

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

**August 25, 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), Eddie Harrah (X).

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

Others Present: Cindy Rohlf, Assistant City Manager  
Retirees (3)

**1. Call to Order:**

Mr. James called the Retirement Board meeting to order at 9:04 a.m. on August 25, 2016 in the City Council's Conference Room, 10<sup>th</sup> Floor.

**2. Minutes of the Meeting of July 28, 2016:**

Upon motion duly made and seconded, the minutes of July 28, 2016 were unanimously approved.

**3. Committee on Investments:**

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

a. Assets as of July 31, 2016:

Pension	\$837,560,510
Post Retirement	<u>28,324,507</u>
Total	<u>\$865,885,017</u>

b. Closed Session - NNERF Timberland and Custodian Bank - RFP

A motion was made by Mr. James 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), and (29), that the Retirement Board of Trustees hold a Closed Meeting on the subject of NNERF for the purposes of considering the leasing of timberlands, investment managers, and the consideration and discussion of responses to the request for proposals with regard to the NNERF and the City of Newport News Employees' Post-Retirement Health and Welfare Benefits ("OPEB") funds' custodian bank. 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 (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 or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

Approved *Upon motion duly made and seconded, the Retirement Board unanimously agreed to authorize Rich Dahab, Dahab Associates, to further negotiate with certain candidates who responded to the RFP for custodian banking services and to establish interviews with selected applicants.*

Approved *Upon motion duly made and seconded, the Retirement Board unanimously agreed to request the City Attorney's office to work with Regions on the contract extension, contract terms and conditions to allow Regions to negotiate on behalf of the Timberland.*

Approved *Upon motion duly made and seconded, the Retirement Board unanimously agreed to request the City Attorney's office to work with Regions on an appropriate lease agreement for Solar Farms on a parcel of the properties owned by the Timberland Fund.*

#### **4. Committee on Administration:**

##### **a. Administrative Policy:**

Mr. Hatchett presented to the Board the Administrative Policy that specifies what services the City will provide to the Fund to administer the Plan provisions of Chapter 31 of the City Code, including the process which Internal Audit uses to review and provide quality control. Mr. Mitchell indicated that this document is a living document which may be modified as required.

Approved *Upon motion duly made and seconded, the Retirement Board unanimously approved the Administrative Policy for Services, noting that it will apply to both the Newport News Employees Retirement Fund and the Newport News Employees' Post-Retirement Health and Welfare Benefits Fund.*

##### **b. Estimate - Active Employees**

Mr. Hatchett updated the Board on a schedule that is maintained by Finance Department showing active employees who have requested retirement estimates. The schedule showed that all City employees who had requested a retirement estimate had received theirs and that there were no pending unfilled requests. Since the tardiness in providing employee request has been a complaint in the past, it was determined that the Board would be provided a monthly update by staff showing the status of employees' requests.

#### **5. Disability Review Committee:**

##### **a. No update at this time.**

**6. Old Business:**

- a. There was no old business for discussion.

**7. New Business:**

- a. Engage consultant to review ICMA (DC plan administrator):

Mr. Mitchell reminded the Board of the fiduciary responsibility of the City to its employees who participate in the City sanctioned defined contribution funds through ICMA, and also reminded the Board that ICMA is the plan provider and does not serve in a fiduciary capacity. He suggested that the Board consider engaging a consultant to ensure the fees being charged to the employees' accounts are reasonable and that the fund offerings are appropriate. Mr. Mitchell indicated that other localities, including Richmond and Roanoke, have conducted similar studies on their defined contribution plans

- b. Contracts for Services:

Mr. Mitchell reminded the Board that the City's custodian bank services solicitation, which is in process, will complete the request made by the Board to update, review or request proposals for all the professional services provided to the NNERF. The actuarial services and investment consultant contracts were previously updated.

- c. Commission Recapture – Trade Analysis:

Mr. Mitchell updated the Board on the commission recapture program. Mr. Mitchell met with representative of Abel Noser, the City's commission recapture agent, to discuss the trade analysis of the managers currently participating with the program. The program is moving in a positive direction and most of the managers are trading in accordance with the Board's request.

- d. Eight Year Contribution Plan:

Mr. Mitchell reminded the Board that the City contributed 100% of the required contribution (ADC) for fiscal year 2016, one year earlier than originally planned.

- e. Next Meeting:

**August** Board meeting will be **Thursday, September 29, 2016 at 9:00 am.**

- f. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 10:46 a.m.

A true copy, attest:



Tom Mitchell, Secretary  
Board of Trustees