

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
September 11, 2013

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 12:00 pm on Wednesday, September 11, 2013 with Chairperson, Stephanie A. Calliott presiding. The following was the result of the roll call:

<u>Attending the Meeting</u>	<u>Absent</u>
S.A. Calliott	L.A. Bernert III
C.R. Neikirk	
Y.T. Allmond	
A.M. Kelly	
N.E. Nelson	
E.G. Tucker	
S. Joy-Hogg	

Sheryl Potter-Griggs, Acting Executive Director, and Mary L.G. Nexsen, Deputy City Attorney also attended the meeting.

The minutes for the regular meeting held August 14, 2013 were approved as printed.

A. Recommendation to rescind retirement application:

Joseph M. Wallower, Active No. 24830, September 1, 2013, with no refund due.
[Fire Rescue Services]

The Board, upon concurrence with the Chief of Fire Rescue Services, approved Joseph M. Wallower's request to rescind his application for a normal service retirement effective September 1, 2013, with no refund due.

B. Application for vested service retirement:

Helengrace A. Dano, Active No. 22113, February 1, 2012, with no refund due.
[Lake Taylor City Hospital]

C. Applications for early service retirement:

Phyllis Springs, Active No. 28757, October 1, 2013, with no refund due.
[Human Services]

Saundra H. Copeland, Active No. 24744, November 1, 2013, with no refund due.
[Police]

Tammy C. Gray, Active No. 29333, November 1, 2013, with no refund due.
[Human Services]

Brenda L. Lynch, Active No. 24143, November 1, 2013, with no refund due.
[Human Services]

D. Applications for normal service retirement:

Evelyn R. Davis, Active No. 18185, October 1, 2013, with no refund due.
[Human Services]

Michael T. Hicks, Active No. 23707, October 1, 2013, with no refund due.
[Fire Rescue Services]

Linwood Revels, Active No. 23875, October 1, 2013, with no refund due.
[Public Works]

Martha G. Rollins, Active No. 22101, October 1, 2013, with no refund due.
[Law]

Denise L. Williams, Active No. 24447, October 1, 2013, with no refund due.
[Public Works]

Charles Moore, Jr., Active No. 21633, November 1, 2013, with no refund due.
[Utilities]

Burna K. Ellis, Active No. 28182, December 1, 2013, with no refund due.
[City Clerk]

The Board approved Item B – Application for a vested service retirement; Item C – Applications for early service retirement; and Item D – Applications for normal service retirement.

E. Death of retired members:

Frances S. Agner, Ret. No. 3392, death occurred May 10, 2013. Spouse elected lump sum payment of \$11,416.20.

Charlie Smith, Ret. No. 2568, death occurred June 20, 2013. Spouse elected monthly benefit of \$392.86.

George W. Stone, Ret. No. 3346, death occurred July 11, 2013. Spouse elected monthly benefit of \$2,283.71.

Howard K. Macer, Ret. No. 5970, death occurred July 11, 2013. Spouse elected lump sum payment of \$12,258.52.

Lorraine Gloria A. White, Ret. No. 5284, death occurred March 28, 2013. No benefit payable due to no surviving spouse or dependent children.

Eugene R. Fisher, Ret. No. 5375, death occurred May 29, 2013. No benefit payable due to no surviving spouse or dependent children.

Edith Wood Askew, Ret. No. 5097, death occurred June 12, 2013. No benefit payable due to no surviving spouse or dependent children.

Jesse Cypress, Ret. No. 4832, death occurred June 21, 2013. No benefit payable due to no surviving spouse or dependent children.

Maxine C. Fooks, Ret. No. 3721, death occurred June 12, 2013. No benefit payable due to no surviving spouse or dependent children.

Irene G. Cohen, Ret. No. 2646, death occurred June 28, 2013. No benefit payable due to no surviving spouse or dependent children.

Barbara K. Lewis, Ret. No. 6169, death occurred July 1, 2013. No benefit payable due to no surviving spouse or dependent children.

Gary W. Westman, Ret. No. 5074, death occurred July 22, 2013. No benefit payable due to no surviving spouse or dependent children.

Adell C. Hubbard, Ret. No. 1959, death occurred July 31, 2013. No benefit payable due to no surviving spouse or dependent children.

F. Death of spouses:

Lillie Riley Giles, Spouse. No. 1080, death occurred May 19, 2013. No benefit payable.

Betty Ann O'Dea, Spouse. No. 1059, death occurred May 22, 2013. No benefit payable.

Carol Anderson, Spouse. No. 106, death occurred July 6, 2013. No benefit payable.

Frances S. Taylor, Spouse. No. 240, death occurred July 10, 2013. No benefit payable.

The Board approved Item E – Death of retired members; and Item F – Death of spouses.

