

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

**September 29, 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 (E), Bobby Lanier (E),  
Greg Kubilins (X), Zoe Lumpkin (X), Eddie Harrah (X).

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

Others Present: Cindy Rohlf, Assistant City Manager  
Retirees (4)

**1. Call to Order:**

Mr. Hatchett called the Retirement Board meeting to order at 9:05 a.m. on September 29, 2016 in the City Council's Conference Room, 10<sup>th</sup> Floor.

**2. Minutes of the Meeting of August 25, 2016:**

Upon motion duly made and seconded, the minutes of August 25, 2016 were unanimously approved.

**3. Committee on Investments:**

Mr. Hatchett provided a review of the Funds for August.

a. Assets as of August 31, 2016:

Pension	\$842,029,990
Post Retirement	<u>28,788,377</u>
Total	<u>\$870,818,367</u>

b. Closed Session – Custodian Bank – RFP

Mr. Hatchett suggested moving the agenda items requiring a closed session to the end of the agenda, to accommodate the visitors at the meeting. Hearing no objection, he continued the meeting and moved to the next agenda item.

c. Cash Withdrawal

Mr. Hatchett commented that the Investment Committee discussed the monthly cash needed for Pension benefits. After discussion, the Committee unanimously agreed to recommend that the Retirement Board authorize the withdrawal of \$2.9 million from Fiduciary Management.

*Approved*      *Upon motion duly made and seconded, the Retirement Board unanimously agreed to allow Finance staff to withdraw \$2.9 million from Fiduciary Management for monthly Pension benefits.*

**4. Committee on Administration:**

- a. There was no business for discussion.

**5. Benefits and Welfare Committee:**

- a. Contribution – Pre 65 Anthem

Mr. Mitchell informed the Board that the Benefits and Welfare Committee had a discussion concerning City Code Sec. 31-111(c) which provides for a capped dollar amount that the Fund would contribute toward a member's City sponsored pre-65 post-retirement medical insurance premiums. Mr. Mitchell reminded the Board about the philosophy and the history of the OPEB plan, as well as the costs to the City and the number of retirees who have elected benefits under OPEB.

Due to there not being a COLA increase this year and due to the increasing costs of health insurance, the Committee discussed options which might help soften the impact of rising health insurance cost to the retirees. After discussion, the Committee unanimously agreed to recommend that the Retirement Board propose to the City Manager an increase in the amount of the Fund contribution to the pre-65 retiree health insurance premiums, effective January 1, 2017, and that the total dollar amount of the City contribution provided for in subsection (c) of Section 31.111 be increased by 7.5% and that the revised amount would constitute the amount upon which future contributions would be calculated.

After discussion, the Board determined that an amendment to the motion was needed to state the specific dollar increases recommended for each plan instead of an overall percentage.

*Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to amend the motion from the Benefits and Welfare Committee to include specific dollar amounts instead of an overall percentage.*

After further discussion, a motion was made to have the Retirement Board recommend to the City Manager, that effective January 1, 2017, the total dollar amount of the OPEB Fund contribution provided for in subsection (c) of Section 31.111 for pre-65 retirees, be increased to \$448 for single plans, \$727 for single plus child plans, \$1019 for single plus spouse plans, \$1,230 for family plans and that those revised amounts would constitute the amount upon which future contributions by the OPEB Fund would be calculated.

*Approved Upon motion duly made and seconded, the Retirement Board, with an Affirmative 6-1 vote, with Ms. Armstrong voting against, agreed to recommend to the City Manager that effective January 1, 2017, the dollar amount of the OPEB contribution provided for in subsection (c) of Section 31.111, for pre-65 retiree health insurance premiums be increased to \$448 for single plans, \$727 for single plus child plans, \$1,019 for single plus spouse plans, \$1,230 for family plans, and that those amounts should constitute the base amount upon which future contributions by the Fund would be calculated.*

b. Retirement Qualifications for Service Earned

Mr. Mitchell mentioned to the Board that the Committee reviewed the City Code 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. Mitchell opined that it was a situation which was probably not envisioned when the Code was drafted. After discussion, the Committee unanimously agreed to recommend that the Retirement Board direct the Finance Department to draft an administrative policy to define how the retirement benefit computation would be calculated if a part-time employee eligible for retirement benefits were to be later employed in a full-time position. Mr. Hatchett opined that there was no need for a motion to direct staff to draft an administrative policy for review.

