

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

October 27, 2022

EDA Board Room, 3rd Floor

City Center

9:00 a.m.

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

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

Others Present: Retirees (4)

1. Call to Order

Mr. James called the Retirement Board meeting to order at 9:00 a.m. on October 27, 2022.

2. Minutes of the Meeting of September 29, 2022:

Approved Upon motion duly made and seconded, the minutes of the September 29, 2022 meeting were unanimously approved.

3. Committee on Investments:

a. Funds Review – September 2022 Financials:

Mr. Lassen reported that the Fund lost approximately 7.0% net of fees in September. Assets as of September 30th are:

<i>Pension</i>	\$ 929,111,671
<i>Post Retirement</i>	<u>39,486,191</u>
	\$ 968,597,862

<i>LODA</i>	\$ 3,107,466
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b. September Market Update:

Mr. Lassen informed the Board that Meketa reviewed the September market conditions and performance with the Investment Committee. He noted global equities and bonds sold off in September reflecting the deteriorating economic outlook as major central banks hiked interest rates, effectively threatening to tip the global economy into recession in order to suppress

inflationary pressures. U.S. fixed income markets posted losses, although high yield and short-duration TIPS fared better than the Bloomberg Aggregate did. Mr. Lassen also noted that after benefiting from higher commodity prices earlier in the year, commodities and public natural resources suffered negative returns as deteriorating economic growth outlook repriced estimates for future demand for energy, industrial metals, and lumber.

c. Private Equity Program Update:

Mr. Lassen reminded the Board that Meketa was hired by the Fund in August 2021 for Discretionary Private Equity consulting services to build a program of private equity primary fund investments that compliments the Fund's legacy fund of fund investments. He noted that since inception, Meketa has executed commitments to seven private equity managers which represents approximately \$29M of committed capital. Mr. Lassen also noted that Meketa reviewed a private equity pacing plan, which recommend various commitments over time in various direct PE funds in order to increase the allocation to private equity and reach the Fund's target allocation of 9%. He noted that the net cash flow from these new investments would be fairly neutral, as the Fund will continue to receive distributions from the existing fund of fund managers which could be used to fund the required contributions. Lastly, Mr. Lassen informed the Board that Meketa provided a background, including strategy, on several of the recently hired private equity managers.

4. Committee on Administration:

Committee did not meet.

5. Benefits and Welfare Committee:

a. 2023 Retiree Benefits:

Mr. Harrah informed the Board that the Benefits and Welfare Committee met on October 11th to review the 2023 Retiree Benefits. He noted that staff along with representatives from USI Insurance consultants (USI) reviewed the 2023 retiree benefits renewal with the Committee. He noted that USI assists the City with healthcare strategies and cost management. Mr. Harrah mentioned that the initial renewal increase for the pre-65 health insurance plan was 8.5% and would have resulted in significant increases to monthly premiums; however, the plan had claims reserves remaining that built up during COVID that were applied bringing the retiree rate increase down to 2.7%. Pre-65 retiree only tiers will see monthly increases of \$3 to \$23 depending on the plan selected. Mr. Harrah also advised the Board that USI presented benchmarking data, which compared the retiree and City contribution for pre-65 plans to the local municipality average. He also noted that on average, the City contributes far more toward the retiree premiums and the retiree premiums are lower than those of other localities.

Mr. Harrah also mentioned that the post-65 Humana plan will see a small increase due to COVID premium credit expiring in 2022. He noted dental and vision plans will have no increase to premiums in 2023. Lastly, Mr. Harrah informed the Board that while still available to retirees at a reduced rate, the City will no longer do payroll deductions for fitness center memberships in 2023.

Mr. Harrah noted that retiree open enrollment will be November 1st – 30th and encouraged all retirees to attend one of the in-person or virtual information sessions.

6. Disability Committee:

Committee did not meet.

7. Old Business:

There was no old business to discuss.

8. New Business:

a. Announcements:

Mr. James reminded the Board that Ms. Lisa Cipriano's dual role has come to an end and announced that a new Director of Internal Audit, Ms. Shanti Mullen had been hired. Mr. James introduced Ms. Mullen to the Board. Ms. Mullen introduced herself and said she was happy to be a member of the team.

b. Excused Absence:

Mr. Pax Goodson requested to be excused from today's meeting.

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

Mr. Ron Pegram, a current retiree, thanked the Board and expressed his satisfaction with the Humana Health insurance.

9. Next Meeting:

- a. The next Board meeting will be a joint meeting of the Retirement Board and Investment Committee held on Wednesday, November 16, 2022 in the EDA Board Room, City Center at 9:00 a.m. Cheiron will be presenting their FY22 actuarial reports.

10. Adjournment:

- a. There being no further business to come before the Board, the meeting adjourned at 9:20 a.m.

A true copy, attest:



Susan Goodwin, Secretary
Board of Trustees