

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

April 20, 2022

9:00 a.m.

Roll Call: JoAnn Armstrong (X), Tom Brooks (X), William Donaldson (X),
Travis Fisher (X), Pax Goodson (X), Eddie Harrah (X),
Frank James (X), Lars Lassen (X), Andrew Pribush (V).

Lynn Spratley (X), Marty Eubank (E), Bill Keeler (X),
Lisa Cipriano (X), Susan Goodwin (X), Virginia Saunders (X),
Brian Sypolt (X), Teresa Tornari (X)

Others Present: Retirees (4)

1. Call to Order

Mr. James called the Retirement Board meeting to order at 9:00 a.m. on April 20, 2022.

2. Minutes of the Meeting of March 31, 2021:

Approved Upon motion duly made and seconded, the minutes of the March 31, 2022 meeting were unanimously approved.

3. Committee on Investments:

a. Funds Review – March 31, 2022 Financials:

The Committee did not meet in March; however, Mr. Goodson reported that the Fund gained approximately 1.0% net of fees in March. Assets as of March 31st are:

<i>Pension</i>	\$ 1,125,195,683
<i>Post Retirement</i>	<u>47,857,846</u>
	\$ 1,173,053,526

LODA	\$ 3,393,657
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4. Committee on Administration:

Committee did not meet.

5. Benefits and Welfare Committee:

Committee did not meet.

6. Disability Committee:

Committee did not meet

7. Old Business:

There was no old business to discuss.

8. New Business:

a. FY23 COLA:

Ms. Goodwin reminded the Board that the COLA is determined annually in accordance with a formula based on the Consumer Price Index (CPI) which is contained in City Code. She noted that based on the 2021 CPI, the retirees who retired prior to July 1, 2021 will receive a 1.75% COLA effective July 1, 2022.

Ms. Goodwin also noted the calculated COLA is significantly lower than the current U.S. inflation which has risen to 8.5% year over year as of March 2022. Ms. Goodwin continued informing the Board that staff realizes that while inflation is expected to ease, rapid price increases, particularly on gasoline and food are creating economic strain for households, including retirees. She also noted that given the extraordinary inflationary pressures of the last several months, that it is no surprise the City has been hearing from more retirees with concerns. Accordingly, staff began to discuss and evaluate potential opportunities to address these concerns with the fund's actuary.

Ms. Goodwin noted that the unprecedented 31.3% investment return from the previous year provided the fund with some additional financial flexibility to consider some options for assisting retirees. Ms. Goodwin presented the Board with two options for consideration. She explained both options, what each option would look like for retirees, and how each option would impact the Fund financially. The first option would give each eligible retiree a one-time 1% additional COLA on top of the 1.75% equating to a total of a 2.75% COLA for 2022. For the average City retiree with an annual retirement of \$25,000, this would increase their monthly pension by approximately \$20 per month over the 1.75% COLA. The second option presented would give each eligible retiree a one-time supplemental paycheck equal to the retiree's monthly pension annuity (13th check) capped at \$2,000. For a retiree with an annual retirement of \$25,000, this option would provide an additional one-time \$2,000 payment in July.

Ms. Goodwin reminded the Board that the COLA calculation is one of the most financially impactful provisions of the Fund and explained that the actuary had calculated the additional cost associated with each option. The first option, an additional 1% COLA, would increase the annual contribution by approximately \$917,000 and the unfunded liability by \$9.4 million, while the second option of a one-time supplemental check would increase the annual contribution by approximately \$508,000 and the unfunded liability by \$5.3 million, if amortized over the remaining 19 year amortization period for the plan. Ms. Goodwin also mentioned that the actuary recommended amortizing over a shorter period of 10 years, which would increase the annual

contribution impact to approximately \$1,449,000 for option 1 and \$805,000 for option 2. Most Board members stated they would be in favor of the supplement check option as they feel this would be more beneficial for retirees while having less financial impact on the Fund, although several Board members voiced concerns regarding setting a precedent with such a payment and cautioned that in the future, annual inflation rates and corresponding market returns may not make a supplemental benefit payment financially feasible. Mr. Pribush voiced his opposition to the supplemental check option stating that the additional 1.0% COLA would be more beneficial for public safety retirees over time. After discussion, the Board moved to recommend that City Council approve a one-time supplemental payment.

Approved *Upon motion duly made and seconded, the Retirement Board approved (8-1) to recommend City Council approve a one-time supplemental payment "13th check" equal to each retiree's monthly annuity payment or \$2,000, whichever is less, for retirees and eligible beneficiaries retired before 7/1/2021, payable for FY2023.*

9. Citizen Comments on Matters Germane to the Business of the Retirement Board:

- a. Mr. Jones, retiree, advised the Board of his concerns regarding rising prices due to inflation and the effect this is having on retirees. He asked the Board to consider possible ways they could assist retirees during these challenging times. He stated that while he understood that increasing the COLA formula would not be financially prudent, he requested that the Board consider other ways, like a one-time payment, to assist retirees during these hard times.

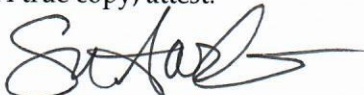
10. Next Meeting:

- a. The May Board meeting will be Thursday, May 26, 2022 in the EDA Board Room, City Center at 9:00 a.m.

11. Adjournment:

- a. There being no further business to come before the Board, the meeting adjourned at 9:55 a.m.

A true copy, attest:



Susan Goodwin, Secretary
Board of Trustees