

**MINUTES OF MEETING OF BOARD OF TRUSTEES OF THE
CITY OF NEWPORT NEWS EMPLOYEES' RETIREMENT FUND**

January 28, 2016

City Council's Conference Room/Tenth Floor

9:00 a.m.

Roll Call: JoAnn Armstrong (E), Bill Eastburn (X), Art Gudikunst (X),
Philip Hatchett (X), Frank James (X), Bobby Lanier (X),
Greg Kubilins (X), Zoe Lumpkin (X), Richard Wuska (X).

Patrick Murphrey (X), Marty Eubank (X), Bill Keeler (X),
Cathy Matthews (X), Tom Mitchell (X), Tonya O'Connell (X).

Others Present Retirees (1)

1. Call to Order:

Mr. James called the Retirement Board meeting to order at 9:12 a.m. on January 28, 2016 in the City Council's Conference Room, 10th Floor.

2. Elections of Chair and Vice Chair:

Mr. Mitchell opened the floor for nominations for Chairman of the City of Newport News Retirement Fund.

Approved Upon motion duly made and seconded, the Board unanimously approved Mr. James as the Chairman of the Retirement Board for calendar 2016.

Mr. James opened the floor for nominations for Vice Chairman of the City of Newport News Retirement Fund.

Approved Upon motion duly made and seconded, the Board unanimously approved Mr. Hatchett as the Vice Chairman of the Retirement Board for calendar 2016.

The Chairman thanked everyone for allowing him to serve as the Chairman for a third term, and announced committees and assignments for 2016.

He acknowledged some of the accomplishments for 2015:

- 1- The Chairman acknowledged the importance of the work done by each committee and thanked the Board and staff for their hard work completing their tasks in 2015. He also thanked retirees for their feedback and support of the Board.
- 2- Adding a new, highly qualified member to the Retirement Board – Mr. Gregory Kubilins.

3. Minutes of the Meeting of December 17, 2015:

Upon motion duly made and seconded and upon recommended changes made, the minutes of December 17, 2015 were unanimously approved.

4. Committee on Investments:

Mr. Gudikunst provided a review of the Funds for December.

a. Assets as of December 31, 2015:

Pension	\$807,427,155
Post Retirement	<u>27,315,670</u>
Total	<u>\$834,742,825</u>

b. Cash Withdrawals:

Mr. Gudikunst commented that the Investment Committee discussed the monthly cash withdrawals needed to help fund monthly Pension benefits. Due to the volatility of the market lately, the Committee felt it was necessary to address this on a monthly basis instead of addressing three months at a time. After discussion, the Committee unanimously agreed to recommend to the Retirement Board to allow Finance Staff to withdraw the January funds from the Mid Cap managers: \$1.75 million from Federated Investors and \$0.85 million from Mellon Mid Cap Index.

Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to allow Finance staff to withdraw \$1.75 million from Federated Investors and \$0.85 million from Mellon Mid Cap Index in December to help fund monthly Pension benefits.

5. Committee on Administration:

a. Update on Lump Sum calculations:

Mr. Hatchett commented that the Committee discussed the status of the lump sum payment and reminded the Board that the lump sum payment option is only available upon retirement to those who will receive a monthly annuity less than \$150. After discussing, the Committee made a motion which was duly made and seconded, to recommend to the Retirement Board to request the City Attorney's office to draft a proposed ordinance that would allow active NNERF employees, whose monthly annuity payment will be less than \$150.00 to have a lump sum payment option upon retirement.

Approved Upon motion duly made and seconded, it was unanimously agreed by the Board to request the City Attorney's office to draft a proposed ordinance that would allow active NNERF employees, whose monthly annuity payment will be less than \$150.00 to have a lump sum payout option upon retirement.

b. Policy on Individual Participation by Electronic means:

Mr. Hatchett commented that the Committee reviewed two draft policies with regards to individuals participating by electronic means in meetings of the NNERF Board and all committees of the Board as permitted by Virginia Code Section 2.2-3708.1. One draft policy concerned only meetings of the NNERF Board, the other concerned both meetings of the NNERF Board and the committees. After reviewing, the Committee made a motion which was duly made and seconded, to recommend to the Retirement Board to approve the policy on individual participation by electronic means for both the meetings of the NNERF Board and the committees as presented by the Assistant City Attorney.

