

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

**July 28, 2016**

**City Council's Conference Room/Tenth Floor**

**9:00 a.m.**

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

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

Others Present: Cindy Rohlf, Assistant City Manager  
Dave Ress, Daily Press Representative  
Retirees (5)

**1. Call to Order:**

Mr. James called the Retirement Board meeting to order at 9:05 a.m. on July 28, 2016 in the City Council's Conference Room, 10<sup>th</sup> Floor.

**2. Minutes of the Meeting of June 30, 2016:**

Upon motion duly made and seconded and upon recommended changes made, the minutes of June 30, 2016 were unanimously approved as amended.

**3. Committee on Investments:**

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

a. Assets as of June 30, 2016:

Pension	\$810,283,214
Post Retirement	<u>27,223,300</u>
Total	<u>\$837,506,514</u>

Mr. Gudikunst updated the Board that the Committee discussed the asset allocation of the Fund and the performance of each asset class. Staff was requested to ask Rich Dahab, Dahab Associates, to be prepared to answer several questions concerning the asset allocation at the next meeting, ie:

- 1- What suggestions, if any, does he have regarding the current asset allocations?
- 2- Should we consider a more passive strategy with the fixed income portion?
- 3- If we had a lower fixed income allocation over the past few years, how would the return of the Fund been different?

**4. Committee on Administration:**

a. Service Agreement / Administration Policy:

Mr. Hatchett updated the Board on the status of the Service Agreement between the City and NNERF. Mr. Hatchett noted that the City Attorney's office felt that there were provisions of the Code that essentially states that the division of pensions within the Finance Department is tasked with administration of the fund. It also stated that all costs and expenses incurred in the administration of the fund shall be paid by the fund from the assets of the fund, and no part of such expenses shall be charged to or paid by the city. With that information already in the Code, the City Attorney's office felt that an Administrative Policy specifying in more detail what City staff would do to administer the provisions of Chapter 31 is better suited. Mr. Hatchett noted that staff will continue to work with the City Attorney's office to draft an Administrative Policy and present to the Committee by the August 25, 2016 meeting. Mr. Hatchett asserted that the policy needs to have the element of quality control and how the Finance Department interfaces with Internal Audit to ensure these measures are quantified.

b. Pension and OPEB Budget:

Mr. Hatchett updated the Board that the Committee reviewed the modified proposed Pension and OPEB budget that was presented by Staff. After reviewing, the Committee unanimously agreed to recommend to the Retirement Board to approve the modified proposed FY 2017 Pension and OPEB Budget as presented.

*Approved* Upon motion duly made and seconded, the Retirement Board unanimously agreed to approve the modified proposed FY 2017 Pension and OPEB Budget as presented. (The total recommended budget for the FY 2017 is \$74.6 million)

c. Assumed Rate of Return:

Mr. Hatchett mentioned to the Board that the Committee of Administration felt it might be appropriate to review the assumed rate of return. The Committee directed Staff to ask Cheiron, the Plan's actuary, to quantify the impact on the Actuarial Determined Contribution if the assumed earning rate was dropped from 7.5% to 7.25%, as well as any thoughts they may have on the subject. After discussing, the Committee unanimously agreed to recommend that the Retirement Board direct to a committee to review the assumed rate of return.

*Approved* Upon motion duly made and seconded, the Retirement Board unanimously agreed to direct the Benefits and Welfare Committee to review the assumed rate of return.

d. Regions:

Mr. Hatchett updated the Board that the City Attorney's office continues to work with Regions on finalizing the contract extension with Regions.

e. Retirement Qualifications for Service Earned:

Mr. Hatchett opined to the Board that the City Code should be reviewed for clarity on calculations relating to positions that are eligible for benefits but are not full time positions. The current Code is not clear about how the retirement benefit would be computed for a part-time

employee who later worked in a full time position. Mr. Hatchett stated that it was a situation which was probably not envisioned when the Code was drafted. After discussing, the Committee unanimously agreed to recommend to the Retirement Board that they task the Benefits and Welfare Committee to review the code provisions relating to non-full time equivalent positions, and the retirement benefits computation if a part-time person with retirement benefits were to later be employed in a full-time position.

*Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to have the Benefits and Welfare Committee to review the code provisions relating to the retirement benefits for non-full time equivalent positions, and the retirement benefits computation if a part-time person with retirement benefits were to later be employed in a full-time position.*

**5. Disability Review Committee:**

- a. Case #23836:

Ms. Armstrong mentioned that the Committee reviewed Case #23836. It was the opinion of Dr. Lee that Case #23836 "is permanently unable to perform the required/essential functions of the job. It is also his opinion that Case #23836 is permanently unable to participated in any gainful employment as it is not foreseeable that Case #23836 will ever be able to return to this or any other job." After reviewing, the Committee unanimously agreed to recommend to the Retirement 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 Retirement Board unanimously agreed to award in Case #23836, 100% disability based on Section 31-557 Non-occupational disability retirement for total and permanent disability.*

**6. Old Business:**

- a. There was no old business for discussion.

**7. New Business:**

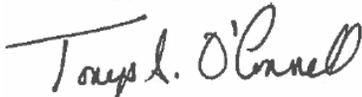
- a. Next Meeting:

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

- b. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 10:05 a.m.

A true copy, attest:



Tonya O'Connell  
Asst. Director of Finance