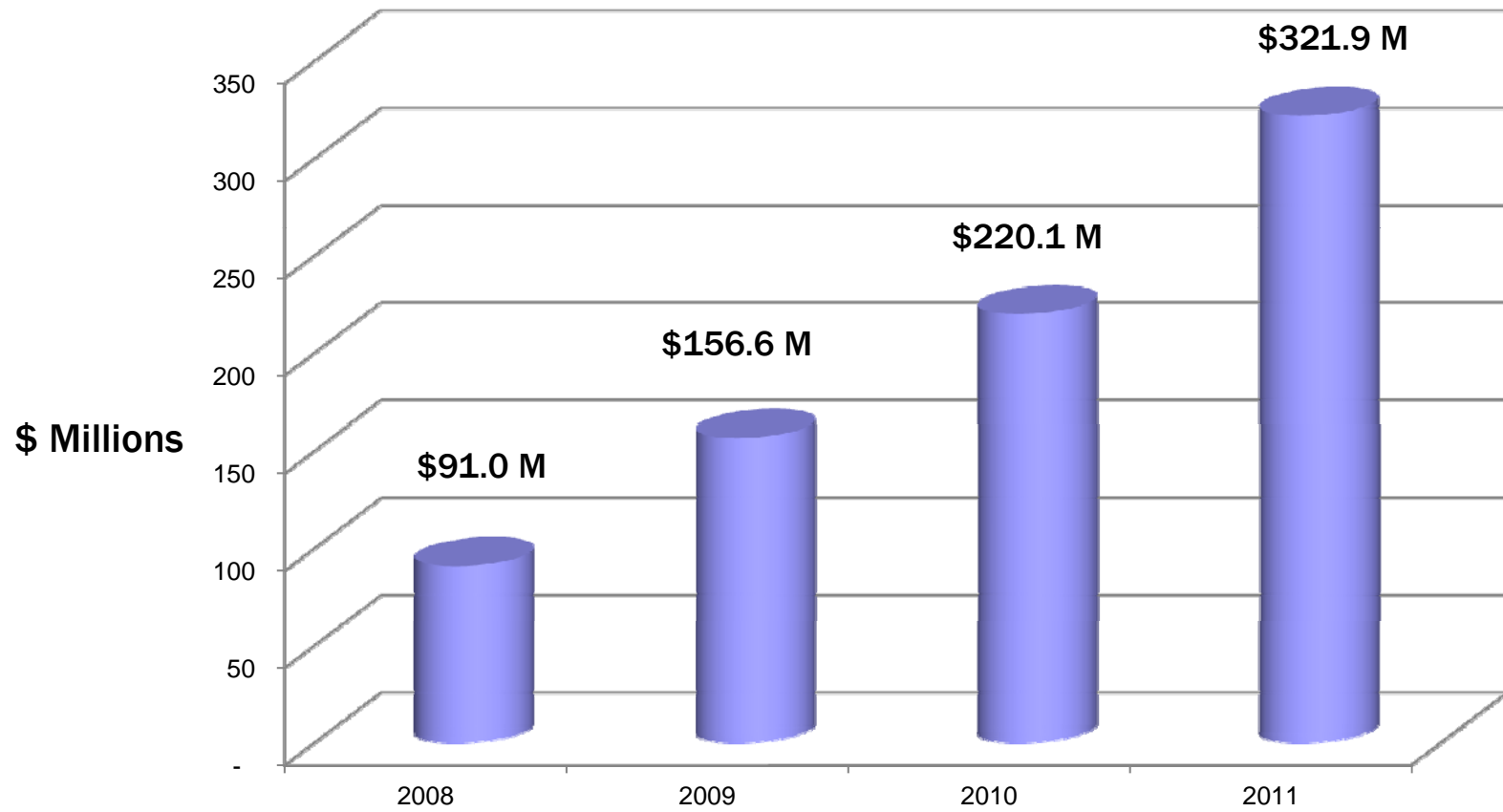
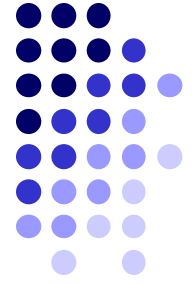
# VACo/VML OPEB Trust Accounts