Approved Upon motion duly made and seconded, it was unanimously agreed by the Board to approve the policy on individual participation by electronic means that concerned both the meetings of the NNERF Board and the committees as presented by the Assistant City Attorney.

c. Retiree Insurance Payment Policy:

Mr. Hatchett noted that due to a concern from a retiree on the procedures taken on the premiums that are due and payable to the NNERF when a retiree's monthly benefit payment is insufficient to pay the required insurance premiums, NNERF has written a policy procedure for administering Section 31-110 (g) City Retirees' Post-Retirement Medical Benefits and Section 31-110 (f) City Retirees' Post-Retirement Dental Benefits of the City Code. After reviewing the policy procedure, the Committee made a motion which was duly made and seconded, to recommend to the Retirement Board to approve the policy procedure on the Administrative Rules and Regulations for the Administration of Post-Retirement Medical and Dental Benefits as presented.

Approved Upon motion duly made and seconded, it was unanimously agreed by the Board to approve the policy procedure for the Administration of Post-Retirement Medical and Dental Benefits as presented.

2. Disability Review Committee:

a. Case #24386:

The Committee reviewed Case #24386. It was the opinion of Dr. Lee that Case #24386 "is permanently unable to perform the required/essential functions of the job. It is also his opinion that Case #24386 is permanently unable to participated in any gainful employment as it is not foreseeable that Case #24386 will ever be able to return to this or any other job." The Committee made a motion which was duly made and seconded, to recommend to the Board to approve 100% non-occupational disability based on Section 31-557 Non-occupational disability retirement for total and permanent disability.

Approved Upon motion duly made and seconded, the Board unanimously agreed to award in Case #50979, 100% disability based on Section 31-557 Non-occupational disability retirement for total and permanent disability.

3. Benefits & Welfare Committee:

a. There was no report since there have been no meetings since the last Board meeting.

4. Old Business:

a. Closed Session - Securities Litigation and NNERF Timber Update:

A motion was made by Mr. Hatchett of the Newport News Employees' Retirement Board, which was duly seconded and unanimously approved, that pursuant to Section 2.2-3711A. of the Code of Virginia, 1950, as amended, Subsections (3), (6), (7), and (29)., that the Retirement Board hold a Closed Meeting on the subject of litigation, for the purpose of discussing the NNERF's involvement as a named plaintiff in a case and on the subject of NNERF Investments, for the purpose of considering the sales of real property held by NNERF Timberland Investment LLC. The closed meeting is authorized under:

Subsection (3) Discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

Subsection (6) Discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected.

Subsection (7) consultation with legal counsel pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel.

Subsection (29) Discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms of scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

After coming back into Open Session, Mr. Hatchett of the Board of Trustees of the City of Newport News Employees' Retirement Fund made the motion, which was duly seconded, and unanimously approved, that the members of the Retirement Board certify that to the best of each member's knowledge (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting by the Retirement Board.

Approved *Upon motion duly made and seconded, the Board unanimously agreed to authorize and direct the law firm of Labaton Sucharow to again seek appointment of the NNERF as a co-lead plaintiff in a class action suit against SanDisk Corporation*

Approved *Upon motion duly made and seconded, the Board unanimously agreed to authorize and direct Regions, our Timber fund manager, to enter into a contract to sell approximately 4,896 acres known as the Brown Farm tract for \$11.63 million located in Jenkins County, Georgia, and authorize the Chairman to contract with and sign all documents related to the sale.*

Approved *Upon motion duly made and seconded, the Board unanimously agreed to have Mr. Lanier and the Committee on Administration work with the City Attorney's office to extend the Timberland Investment/Management Services Agreement with Regions for a term of five additional years subject to satisfactory negotiation of the incentive fee.*

5. New Business:

a. Terms of Office:

Mrs. O'Connell reviewed with the Board the Terms of Office schedule for each Member, indicating years served so far and each Member's remaining eligibility to serve on the Board.

b. Excused Absence from the Board Meeting:

Ms. Armstrong asked to be excused due to a prior commitment.

c. Next Meeting:

February Board meeting will be **Thursday, February 25, 2016 at 9:00 am.**

6. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 10:40 a.m.

A true copy, attest:



Tom Mitchell, Secretary
Board of Trustees