*Approved* Upon motion duly made and seconded, the Retirement Board unanimously agreed to **deny** the motion to direct the Finance Department to establish an administrative policy to define how the retirement benefit would be calculated if a part-time employee eligible for retirement benefits were to be employed in a full-time position.

c. Pension Administration Policy

Ms. O'Connell discussed with the Committee the City Code Sec. 31-51 which involves the application process for retirement benefits and discussed the current procedure used to process those applications, particularly those for terminated vested employees. Mr. Mitchell mentioned that the City Code could be clearer in defining an employee's eligible date of retirement. After discussion, the Committee unanimously agreed to recommend that the Retirement Board present to City Council a Code revision to better define the eligible date of retirement.

After discussion of the Committee's motion, it was the consensus of the Board that the issue should be referred back to the Benefits and Welfare Committee for further review of the current definition and a determination of the specific language to be proposed.

*Approved* Upon motion duly made and seconded, the Retirement Board unanimously agreed to **deny** the motion to have the Board propose a revision to the Code to better defining an employee's eligible date of retirement.

Mr. Mitchell provided a letter which was received from a retiree stating that she had received a letter from the Finance Department advising of her eligibility for benefits two years after she was actually eligible. After discussing the specifics of the employee's situation, the Committee unanimously agreed to recommend to the Retirement Board that the retiree would be paid retirement benefits retroactive to her attaining her eligible retirement date of September 1, 2014.

*Approved* Upon motion duly made and seconded, the Retirement Board unanimously agreed that the retiree receive retirement benefits retroactive to her effective retirement date of September 1, 2014.

**6. Disability Review Committee:**

a. Case #37275

The Committee reviewed Case #37275. It was the opinion of Dr. Lee that Case #37275 “is permanently unable to perform the required/essential functions of the job and the only form of gainful employment the employee will ever be capable of is sedentary / desk type work”. A motion was duly made and seconded, to recommend that the Retirement Board approve 80% partial-occupational disability based on Section 31-58 occupational and non-occupational partial disability benefits.

*Approved*      *Upon motion duly made and seconded, the Retirement Board unanimously agreed to award in Case #37275, 80% partial-occupational disability based on Section 31-58 occupational and non-occupational partial disability benefits.*

b. Disability Members

Ms. Armstrong informed the Board that the Disability Committee had a discussion on Section 31.59, annual review of disability recipients; continuation, cessation or adjustment of allowances or benefits. The Committee felt that re-evaluation of disability recipients by Dr. Lee would be a more reliable source for the Committee to determine medical condition status than the forms that have been used historically and currently in use. Ms. Armstrong noted that the Committee plans to have Dr. Lee attend a future meeting to provide insight on establishing a procedure for following up and re-evaluating disability recipients going forward.

**7. Old Business:**

a. Regions

Mr. Mitchell updated the Board that City Attorney’s office has reviewed the Second Amendment to Timberland Investment/Management Services Agreement and has finalized the contract extension, contract terms and conditions with Regions.

*Approved*      *Upon motion duly made and seconded, the Retirement Board unanimously agreed to approve the Second Amendment to Timberland Investment/Management Services Agreement and permit the Chairman of the Board to sign on behalf of NNERF.*

b. Estimate – Active Employees

Mr. Mitchell advised the Board on the 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 their estimate and that there were no pending unfilled requests at September 29, 2016.

8. **New Business:**

- a. Excused Absence from the Board Meeting:

Mr. James and Mr. Lanier asked to be excused due to a prior commitment.

- b. Next Meeting:

**October** Board meeting will be **Thursday, October 27, 2016 at 9:00 am.**

- c. Closed Session – Custodian Bank – RFP

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, Subsection (29), that the Retirement Board of Trustees hold a Closed Meeting on the subject of NNERF for the purposes of considering and discussion the 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 (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.

After coming back into Open Session, Mr. Hatchett made the motion, which was duly seconded, and unanimously approved, that the members of the Committee on Investments certify that, to the best of each member's knowledge (1) only public business matters lawfully exempted from open meeting requirements of the Virginia Freedom of Information Act were discussed during the closed meeting held immediately prior to reconvening in this open meeting, 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 aforementioned closed meeting of the Committee.

*Approved* Upon motion duly made and seconded, the Retirement Board unanimously agreed to award the contract for Custodial Banking Services for the Fund's assets to Wilmington Trust, and asked that the City Attorney's office work with Wilmington Trust to finalize the five year contract for custodial banking services, and to authorize the Chairman of the Board to sign on behalf of NNERF.

- d. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 11:05 a.m.

A true copy, attest:



Tom Mitchell, Secretary  
Board of Trustees