

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

August 29, 2019

City Council's Conference Room / Tenth Floor

9:00 a.m.

Roll Call: JoAnn Armstrong (E), Jayne Di Vincenzo (arrived at 9:06 a.m.), Pax Goodson (X),
Art Gudikunst (X), Eddie Harrah (X), Philip Hatchett (X),
Frank James (X), Gregg Kubilins (X), Zoe Lumpkin (E)

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

Others Present: Retirees (4)

1. Call to Order:

Mr. James called the Retirement Board meeting to order at 9:03 a.m. on August 29, 2019 in the City Council's Conference Room, 10th Floor.

2. Minutes of the Meeting of July 25, 2019:

Upon motion duly made and seconded, the minutes of the July 25, 2019 were unanimously approved (6-0).

3. Committee on Investments:

a. Assets as of July 31, 2019:

Mr. Goodson provided a review of the Funds for July.

Pension	\$954,161,341
Post Retirement	<u>34,635,277</u>
Total	<u>\$988,796,618</u>

Mr. Goodson noted the Fund earned 0.4% net of fees in July 2019. Mr. Goodson also noted that Meketa Investment Group mentioned several factors are driving the recent market volatility, including trade conflicts with China and Iran, political unrest in several Asian markets, Brexit, and the recent rate cut by the Federal Government.

b. Regions Timberland Investments Update:

Mr. Goodson noted that two land sales for Timberland properties AU 1030 and AU 1046/1047 are in the final stages of contract negotiations. Ms. Goodwin mentioned that staff will keep the Board and Committee updated as further information is received.

c. Initial Fund Review – Meketa Investment Group:

Mr. Goodson noted that Meketa Investment Group provided the Committee an Initial Fund Review report which described the major components of the Fund and their present status as well as a recommended action plan. Areas addressed in the report included Fund Governance, Asset Allocation, Portfolio Construction, and Operations. Mr. Goodson noted that the Committee requested Meketa present further information on several asset classes as well as an asset allocation study at a future meeting.

4. Committee on Administration:

- a. The Committee did not meet; however, Mr. Hatchett did note that the Committee will be scheduling a meeting in the near future to discuss the upcoming actuarial services request for proposal and potential updates to Board Bylaws and City Code.

5. Benefits and Welfare Committee:

a. Optima Health Update:

Ms. Goodwin reminded the Board that the City solicited proposals for medical and prescription drug coverage and selected Optima Health as the City's medical provider for 2020. Ms. Goodwin noted that pre-65 health insurance will also change to Optima effective 1/1/2020 because the pre-65 retiree population is only 400-500 members and accordingly is covered by the same carrier as the active employees. Ms. Goodwin mentioned that Finance was included on the evaluation committee for the RFP process and the impact to retirees was considered during the selection process. She explained that Optima has a broad, national network, excellent service and offered a very competitive financial proposal and expressed her confidence that this will be a positive change for the pre-65 retirees. Ms. Goodwin mentioned that Benefits and Welfare will try to schedule a meeting in September to discuss the carrier change in more detail including plans, rates, and communications.

b. Post-65 Health Update:

Ms. Goodwin noted that the Fund and staff are currently reviewing proposals for post-65 health insurance as Humana's contract with the city ends 12/31/2019. Ms. Goodwin mentioned this process is not yet complete but Staff hopes to finalize the selection soon so a Benefits and Welfare meeting can be scheduled. Ms. Goodwin noted that staff will update the Board when there is more information to share.

6. Disability Review Committee:

- a. The Committee did not meet and there was no business to discuss.

7. Old Business:

- a. There was no business to discuss.

8. New Business:

- a. Investment Committee appointments – January 2020:

Ms. Goodwin indicated the Investment Committee will have three vacancies beginning January 1, 2020. Ms. Goodwin noted that due to their term limits, Mr. Pax Goodson and Mr. Rick Elofson will not be re-appointed. Ms. Goodwin also noted that Ms. Jayne Di Vincenzo's term is expiring and has indicated she is unable to serve again due to other personal commitments. Ms. Goodwin mentioned that Staff had received and reviewed applications and found three candidates who were interested in serving and are highly qualified – Dr. William Donaldson, Mr. Daniel Chenoweth, and Ms. Kathy Hubbard. Mr. Goodson noted all three candidates would be excellent members of the Committee and made a motion to nominate Dr. William Donaldson, Mr. Daniel Chenoweth and Ms. Kathy Hubbard to serve on the Investment Committee beginning January 1, 2020. After discussion, the Retirement Board unanimously agreed to recommend that City Council appoint Dr. William Donaldson, Mr. Daniel Chenoweth, and Ms. Kathy Hubbard to serve on the Investment Committee beginning January 1, 2020.

Approved Upon motion duly made and seconded, the Retirement Board unanimously agreed (7-0) to recommend that City Council appoint Dr. William Donaldson, Mr. Daniel Chenoweth, and Ms. Kathy Hubbard to serve on the Investment Committee beginning January 1, 2020.

- b. Excused Absences:

Ms. Armstrong and Ms. Lumpkin requested to be excused from today's meeting.

9. Next Meeting:

September Meeting will be Thursday, September 26, 2019 at 9:00 a.m.

10. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 9:21 a.m.

A true copy, attest:



Susan Goodwin, Secretary
Board of Trustees