

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

**February 27, 2020**

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

**9:00 a.m.**

Roll Call: JoAnn Armstrong (X), Tom Brooks (X), Pax Goodson (E),  
Lars Lassen (X), Eddie Harrah (X), Philip Hatchett (X),  
Frank James (X), Gregg Kubilins (X), Zoe Lumpkin (X)

Patrick Murphrey (X), Marty Eubank (E), Bill Keeler (E),  
Cathy Matthews (X), Susan Goodwin (X), Virginia Lovell (X),  
Brian Sypolt (X), Sarah Jordan (X).

Others Present: Retirees (3)

**1. Call to Order:**

Mr. James called the Retirement Board meeting to order at 9:01 a.m. on February 27, 2020 in the City Council's Conference Room, 10<sup>th</sup> Floor.

**2. Minutes of the Meeting of January 30, 2020:**

Upon motion duly made and seconded, the minutes of the January 30, 2020 meeting were unanimously approved.

**3. Committee on Investments:**

a. Investment Policy Statements and Manager Guidelines

Mr. Brooks reminded the Board that the Investment Committee brought a motion to the Board at the January meeting to adopt new Investment Policy Statements for the Pension, OPEB, and LODA; however, the Board did not act on the motion because the City Attorney recommended the policies be updated to include the City code language regarding allowable investments. Mr. Brooks noted that Meketa Investment Group updated the policies. After discussion, Mr. Brooks made a motion that the Board amend the previous motion to adopt the Investment Policy Statements.

*Approved Upon motion duly made and seconded, the Board unanimously agreed to amend the previous motion to adopt the Investment Policy Statements for Pension, OPEB and LODA to reflect the new guidelines as presented.*

*Approved Upon motion duly made and seconded, the Board unanimously agreed to adopt the Investment Policy Statements for Pension, OPEB and LODA.*

Mr. Brooks also noted that in the January meeting the City Attorney recommended the Manager Guidelines be adopted to include the City Code language regarding allowable investments and be adopted separately. Meketa Investment Group updated the manager guidelines as requested. Mr. Brooks informed the Board the Investment Committee reviewed the documents and recommended that the Retirement Board adopt the Manager Guidelines as presented.

*Approved Upon motion duly made and seconded, the Board unanimously agreed to adopt the Manager Guidelines as presented.*

b. Assets as of January 31, 2020:

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

Pension	\$979,420,086
Post Retirement	<u>36,412,187</u>
Total	<u>\$1,015,832,273</u>

Mr. Brooks noted that the Fund lost 0.9% net of fees in January 2020. He also noted that Meketa Investment Group explained that while it is still too early to determine the full impact, the coronavirus was one of the reasons behind the recent market sell off.

c. Quarterly Review – December 21, 2019

Mr. Brooks noted that Meketa Investment Group provided the Committee with the December 31, 2019 quarterly review. The Pension Fund was up 6.1% net of fees and the OPEB Fund was up 6.7% net of fees over the quarter. Emerging market equities were the best absolute performer over the quarter, returning 11.6% net of fees for Pension and 11.7% net of fees for OPEB. Mr. Brooks informed the Board no manager action was recommended at this time.

d. Asset Allocation Report

Mr. Brooks explained that Meketa Investment Group also provided the Committee with their asset allocation study of the Fund. He noted that while the current asset allocation's expected return is 7.35%, there are several options Meketa feels can further diversify the Fund and slightly reduce volatility while achieving 7.35%. Meketa suggested moving towards a market weighting for U.S. equities, increasing emerging markets equities and private equity, and increasing duration in bonds. Meketa also recommended other minor changes. Mr. Brooks noted the Committee is still reviewing and so no action on the asset allocation was taken in February.

e. Wilmington Trust Contract – Custodian Bank

Mr. Brooks noted that Meketa Investment Group updated the Committee they are still working with Wilmington on a new fee structure for NNERF and will be working with Wilmington on a contract for LODA as well. Meketa hopes to bring both contracts to the Committee in March to be approved.

f. **Citizen Comments on Matters Germane to the Business of the Investment Committee**

Retiree Ken Jones expressed concern over Meketa Investment Group's continuity of operations plan for emergencies like Coronavirus. Mr. Jones urged the Board to speak with Meketa on this matter.

**4. Committee on Administration:**

- a. The Committee did not meet; however, Mr. Hatchett advised that he would like the committee to meet to review and discuss the Fund's internal controls. A meeting will be scheduled to discuss this further.

**5. Benefits and Welfare Committee:**

- a. The Committee did not meet.

**6. Disability Review Committee:**

- a. Case #049686

Ms. Armstrong informed the Board that the Committee met on February 20, 2020 to discuss case #049686; however, the Committee was not able to make a recommendation to the Board at this time as they felt more information was needed. The Committee will meet again at a later date after more information has been received.

**7. Old Business:**

- a. There was no old business to discuss.

**8. New Business:**

- a. Excused Absence

Mr. Goodson requested to be excused from today's meeting.

- b. One City Marathon

Mr. Harrah noted that the One City Marathon was that following Sunday. He also noted that he would be participating. Ms. Goodwin noted that the Finance Department will be participating by volunteering at a water station and encouraged Board members to attend.

**9. Next Meeting:**

- a. March Board meeting will be Thursday, March 26, 2020

10. Adjournment:

- a. There being no further business to come before the Board, the meeting adjourned at 9:25 a.m.

A true copy, attest:

A handwritten signature in blue ink, appearing to read "Susan Goodwin", with a long horizontal flourish extending to the right.

Susan Goodwin, Secretary  
Board of Trustees