

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

November 21, 2019

City Council's Conference Room / Tenth Floor

9:00 a.m.

Roll Call: JoAnn Armstrong (X), Jayne Di Vincenzo (X), Pax Goodson (X),
Art Gudikunst (X), Eddie Harrah (E), Philip Hatchett (X),
Frank James (X), Gregg Kubilins (E), Zoe Lumpkin (X)

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

Others Present: Retirees (2)

1. Call to Order:

Mr. James called the Retirement Board meeting to order at 9:01 a.m. on November 21st, 2019 in the City Council's Conference Room, 10th Floor.

2. Minutes of the Meeting of October 31st, 2019 and November 6th, 2019:

Upon motion duly made and seconded, the minutes of the October 31st, 2019 and November 6th, 2019 meetings were unanimously approved.

3. Committee on Investments:

a. Review of Financial Information at October 31st, 2019:

Pension	\$ 956,631,662
Post Retirement	<u>35,073,859</u>
	\$ 991,705,521

Mr. Goodson noted the Fund earned 1.4% net of fees in October 2019.

b. Retirement Fund FY2020 2nd Qtr Cash Withdrawal

Mr. Goodson noted that due to the proceeds received of \$5.6M from the recent land sale for Timberland properties AU 1046/1047, the Committee wanted to revisit the cash withdrawal recommendation made in the September 2019 meeting. After discussion, the Board unanimously agreed to approve a motion to amend the cash withdrawal approved on September 26, 2019 by using \$3.2M from the recent Regions land sale for the month of November, and using the remaining \$2.4M from the recent Regions land sale and an additional \$0.8M from Short-Term cash for the month of December.

Approved Upon motion duly made and seconded, the Board unanimously agreed to approve a motion to amend the cash withdrawal approved on September 26, 2019 by using \$3.2M from the recent Regions land sale for the month of November, and using the remaining \$2.4M from the recent Regions land sale and an additional \$0.8M from Short-Term cash for the month of December.

c. Cheiron Presentation:

Mr. Goodson presented the 2019 actuarial valuations for the Pension and OPEB Funds from Cheiron. He reported:

- There is a new actuarial standard of practice (ASOP No. 51 – Assessment and Disclosure of Risk) which required the identification of material risks to the Plan, assessment of those risks, and plan maturity measures. Some of material risks identified are investment risk, interest rate risk, longevity and other demographic risk, and assumption change risk.
- The Pension Fund's assets gained 3.96% on a market value basis and 6.27% on an actuarial value basis for FY2019, which was below our assumed rate of return of 7.35%.
- The actuarially determined contribution (ADC) is approximately \$40.6 million for FY2021, compared to \$40.2 million for FY2020 and \$40.9 million for FY2019.
- The ADC is expected to stay at approximately \$40 million in FY2022, and then gradually decrease to around \$38 million over the next 15 years.
- As of July 1, 2019 the Pension Fund is 70.4% funded, compared to 71.5% last year.
- For OPEB, the City contributes on a pay as you go basis. As of July 1, 2019, the OPEB Fund is 30% funded, compared to 28% last year.
- In June 2019, City Council amended Code to have the Board oversee the Line of Duty Act (LODA) Fund. As of July 1, 2019, the LODA Fund is 28% funded, compared to 30% last year.

4. Committee on Administration

a. Waterworks Trustee Election update:

Mr. Hatchett provided an update to the Board on the Waterworks trustee election as the term of Eddie Harrah, the current Waterworks trustee, expires December 31, 2019. Mr. Hatchett noted that nominations were solicited and Eddie was the only candidate to submit an application. Ballots were distributed electronically on October 28th and voting closed on November 8th. Mr. Hatchett noted 175 waterworks employees were eligible to vote and that 47% of eligible employees voted. Mr. Hatchett informed the Board that Mr. Harrah received a majority of the vote.

b. Board Bylaws

Mr. Hatchett provided the Board a draft of the Board By-laws which provide guidelines on how the Retirement Board operates. The Board discussed the By-laws, noting they contained provisions for meeting procedures, public participation, and the Committees of the Board. A motion was brought from Committee by Mr. Hatchett to adopt the By-laws as presented. After the motion was made, Ms. Lumpkin noted that the roman numerals on the By-laws were incorrect. A motion was made by Ms. Lumpkin and seconded by Mr. Harrah to amend the motion to adopt the By-laws with recommended changes. After discussion, the Board unanimously agreed to amend the motion and adopt the By-laws with recommended changes.

Approved *Upon motion duly made and seconded, the Board unanimously agreed to amend the motion from Committee to adopt the By-laws with recommended changes.*

Approved *Upon motion duly made and seconded, the Board unanimously agreed to adopt the By-laws with recommended changes.*

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 was no business to discuss.

8. New Business:

- a. There was no business to discuss.

9. Next Meeting:

December meeting will be Thursday, December 19th at 9:00 a.m.

10. Adjournment:

There being no further business to come before the Board, the meeting adjourned at 9:48 a.m.

A true copy, attest:



Susan Goodwin, Secretary
Board of Trustees