

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

May 28, 2020

Zoom Web Meeting

9:00 a.m.

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

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

Others Present: Applicant #014447
Zack Cziryak, Financial Investment News

1. Call to Order:

Mr. James called the Retirement Board meeting to order at 9:03 a.m. on May 28, 2020.

Ms. Goodwin noted that the meeting was being conducted electronically pursuant to the authorization of the City Council in Ordinance No. 7613-20 because of the ongoing coronavirus emergency.

The citizen comments portion of the agenda was suspended for this meeting, however, citizens were able to submit comments to the Finance Department prior to the meeting.

2. Minutes of the Meeting of April 30, 2020:

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

3. Committee on Investments:

a. Funds Review

i. Review of Financial Information at April 30, 2020

Mr. Brooks noted that Meketa reviewed market performance with the Committee. The Fund gained approximately 8% net of fees in April and assets as of April 30th were:

Pension	\$ 877,358,391
Post Retirement	<u>33,279,679</u>
	\$ 910,638,070

Mr. Brooks noted that Meketa indicated the primary market driver in April continued to be the global coronavirus pandemic. Stocks experienced large declines related to the virus in February and March, but fiscal and monetary authorities deployed emergency measures to cushion economic losses and the market rebounded in April, although it was still below its February peak. Mr. Brooks noted that Meketa was still closely monitoring the situation and again reminded the Committee to maintain a long-term focus.

Mr. Brooks noted that April was the first month with the new cash withdrawal procedures in place. Cash withdrawals are now performed by staff following a recommendation from Meketa. Staff reported the April cash withdrawal of \$3.5M was taken from the Short-Term cash account. Staff will include Meketa's recommendation and report on cash withdrawals each month going forward.

ii. Quarterly Review – March 31, 2020

Mr. Brooks noted that Meketa provided the Committee with the March 31-2020 quarterly review. At the end of March, the Pension Fund was down 16.8% net of fees and the OPEB Fund was down 16.5% net of fees over the quarter. The decrease was primarily due to investment losses brought on by the virus. Mr. Brooks also noted that Meketa mentioned private equities were the best performer of the quarter, returning 3.9% net of fees for Pension. No manager action or rebalancing was recommend as the portfolio was rebalanced in April.

b. Asset Allocation

i. Line of Duty Act (LODA)

Mr. Brooks reminded the Board that they had taken over the investment responsibilities for the LODA Fund and that, in order to invest the Funds, the Board needed to establish an asset allocation for the Fund. Mr. Brooks noted that Meketa recommended using similar asset allocation targets as the OPEB Fund, with a simplified portfolio of Vanguard index funds as the overall asset value was only about \$3M.

Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to adopt the LODA asset allocation of 65% equities and 35% fixed income and distribute the funds into Vanguard Funds held at Wilmington as presented.

ii. Private Equity Education

Mr. Brooks noted that as part of the continued asset allocation review, Meketa also provided education on private equity investments, which are investments in privately held companies. Mr. Brooks noted that Meketa explained although private equity is expensive and can be administratively difficult to implement, private equity investing is compelling for its potential to produce higher returns. Mr. Brooks also noted that Meketa is recommending a 6% target to private equity and presented a pacing plan showing recommended commitments to private equity investments over the next ten years.

4. Committee on Administration

The Committee did not meet.

5. Benefits and Welfare Committee:

The Committee did not meet.

6. Disability Review Committee:

a. Case #014447

A motion was made by Mr. James of the Newport News Employees' Retirement Board of Trustees, which was duly seconded and unanimously approved, that pursuant to Section 2.2-3711A of the Code of Virginia, 1950, as amended, Subsections (4) and (15), that the Retirement Board of Trustees hold a Closed Meeting on the subject of application for disability retirement and partial disability benefits, and for the purpose of discussing applicants for disability retirement and partial disability benefits. The closed meeting is authorized under:

Subsection (4) for the protection of the privacy of individuals in personal matters not related to public business.

Subsection (15) discussion or consideration of medical and mental health records excluded from disclosure pursuant to Section 2.2-3705.5 (1)

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

Ms. Armstrong stated that, with case #014447, the Committee unanimously agreed to recommend that the Retirement Board approve the applicant for 100% non-occupation disability.

Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to approve 100% non-occupational disability for case #014447.

7. Old Business:

a. Cheiron Contract- Actuarial Consultant

Ms. Goodwin reminded the Board that in the April meeting the Board agreed to allow staff to begin negotiations for actuarial services with Cheiron. Ms. Goodwin noted that

Purchasing staff successfully negotiated a new contract with Cheiron and that Cheiron agreed to hold fees flat at \$71,000 for FY 2021. The contract is for 5 years with 3 one year renewals.

Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to execute the actuarial services contract with Cheiron as presented, pending City Attorney review.

8. New Business:

a. COLA

Ms. Goodwin noted that based upon the City Code formula, retirees who retired prior to July 1, 2019 would receive a 0.7% COLA effective July 1, 2020. Staff informed the Board that postcards with information on the COLA would be mailed out and posted on City's website.

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

a. No Comments were received.

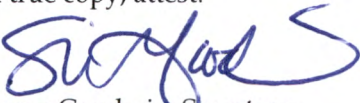
10. Next Board Meeting

a. The next Board meeting will be held on Thursday, June 25, 2020.

11. Adjournment

a. There being no further business to come before the Board, the meeting adjourned at 9:32 a.m.

A true copy, attest:



Susan Goodwin, Secretary
Board of Trustees