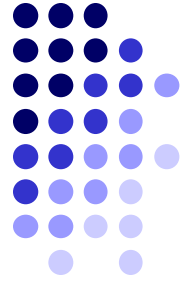
Alexandria City Public Schools  
Chesapeake Public Schools  
Chesterfield County  
Chesterfield County Public Schools  
City of Roanoke  
City of Salem  
City of Suffolk  
City of Virginia Beach  
Fairfax County  
Fairfax County Public Schools  
Fauquier County & Public Schools  
Fluvanna County  
Health Care Commission of Chesterfield  
Henrico County  
Henry County  
Henry County Public Service Authority  
Henry County Schools  
Henry County/Martinsville Social Services

Loudoun County  
**Mecklenburg County**  
Newport News Redevelopment & Housing Authority  
Newport News Public Schools  
Rappahannock Area Community Services Board  
Richmond Metropolitan Authority  
Roanoke County  
**Roanoke County Public Schools**  
Salem City Schools  
Southeastern Cooperative Educational Programs  
**Spotsylvania County Public Schools**  
Stafford County  
Stafford County Public Schools  
Staunton City & Public Schools  
Suffolk Public Schools  
Town of Ashland  
Town of Blacksburg  
Town of Leesburg  
Virginia Beach City Public Schools

# Assets

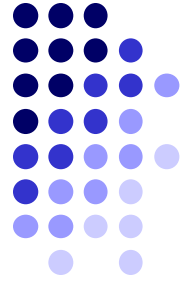


# Asset Allocation Actions



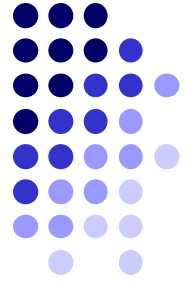
- Board of Trustees added two subcategories to large cap equity asset class with focused fund managers:
  - Large Cap Value (8% / 5% of Portfolios I / II)
  - Large Cap Growth (16% / 9%)
- Allocation to Large Cap Equity Index reduced (11% / 6%)

# Fund Manager Selections



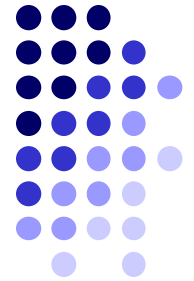
- Large Cap Value: **Institutional Capital**
- Large Cap Growth: **Atlanta Capital**
- International Equity (2<sup>nd</sup> Fund Manager): **Thornburg Investment Management**

# Investment Advisor Selected



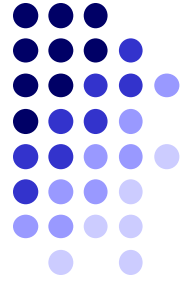
- Board decided to interview investment advisory firms and enter into new multi-year agreement.
- Once process was underway, the incumbent firm, Evaluation Associates, was acquired by Mercer. Mercer does not accept public sector clients.
- RFP distributed to 11 firms. Three invited to interview.
- Asset Consulting Group selected.

# Other Key Board Actions



- IRS Private Letter Ruling sought from IRS to confirm status as governmental trust (pending)
- Individualized fund performance reports initiated at no additional cost to participants
- Acted on due diligence findings and interview with Artio Global Investors
- Adopted plan for external education of trustees
- Modified Investment Policy to further define roles of Board, staff, and investment advisor

# Actuarial Services



- VML/VACo Finance is partnering with Milliman Inc. to provide deeply discounted actuarial studies.
- VML/VACo Finance provides a no-obligation fee quote in advance. Request form may be accessed on website.
- An RFP is not required.