

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
October 10, 2012

The regular monthly meeting of the Board of Trustees of the Employees' Retirement System of the City of Norfolk was held in the City Hall sixth floor conference room in the City of Norfolk, Virginia. The meeting began at 12:10 pm on Wednesday, October 10, 2012 with Chairperson, Stephanie A. Calliott presiding. The following was the result of the roll call:

Attending the Meeting

S.A. Calliott
C.R. Neikirk
Y.T. Allmond
L. A. Bernert
S. Felton
M.D. Jones
E.G. Tucker

Absent

K.W. Crowder
N.E. Nelson

Sheryl Potter-Griggs, Acting Executive Director, Darrell Hill, Assistant City Manager, Mary L.G. Nexsen, Deputy City Attorney, and Theodore Wilder, Business Analyst, also attended the meeting.

The minutes for the monthly meeting held September 12, 2012 were approved.

Mrs. Fiona E. Liston and Mr. Kevin J. Woodrich, actuaries with Cheiron, presented the results of the July 1, 2012 Actuarial Valuation and Experience Study Results.

Mrs. Liston stated that an actuarial valuation establishes and analyzes System assets and liabilities on a consistent basis, and traces the progress of both from one year to the next. It includes measurement of the System's investment performance as well as an analysis of actuarial liability gains and losses. Prior to the Board's consideration of any changes to the actuarial assumptions, the Actuarial Accrued Liability at 6/30/2012 was \$1,108.4 million and the Actuarial Value of Assets at 6/30/2012 was \$894.2 million, leaving an Unfunded Actuarial Liability at 6/30/2012 of \$214.2 million. Under these assumptions, the System was 81% funded based on the actuarial value of assets. The results of this valuation determine the contribution rate for the fiscal year beginning July 1, 2013.

Mrs. Liston reviewed with the Board the results of the experience study. She explained that an experience study is a detailed review of the key economic and demographic assumptions, usually performed every five (5) years, to ensure that the actuarial assumptions are reasonable based on the Plan's past experience and future expectations. Mrs. Liston pointed out that under the economic assumptions, the Board should consider the impact of ad hoc COLAs as well as adopting the recommended changes to the demographic assumptions based on the results of the experience study. Mrs. Liston shared with the Board the valuation results under two (2) options for discussion:

1. Changing the investment rate to 7.0% from 7.5%, inflation rate is changed to 3.0% from 3.5%, and using the new demographic changes.
2. Same proposed assumptions as above but inclusion of a 1% COLA.

After considerable discussion, the Board asked Cheiron to provide additional information on certain method changes. The additional considerations were:

1. Include a margin for future ad hoc COLA in the measurement of liability,
2. Change the asset recognition method to one that provides additional smoothing
3. Change the way in which the amortization of the System's unfunded liability is performed.

The Board asked Cheiron to make these additional considerations available for review prior to a special call meeting of the Board to be held on Thursday, October 18, 2012 at 12:30 pm. At such meeting, the Board will discuss these considerations in order for Cheiron to complete the July 1, 2012 actuarial valuation results.

New Business

A. Applications for vested service retirement:

Sherman Edmondson McDaniel, Active No. 22779, April 1, 2010 with no refund due.
[\[City Planning and Codes Administration\]](#)

Mary Hillegass McNeal, Active No. 20386, October 1, 2012 with no refund due.
[\[City Planning and Codes Administration\]](#)

Wade Darrick Wickre, Active No. 22632, October 1, 2012 with no refund due.
[\[Police\]](#)

Wayne A. Hammes, Active No. 26267, November 1, 2012 with no refund due.
[\[Civic Facilities\]](#)

B. Application for early service retirement:

Mary L. Frye, Active No. 27416, November 1, 2012 with no refund due.
[\[Human Services\]](#)

William H. Minshew, Active No. 25983, November 1, 2012 with no refund due.
[\[Police\]](#)

Paul E. Savage, Active No. 26841, December 1, 2012 with no refund due.
[\[Fire Rescue Services\]](#)

C. Applications for normal service retirement:

Joyce C. Sutton, Active No. 21043, December 1, 2012 with no refund due.
[\[Police\]](#)

Samuel Holland, Active No. 23927, January 1, 2013 with no refund due.
[\[Public Works\]](#)

D. Recommendations by the Medical Board that the following be retired:

David M. McAlpin, Active No. 29490, November 1, 2012 with no refund due. This member requested ordinary disability retirement. [\[Utilities\]](#)

The Board approved ordinary disability retirement for David M. McAlpin to be reexamined in one year.

