

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

**June 29, 2023**

**EDA Board Room, 3rd Floor**

**City Center**

**9:00 a.m.**

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

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

Others Present: Retirees (2)

**1. Call to Order**

Mr. Fisher called the Retirement Board meeting to order at 9:00 a.m. on June 29, 2023.

**2. Minutes of the Meeting of April 27, 2023:**

*Approved Upon motion duly made and seconded, the minutes of the April 27, 2023 meeting were unanimously approved.*

**3. Committee on Investments:**

a. Funds Review – May 31, 2023 Financials:

Mr. Lassen noted the Fund lost approximately 0.9% net of fees in May.

<i>Pension</i>	\$ 989,850,211
<i>Post Retirement</i>	<u>43,674,853</u>
	\$ 1,033,525,064

<i>LODA</i>	\$ 3,231,649
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b. May Market Update:

Mr. Lassen informed the Board that Meketa reviewed the May market conditions and performance with the Committee. He noted that although some global inflation indicators continued to improve in May, central banks signaled their readiness to continue to hike interest rates, which weighed on bond markets and economic growth expectations. Mr. Lassen mentioned that the Fed's statement in May offered some potential for a pause in the rate-hiking cycle, but subsequent economic data

appear to indicate continued economic demand and tight labor markets that could indicate the need for still higher rates in the future.

c. Pension Fund Rebalancing Recommendation:

Mr. Lassen reminded the Board that in April, the Board approved an updated asset allocation for the Pension Fund. The new allocation details a 5% reduction in equities with 3% to be allocated towards fixed income and 2% to be allocated to infrastructure/natural resources. He noted that now that the asset allocation has been approved by the Board, Meketa presented to the Committee a recommendation to rebalance the portfolio, moving approximately \$50M from Domestic Equity Managers and \$5M from Non-U.S. Equity Managers and placing approximately \$45M with Short-Term/Core Fixed Income Managers and \$10M with U.S. Tips.

*Approved Upon motion duly made and seconded, the Investment Committee unanimously agreed to recommend that the Retirement Board authorize Staff to work with Meketa to move funds to rebalance the Pension Fund based upon the recommendation presented.*

d. Pension Fund IPS Review:

Mr. Lassen informed the Board that Meketa presented to the Committee an updated Pension Fund Investment Policy Statement (IPS) to reflect the new asset allocation adopted in April. In addition to changes around the asset allocation, Meketa updated the Twenty-Year Asset Class Forecast Appendix to reflect their new return assumptions and the Passive Index Performance Standards Appendix to add new indexes for Private Equity and Infrastructure used in performance monitoring.

*Approved Upon motion duly made and seconded, the Investment Committee unanimously agreed to recommend that the Retirement Board adopt the Investment Policy Statement for Pension as presented upon recommended changes made.*

e. Asset Allocation Review and Risk Analysis – OPEB & LODA:

Mr. Lassen informed the Board that Meketa also provided the Committee with an asset allocation alternative and associated risk analysis for the OPEB & LODA Funds similar to that of the Pension Fund. He noted with the increase in capital market assumptions, the current portfolio's expected return for OPEB and LODA is 8.27% and 7.56% respectively, which like the Pension Fund, provides the opportunity to remove some risk from the portfolio while still having a high chance of achieving the fund's assumed rate of return. Mr. Lassen mentioned Meketa presented an asset allocation alternative for the Committee to consider for each fund. He noted that the alternative asset allocations decrease the fund's target to equities by 10% and 5% for OPEB and LODA, respectively

*Approved Upon motion duly made and seconded, the Investment Committee unanimously agreed to recommend that the Retirement Board adopt the OPEB and LODA asset allocation as presented and to authorize Staff to work with Meketa to move funds to rebalance the OPEB and LODA Funds.*

f. Quarterly Review – March 31, 2023:

Lastly, Mr. Lassen informed the Board that Meketa reviewed the March 31, 2023 quarterly report with the Committee. He noted the first quarter of 2023 saw positive returns as equity markets began to recover from a challenging 2022. The Pension Fund was up 4.7% net of fees over the quarter, with international developed markets being the best performing asset class returning 8.6%. The OPEB fund was up 5.7% net of fees over the quarter with again international developed markets performing the best at 7.7%. The LODA fund returned 5.0% net of fees over the quarter with domestic equity performing the best at 7.2%

**4. Committee on Administration:**

The Committee did not meet.

**5. Benefits and Welfare Committee:**

The Committee did not meet.

**6. Disability Committee:**

a. Disability Recertification Update:

Mr. Fisher informed the Board that staff typically send recertification requests every two years to any disability retiree (partial or full) under 60 (50 for public safety). He noted applicants were requested to provide information on condition, effort towards rehab, and income. Mr. Fisher mentioned 16 letters were mailed in total and of those one did not respond after multiple attempts and another provided information that indicates their condition has potentially improved. All others indicated no change or worsening of their condition. He noted that after a lengthy discussion, the committee requested additional information from staff on the 16 to determine if any recipients will be asked to submit additional information or undergo a medical re-examination.

b. Disability Administration Policy:

Mr. Fisher reminded the Board that at the March Retirement Board meeting, the Board recommended City Council adopt several code revisions. He noted one change related to increases to partial disability benefits based on years of service. The amendment was intended to clarify how the Board handles increases in partial disability benefits and reaffirm the Board's ability to adjust disability percentages based on all the evidence provided in the specific case. Mr. Fisher mentioned that the City Attorney felt this could be handled through the administrative policy without a revision to code. Accordingly, he noted the Committee will be looking into making adjustments to the policy and will present a revised policy to the Board at a future meeting.

**7. Old Business:**

a. Dependent Audit Update:

Ms. Saunders advised the Board that the City performs a dependent eligibility audit for the active and pre-65 health insurance plan approximately every 5 years and recently completed the audit. The City worked with BMI Audit Services, a third party vendor, to administer the process which began in April 2023. Retirees were notified early and often regarding the audit including at Open Enrollment in October 2022 and again in March 2023. BMI started the process on April 6th with the final deadline on June 22nd and mailed up to 3 notices. Ms. Saunders noted that one member did not respond after multiple attempts and three members did not complete the BMI process or provide sufficient documentation of marital or dependent status. Ms. Saunders advised that as a result, 4 dependents will have their membership terminated from the health, dental and vision plans effective June 30, 2023. Retirees who have coverages terminated will be given 90 days to contact Finance and provide the required information. After the 90 days, coverage cannot be reinstated on the retiree plan.

b. City Code Revision – Secure Act 2.0 Update:

Ms. Saunders informed the Board that City Council adopted the Board’s recommended code changes related to the Secure Act 2.0 at their May 23<sup>rd</sup> Council meeting. She noted that the revisions, related to the recently passed Secure 2.0 Act, dealt with changes to the tax treatment of certain payments and updated the minimum distribution age.

**8. New Business:**

a. Excused Absences:

Ms. Armstrong, Mr. Donaldson, and Mr. Harrah requested to be excused from today’s meeting.

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

**10. Next Meeting:**

- a. The July 27, 2023 Retirement Board meeting will be cancelled. The next Board meeting will be held on Thursday, August 31, 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