

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

March 31, 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 (E), Zoe Lumpkin (X), Richard Wuska (X).

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

Others Present: Cindy Rohlf, Assistant City Manager
Eddie Harrah, Waterworks Employee
Retirees (3)

1. Call to Order:

Mr. James called the Retirement Board meeting to order at 9:07 a.m. on March 31, 2016 in the City Council's Conference Room, 10th Floor.

2. Richard Wuska

Mr. James thanked Richard Wuska, whose has decided to retire from the City as of March 31, 2016, for his many years of service on the Board and various committees on which he served.

3. Minutes of the Meeting of February 25, 2016:

Upon motion duly made and seconded and upon recommended changes made, the minutes of February 25, 2016 were unanimously approved.

4. Committee on Investments:

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

a. Assets as of February 29, 2016:

Pension	\$769,958,803
Post Retirement	<u>25,686,891</u>
Total	<u>\$795,645,694</u>

b. Cash Withdrawals:

Mr. Gudikunst commented that the Investment Committee discussed the monthly cash withdrawals needed to help fund monthly Pension benefits. After discussion, the Committee unanimously agreed to recommend to the Retirement Board to allow Finance Staff to withdraw the March funds of \$2.6 million from CS McKee and the April funds of \$2.6 million from Richmond Capital.

Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to allow Finance staff to withdraw the March funds of \$2.6 million from CS McKee and the April funds of \$2.6 million from Richmond Capital to help fund the monthly Pension benefits.

5. Committee on Administration:

a. Update on Lump Sum calculations:

Mr. Hatchett mentioned to the Board that the Committee discussed the status of the lump sum payment option and the preparation of the ordinance which would allow for the Retirement Board to set the dollar limit for the payout amount. After discussion, the Committee agreed to request the City Attorney's office to draft a proposed ordinance that would allow active NNERF employees to have a lump sum payment option upon retirement with the monthly annuity payment cap to be set once staff provides additional information. Further discussion entailed concerning whether spousal approval is needed when an employee selects the lump sum payout option. Mr. Hatchett further explained that Patrick Murphrey, Assistant City Attorney, had contacted Carol Calhoun regarding the question of spousal notification/approval for the lump sum option. He shared that it is Ms. Calhoun's opinion that consent is only required if the language in the plan makes it so. She stated we could elect (and the below is taken directly from her e-mail):

-To permit the employee to elect a lump sum without any consent by or even notification to the spouse.

-To permit the employee to elect a lump sum without the consent of the spouse, but to provide notification to the spouse when this happens.

-To require spousal consent before an employee can elect a lump sum.

Mr. Hatchett also explained that Ms. Calhoun recommended "whichever option is chosen...that the employee be required to sign a statement acknowledging that receipt of a lump sum would be in lieu of both the monthly benefit and the spousal death benefit (along with any other benefits that the employee would forgo by taking this option)."

The consensus of the Committee was that the employee should be permitted to make the lump sum election without spousal consent or notification. So therefore, the Committee unanimously agreed to recommend to the Retirement Board to request the City Attorney's office to draft a proposed ordinance providing for a lump sum option offered at retirement and also the statement which the employee should sign, acknowledging that the receipt of the lump sum is in lieu of a monthly annuity, the spousal annuity, and the lump sum death benefit.

Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to request the City Attorney's office to draft a proposed ordinance providing for a lump sum option offered at retirement and also the statement which the employee should sign acknowledging that the receipt of the lump sum is in lieu of a monthly annuity, the spousal annuity, and the lump sum death benefit.

b. Change in mandatory requirement age for Public Service:

Mr. Hatchett mentioned to the Board that the Committee briefly discussed how the plan would be impacted if the mandatory requirement age for Public Service is increased from 63 to 67 for NNERF employees. Mr. Mitchell explained to the Committee that the impact to the Fund would be positive due to the fact that some Public Safety employees would work longer because of the increase in the mandatory retirement age thereby receiving fewer years of payments from the Fund. It would have a similar positive impact on the OPEB Fund. Mr. Mitchell informed the Committee that both the Chief of Police and Fire Chief support this change. After discussion, the Committee unanimously agreed to recommend to the Retirement Board to request that the City Attorney's office prepare proposed language to change the Code to increase the mandatory retirement age of NNERF Public Safety employees from age 63 to 67.

Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to request the City Attorney's office to prepare a draft ordinance changing the Code to increase the mandatory retirement age of NNERF Public Safety employees from age 63 to 67.

c. Change wording regarding City Contributions to health insurance premiums for employees under Code Sections 31-112c and 31-117c:

Mr. Mitchell mentioned to the Board that he discussed with the Committee the hurdles that staff has occurred with administering two fund contribution schedules for health and dental benefits. After discussing, the Committee unanimously agreed to recommend to the Retirement Board to request the City Attorney's office to review the OPEB Benefits of Code Section 31-112c and Code Section 31-117c for all qualified city employees hired prior to March 1, 2010 and who did not satisfy the criteria of having ten years of service at February 28, 2010.

Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to request the City Attorney's office to review the OPEB Benefits of Code Section 31-111c and Code Section 31-117c for all qualified city employees hired prior to March 1, 2010 and who did not satisfy the criteria of having ten years of service at February 28, 2010.

d. Timeline for review of School's computations:

Mr. Hatchett mentioned to the Board that the Committee discussed with Staff the importance of getting the School's employees monthly annuity computations done. Staff has been requested to prepare a timeline to present to the Committee.

e. Pension Fund Budget:

Mr. Hatchett mentioned to the Board that the Committee briefly reviewed and discussed the chart of the Pension Fund budget that compared expenses over the past several years compared to the budgeted expenses over the next few upcoming years.

f. Service Agreement between NNERF and City:

Mr. Mitchell mentioned to the Board that he advised the Committee about the reorganization occurring in the Finance Department. The Benefits office employees and responsibilities will be moving to Human

Resources with the Retirement/OPEB aspects remaining in Finance. Also, the six employees who have historically been paid out the Retirement Fund will now be paid by the City with the Retirement Fund paying the City an agreed upon fee. After discussion, the Committee asked Staff to draft a Service Agreement between NNERF and the City, defining the responsibilities and duties.

6. Disability Review Committee:

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

7. Benefits & Welfare Committee:

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

8. 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 co-lead plaintiff in a class action, and discussing the NNERF Timberland Investment LLC involvement as a defendant in a civil suit, 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. For the purposes of this subdivision, “probable litigation” means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.

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.

9. New Business:

a. Portability Agreement:

Mr. Murphrey updated the Board that Norfolk wants to rescind the Amendment of the Norfolk Employees' Retirement System Portability agreement between NNERF and Norfolk. NNERF is a closed plan, and new employees are not able to port in, but still can still port their vested benefit to Norfolk. Based upon the Plan being closed, Mr. Murphrey also mentioned that he would like to review the Portability agreements with Norfolk, VRS, Richmond, and Roanoke, and then check with those localities and VRS to see if they still want to be involved in a Portability agreement given that NNERF is a closed plan.

b. Excused Absence from the Board Meeting:

Mr. Kubilins and Ms. Armstrong asked to be excused due to a prior commitment.

c. Board Vacant Position:

Ms. O'Connell updated the Board that due to Richard Wuska retiring his position on the Board will be vacant. Finance will hold a special election to elect a trustee on the Retirement Board to represent NNERF Waterworks employees. The term will be for the unfilled vacancy left by Mr. Wuska which will expire December 31, 2019.

d. Next Meeting:

April Board meeting will be Thursday, April 28, 2016 at 9:00 am.

10. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 10:30 a.m.

A true copy, attest:



Tom Mitchell, Secretary
Board of Trustees