E. Death of retired members:

Anthony P. Sessa, Ret. No. 2847, death occurred July 20, 2012. Spouse elected lump sum payment of \$14,840.24.

Richard F. Lacey, Ret. No. 5216, death occurred September 20, 2012. No benefit payable due to no surviving spouse or dependent children.

F. Death of spouse:

Annie M. Turner, Spouse. No. 119, death occurred July 24, 2012. No benefit payable.

Helen M. Ryan, Spouse. No. 425, death occurred September 3, 2012. No benefit payable.

The Board approved withdrawal of the following non-contributing members:

<u>Name of Member</u>	<u>Active Number</u>
Michael S. Lamaine	29763
Christopher D. Lopiano	29764
Juanita M. Demastus	29765
Alexander J. Palmer	29766
Christian T. Defilippo	29767
Joshua D. Barnes	29768
John P. Buonadonna, Jr.	29769
Ashley B. Heath	29770
Gordon C. Lawcock	29771
Danielle M. Markiewicz	29772
Johnnie L. Chamberlain	29773
Barbara J. Christiansen	29774
William Bates	29775
Angela Z. Kennedy	29776
Antoinette M. Proctor	29778
Lindsey E. Runge	29779
Grant C. Wulliman	29780
Emily K. Orr	29781
Ronald Allen	29782
Robert S. Carrier	29783
Samir Ahmed	29784

Matthew L. Grice	29785
Brian E. Moody	29786
Joette L. Neubauer	29787
Stuart B. Parks	29788
Hermilo E. Simon	29789
Aaron Moser	29790
Amon Everett	29791
Kanise C. Kelley	29792
Thomas F. Lewis	29793
Ryan J. Perry	29794
Jakirah Duren	29795
Laura H. Gilsdorf	29796
Joely Mabell Wilson-Morales	29797
Nicole M. Watson	29798
Kelvin Blunt	29799
Noel F. Major	29800

Total Members – 37

The following report of payments from the Trust Fund received and filed:

Secretary of the Commonwealth (1)	\$ 10.00
Baker's Crust (2)	148.67
State Street Bank and Trust (3)	6,236.19
Cheiron (4)	11,373.30
Summit Strategies Group (5)	46,289.91
Retirement Payroll (Payroll est. for October, 2012)	<u>6,100,000.00</u>
Total	<u><u>\$ 6,164,058.07</u></u>

- (1) Hungarian document to be notarized and apostilled
- (2) Lunch served for Board Meeting - September 12, 2012
- (3) Custodial Services - August 2012
- (4) Retainer Services - August 2012/Experience Study
- (5) Investment Consulting Services - July, August and September 2012

Committee Reports

Administration and Planning:

Ms. Felton reported that the Committee did not have a meeting.

Investment Management:

The Investment Committee met prior to the Board Meeting. Mr. Neikirk reported that we reviewed our Capital Markets Update and the Flash report. The pension fund assets as of September 30, 2012 were \$872 million. This would bring the funded status to

approximately 82% based on liabilities as of July 1, 2011. The Plan is within its target allocation. We discussed Master Limited Partnerships (MLPs) and reviewed with Summit the list of questions raised by the Board regarding MLPs. Summit agrees that a MLP appropriation is appropriate for the Fund. Summit recommends a 5% allocation in a separately managed account funded from the Equity account. We will continue our equity allocation discussion at next month's investment committee meeting.

Mrs. Potter-Griggs requested approval from the Board to attend the Association of Municipal Retirement Systems of VA (AMRS-VA) Fall conference October 29-30, 2012 in Williamsburg, Va. Estimated cost is \$350.00. Mr. Neikirk made a motion to approve Mrs. Potter-Griggs to attend the AMRS-VA conference. This motion was seconded by Ms. Felton and approved by the Board.

Ms. Nexsen informed the Board that Mr. Mark Geier, who was denied accidental disability retirement, has filed a lawsuit against the City. Wayne Ringer, one of our litigators, will be handling the case.

The next Retirement Board meeting is scheduled for November 14, 2012 at 12:00 noon. There will be an Investment Committee meeting at 11:00 am.

There being no further business, the meeting adjourned at 2:01 p.m.

Chairperson

Executive Director