

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

**June 25, 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 (X), Zoe Lumpkin (X)

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

Others Present:

**1. Call to Order:**

Mr. James called the Retirement Board meeting to order at 9:04 a.m. on June 25, 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 May 28, 2020:**

Upon motion duly made and seconded, the minutes of the May 28, 2020 meeting were unanimously approved.

**3. Committee on Investments:**

a. Funds Review

i. Review of Financial Information at May 31, 2020

Mr. Brooks noted that Meketa reviewed market performance with the Committee. The Fund gained approximately 3.4% net of fees in May and assets as of May 31<sup>st</sup> were:

Pension	\$ 905,708,467
Post Retirement	<u>34,755,764</u>
	\$ 940,464,231

Mr. Brooks noted that the first quarter of 2020 was an extremely challenging quarter, but markets rebounded and April turned out to be one of the strongest months in history. Growth stocks outperformed value and small caps stocks outperformed large cap stocks. U.S. interest rates were stable throughout the month as the Federal Government continued to remain extremely accommodating.

b. Transition Recap

Mr. Brooks noted that Meketa updated the Committee on the transition of the nearly \$70M from CS McKee into the BNY Mellon U.S. Bloomberg Aggregate Index Fund. AbelNoser, Transition Manager, was engaged to facilitate the transition. The transition was completed over several days and the cost of the transition was more favorable than initial estimates.

c. Manager Review

Mr. Brooks noted that Meketa discussed the large cap asset class managers with the Committee. The Fund currently has four large cap U.S. equity managers: two are active managers (Fiduciary and DRZ) and two are index funds. Meketa had a discussion with the Committee on active and passive management. Meketa recommended passive management in the large cap space because they believe that segment of the U.S. equity market is highly efficient so funds are not well compensated for the additional risk and costs of active management. Mr. Brooks provided the Board with data on the excess returned generated by active managers. Mr. Brooks noted that Meketa pointed out that for U.S. large cap managers, the average performance was a loss of 40 bp. Mr. Brooks also noted that Meketa mentioned that there is relatively little variation in large cap manager performance, so there is less opportunity for adding value there versus other asset classes such as private equity, where active management can add significant value.

*Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed to liquidate all investments held by both Fiduciary Management and Deprince, Race and Zollo and reinvest those funds by splitting them evenly between the Mellon Large Cap Index and RhumbLine HEDI Index.*

**4. Committee on Administration**

- a. The Committee did not meet.

**5. Benefits and Welfare Committee:**

- a. The Committee did not meet.

**6. Disability Review Committee:**

- a. The Committee did not meet.

**7. Old Business:**

- a. There is no old business to discuss.

**8. New Business:**

- a. There is no new business to discuss.

**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, August 27, 2020.

**11. Adjournment**

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

A true copy, attest:



Susan Goodwin, Secretary

Board of Trustees