

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

April 27, 2023

EDA Board Room, 3rd Floor

City Center

9:00 a.m.

Roll Call: JoAnn Armstrong (E), Tom Brooks (X), William Donaldson (X),
Travis Fisher (X), Eddie Harrah (E), Derry Haywood (X),
Lars Lassen (X), Andrew Pribush (E), James Young (X)

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

Others Present: Retirees (3)

1. Call to Order

Mr. Fisher called the Retirement Board meeting to order at 9:01 a.m. on April 27, 2023.

2. Minutes of the Meeting of March 30, 2023:

Approved Upon motion duly made and seconded, the minutes of the March 30, 2023 meeting were unanimously approved upon recommended changes made.

3. Committee on Investments:

a. Funds Review – March 31, 2023 Financials:

Mr. Lassen noted the Fund gained approximately 1.3% net of fees in March.

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|------------------------|-------------------|
| <i>Pension</i> | \$ 1,003,864,970 |
| <i>Post Retirement</i> | <u>43,843,651</u> |
| | \$ 1,047,708,621 |

| | |
|-------------|--------------|
| <i>LODA</i> | \$ 3,257,693 |
|-------------|--------------|

b. March Market Update:

Mr. Lassen informed the Board that Meketa reviewed the March market conditions and performance with the Committee. He noted that despite banking turmoil in the U.S. and Switzerland, most global markets posted positive returns in the month of March and for the first quarter of 2023. Mr. Lassen mentioned that undeterred from bank turmoil, the Fed and the ECB

raised interest rates in February. He noted that while the Fed and the ECB appear focused on fighting inflation with higher interest rates, the markets appear unconvinced. The drive to fight inflation may stall economic growth and increase downward pressure on corporate earnings, stock valuations, and bond returns.

c. **Asset Allocation Review and Risk Analysis:**

Mr. Lassen informed the Board that the Committee resumed its conversation on the asset allocation. He noted that in the March meeting, several committee members requested additional information which was provided and presented by Meketa this month. Mr. Lassen mentioned that most public funds have a lower target to equities than NNERF, however Meketa cautioned that each plan is unique and that is it important to consider NNERF's actual assumed rate of return, cash flow needs and funded status when choosing an asset allocation. He noted the Committee held a discussion about the trade-offs between the various portfolios modeled. Mr. Lassen noted that most members agreed the Fund should make some adjustments to reduce risk, but also wanted to ensure the Fund benefited from current high interest rates and participated in any upcoming market rallies. After discussion, the Committee ultimately felt Option A was the best option to recommend to the Board for the Fund at this time.

Approved Upon motion duly made and seconded, the Investment Committee unanimously agreed to recommend that the Retirement Board adopt the Pension asset allocation Option A as presented.

Mr. Lassen informed the Board that Meketa will update the Investment Policy Statement with the newly adopted asset allocation and provide to the Committee to review at their next meeting.

d. **Molpus Woodlands Fund III Update:**

Mr. Lassen updated the Board that the majority of the investors consented to extending the life of the Molpus Fund III for another 10 years. He noted that Meketa will monitor the market every 6 to 8 months to see if a secondary market would be advantageous for the Fund.

4. Committee on Administration:

The Committee did not meet.

5. Benefits and Welfare Committee:

Mr. Fisher noted the Committee did not meet, but that Ms. Saunders wanted to provide a couple of updates to the Board. Ms. Saunders informed the Board that Humana and staff would be hosting Bringing Humana to You seminars for those approaching 65 or currently enrolled in Humana to further educate members on the plan. She also noted that the City has contracted with BMI to conduct a dependent audit of the pre-65 Optima plan to ensure all members on the plan are eligible to be covered.

6. Disability Committee:

The Committee did not meet.

7. Old Business:

- a. City Code Revisions - Secure Act 2.0

Ms. Saunders informed the Board that the city code revisions that were discussed and adopted in the March meeting will be taken to Council for approval in early May.

8. New Business:

- b. There was no new business to discuss.

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

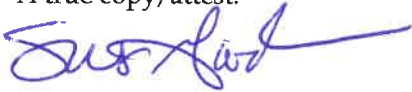
10. Next Meeting:

- a. The May 25, 2023 Retirement Board meeting will be cancelled. The next Board meeting will be held on Thursday, June 29, 2023 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 9:22 a.m.

A true copy, attest:



Susan Goodwin, Secretary
Board of Trustees