

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

**November 17, 2011**

**Tenth Floor City Council's Conference Room**

**9:00 a.m.**

1. Roll Call: Melita Burge (X), Philip Hatchett (X) , Bill Higgins (X),  
Frank James (X), Bobby Lanier (X), Kimberly Powell ( ),  
Trent Sturgis (X), Jeff Verhoef (X), Richard Wuska ( ).

Rich Caplan (X), Marty Eubank ( ), Tyreese Hamilton (X),  
Bill Keeler (X), Cathy Matthews (X), Tonya O'Connell (X).

Others Present: Steve McElhaney, Cheiron Actuary Services  
Margaret Tempkin, Cheiron Actuary Services  
Cindy Rohlf, Assistant City Manager  
Chad Pritchett, Assistant to the City Manager  
Tom Brooks, Investment Committee Member  
Rick Elofson, Investment Committee Member  
Faith Eres, Office of the Treasurer  
Art Gudikunst, Investment Committee Member  
Steve Kanehl, Newport News Schools  
Robert Lee, Candidate for Fire and Police Election  
Three Retirees  
One Employee

2. Minutes of Meeting of October 27, 2011:

The minutes were approved as circulated.

3. Investment Committee:

- a. Review of Financial Statements:

Pension	\$692,735,398
Post Retirement	<u>13,691,414</u>
	\$706,426,812

b. Report of Committee on Investments:

Mr. Hatchett reported for the Investment Committee. Rich Dahab provided the Committee with the top five managers based on a five year annualized return based on their prospective indexes. Constitution came in to discuss their portfolio review. Mr. Dahab confirmed with the Committee that NNERF's holdings make up 1/3 of assets under management by Constitution. It was noted that this was a known factor when Constitution was hired in April, 2003. The Committee will discuss further at the next meeting.

Pier Capital came in to discuss their portfolio review. Jan Parsons requested that we change our Investment Policy to allow for more than \$4 Billion in a single stock holding. Mr. Dahab noted that if we raise the limit that the stock could be deemed a mid-cap stock. The Committee agreed that no changes should be made on the current investment policy.

Mr. Dahab provided the Committee with the findings of the search for an International Equities Manager. The Committee felt strongly about interviewing three managers as possible candidates to replace a current manager. In addition, the Committee requested Mr. Dahab to perform a search for a small cap value and growth manager to investment between \$20 million and \$25 million. The Committee asked Mr. Dahab to perform the search as soon as the numbers for the quarter are complete. The result of the search will be provided to the Committee in February, 2012.

It was reported that the educational/training meeting for the Board and Committee has been postponed until sometime in February.

4. Benefits & Welfare Committee:

There was no report from the Committee.

5. Committee on Administration:

There was no report from the Committee. A meeting has been scheduled for Wednesday, December 7<sup>th</sup> at 3:00 p.m.

6. Special Projects Committee:

There was no report from the Committee. A meeting will be scheduled for some time in January.

7. Disability Review Committee:

There was no report from the Committee.

8. Old Business:

a. Update of Fire and Police Election:

Ms. O'Connell reported that the ballots went out today. Results will be available on December 1<sup>st</sup>.

9. New Business:

a. Presentation of Actuary:

Steve McElhaney and Margaret Tempkin of Cheiron Actuarial Consultants presented the Retirement Fund's and the Postretirement Benefits Plan's actuarial valuation reports as of July 1, 2011 to the Board.

The Board agreed that the Special Projects Committee needs to look at the actuarial valuation and investment return and meet with the actuary after the first of the year.

b. Closed Session:

Rich Caplan reported that the Board needed to go into closed session for the purpose of consultation with legal counsel regarding specific legal matters.

*Approved* A motion was made and seconded pursuant to Section 2.2-3711A. of the Code of Virginia 1950, as amended, subsection 7., that the Retirement Board hold a closed meeting for the purpose of consultation with legal counsel pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel.

*Approved* A motion was made and seconded that the members of the Retirement Board certify that to the best of each member's knowledge (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the closed meeting by the Retirement Board.

*Approved* A motion was made and seconded that a thorough report of the legal matter be provided to City Council. The City Manager was authorized to pursue this matter in accordance with the direction of the Board.

A true copy, attest:



Tonya O'Connell, Acting Secretary  
Board of Trustees