

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

August 25, 2022

9:00 a.m.

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

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

Others Present: Suzanne Marcinkowsky, Internal Audit
Shanti Mullen, Director of Internal Audit
Retirees (2)

1. Call to Order

Mr. Brooks called the Retirement Board meeting to order at 9:00 a.m. on August 25, 2022.

2. Minutes of the Meeting of June 30, 2022:

Approved Upon motion duly made and seconded, the minutes of the June 30, 2022 meeting were unanimously approved.

3. Committee on Investments:

a. Funds Review – July 2022 Financials:

Mr. Lassen reported that the Fund lost approximately 5.5% net of fees in July. Estimated assets as of July 31st are:

Pension	\$ 1,041,102,837
Post Retirement	<u>44,553,350</u>
	\$ 1,085,656,187

LODA	\$ 3,435,544
------	--------------

b. July Market Update:

Mr. Lassen informed the Board that Meketa reviewed the July market conditions and performance with the Committee. In a reversal from the first half of 2022, July was a spectacular month for most asset classes, with the exception of emerging markets equities. Equity markets across the globe erased a sizeable portion of their 2022 YRD drawdowns with gains generally in the mid-to-high single digits in July. Mr. Lassen noted that across the globe and market capitalizations, growth

stocks generally outperformed value stocks, although value remains ahead across slightly longer periods up to two years. He also informed the Board that even though the Federal Reserve announced another 75 basis point rate increase at the end of July, interest rates declined for maturities exceeding two years when compared to the end of June.

c. **Fiscal Year Review:**

Mr. Lassen informed the Board that Meketa also provided an overview of the fiscal year with the Committee. He noted for the review, Meketa briefly touched on the market conditions and provided a review on the managers and their role in each asset class. Persistently high inflation and the expected policy response, the war in Ukraine, lingering COVID-19 issues, and lockdowns in China will all continue to have considerable economic and financial consequences for the global economy. Mr. Lassen noted that in the month of June rates rose across maturities as the market continues to reflect elevated inflation and rate expectancies. Rising prices for energy, food, housing, and for new and used cars remain key drivers of higher inflation.

Mr. Lassen continued noting that Meketa continued with reviewing the managers, their performance and their specific role in each asset class. Mr. Lassen mentioned a concern was raised regarding the performance of both the international developed and emerging markets classes and whether the Fund should carry both those asset classes. He noted that Meketa felt that strategically it is good to have funds invested across broad markets. Mr. Lassen also noted that Meketa believes the Fund is well positioned to meet its objective over the long term of returning 7% with its current asset allocation.

d. **Consolidated Manager Review:**

Mr. Lassen informed the Board that Meketa provided a quantitative and qualitative consolidated manager review, which summarized manager performance against their benchmarks. Mr. Lassen noted that no manager action was recommended at this time.

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:

No old business.

8. New Business:

a. Board Bylaws:

Ms. Goodwin informed the Board that in the Board Bylaws the electronic participation addendum was updated to coincide with the updated FOIA laws recently passed by the General Assembly effective September 1, 2022. According to Ms. Goodwin, the electronic policy now includes provisions for all virtual meetings to include situations other than declared emergencies. Ms. Spratley noted that there was 1 addition which was to allow members participating by electronic means to do so if they are greater than 60 miles away.

Approved Upon motion duly made and seconded, the Retirement Board adopted the revised Board Bylaws as presented effective September 1, 2022.

b. IRS Determination Letter:

Ms. Goodwin noted that every year outside counsel reviews the pension plan and any amendments for compliance with the IRS Code's tax qualification requirements. She noted that the results are included in the Board's packet, and based on the review, the plan remains in compliance.

c. Excused Absence:

Mr. Harrah asked to be excused from today's meeting.

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

Ms. Cipriano introduced the new Director of Internal Audit, Shanti Mullen. Ms. Mullen gave a brief introduction and also mentioned she was happy to be with the City and looked forward to getting to know the Board.

Mr. Jones, retiree, advised the Board of his concerns regarding rising prices due to inflation and the effect this is having on retirees. He shared with the Board a few articles that he read in the Wall Street Journal about making risky investments in these challenging times. Mr. Jones cautioned the Board to make sure they are watching the trends. He also cautioned the investment of Crypto currency. Mr. Jones also thanked the Board for the 13th supplemental payment and said the retirees very much appreciated this.

10. Next Meeting:

- a. The next regular Board meeting will be held on Thursday, September 29, 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 9:30 a.m.

A true copy, attest:



Susan Goodwin, Secretary

Board of Trustees