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

<u>Name of Members</u>	<u>Active Number</u>
Kelly Danielle Epperson	32415
Henry L. Lossen	32569
Audrey M. Harris	32623
Jessica E. Camarillo	32658

Total Members – 4

The Board approved withdrawal of the following contributing members:

<u>Name of Member</u>	<u>Active Number</u>
Philip J. Prince	33016
Tina M. Parcell	33127
Laura C. Dean	33323

Garrett D. Griggs	33813
Jesse R. Marlow II	33823
Stephen Edward Slaby	33940
Draper Scott Wittkopp	34013
Cameron L. Foster	34017
Tonya L. Harrell	34120
Christina M. Code	34130
Darryl Smith	34240

Total Members – 11

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

Baker's Crust (1)	\$ 98.81
Virginia Retirement System (2)	22,172.59
City of Norfolk (3)	29,071.87
Retirement Payroll (Payroll est. for September, 2013)	6,300,000.00
 Total	\$ 6,351,343.27
(1) Lunch served for Board Meeting - August 14, 2013	
(2) Portability of Assets - Christopher A. Jones	
(3) Reimbursement - Administrative expenses for FYE 06/30/13 (June, 2013)	

Committee Reports

Administration and Planning:

Ms. Kelly reported that the Committee did not have a meeting. The Committee plans to review and discuss existing agreements with current investment consultant and actuary as well as requests for proposals for investment and actuarial services.

Investment Management:

Mr. Neikirk reported that the Investment Committee met this morning at 11:00 a.m. The Committee heard strategy review presentations from Iggy Galaz and Alan Isenburg of PIMCO. Mr. Neikirk reported that PIMCO has had some recent under performance primarily due to the position of higher duration exposure to TIPS most of which performed poorly. They have recently moved the position to a more defensive posture with a lower duration and higher quality securities.

The fund status and asset allocation were also reviewed. Plan assets of \$919,044,677 at August 31, 2013 against the actuarial liability at July 1, 2013 of \$1,144,406,630 approximating a funding status of 80.31% was reported. Asset allocation is within target set by investment policy.

Mrs. Potter-Griggs informed the Trustees that the Association of Municipal Retirement Systems Fall Meeting will be held in Alexandria on October 20-22, 2013, and requested permission to attend. The expense will include travel, registration, and hotel. Trustees approved the travel and expenses related to this trip. The Board approved Mrs. Potter-Griggs to attend the meeting.

Ms. Calliott distributed a draft report prepared by Cheiron (Fiona Liston), which was requested by the City Manager, providing an analysis on the City's benefit structure and funding changes for the Plan for purposes of the City Council retreat. Ms. Calliott stated that she was bringing the report to the attention of the Board since this request had occurred without Board involvement. The request is normally made by the Board; money to fund is approved and spent by the board; changes to the methodology are reviewed and requested by the Board; and that she wanted everyone to remember the Board's role and the City's role. Ms. Calliott read the Board's role as follows:

- The Board is appointed as an independent board of trustees by the City Council for the purpose of providing retirement allowances and death benefits under the provision of Chapter 37 of the City Code.
- The Board is charged with the general administration, management and responsibility for the proper operation of the System.
- The Board has discretionary authority to determine eligibility for benefits and to construe the terms of the Plan.
- The Board consists of nine (9) trustees with the city manager and director of finance as ex officio members based upon their position, and the remaining seven (7) trustees are appointed by the City Council, two of whom are additional City employees. So there are four (4) City employees on the Board and five (5) non-City employees on the Board.
- The Board shall establish rules and regulations for the administration of the System and for the transaction of its business.
- All the funds of the System will be held for use in providing the benefits of the system and paying its expenses, provided, no part of the funds or earnings derived from such funds shall be used for or diverted to purposes other than for the exclusive benefit of members, spouses, former members and beneficiaries under the System.
- The members of the Board shall be the trustees of all of the assets of the System and shall have full power and authority to invest and reinvest such assets accordingly.

Ms. Calliott also stated that the Board is permitted to purchase nonrecourse fiduciary liability insurance to protect the Board of Trustees and the System, and that the Board doesn't currently have this insurance. The reason for this is that another section of the City Code allows for defense by the City Attorney for members of boards appointed by Council in any civil legal proceeding instituted against them, including claims and litigation. All judgments, claim settlements, costs and expenses shall be paid by the City from a fund maintained by the City.

Ms. Calliott concluded her remarks by stating that there probably had been an unintentional gap in communication between City staff and the Board, and in follow-up discussions with the City Manager and the Director of Finance regarding the Board's role (as good stewards and having oversight of the Fund), any changes related to the funding methodology should first come through the Board. The contract with Cheiron is between the Board and Cheiron, and not the City and Cheiron. This separation of church and state is for the benefit of the members for whom the Board is charged with protecting future assets.

Mrs. Joy-Hogg, on behalf of the City Manager, apologized for the miscommunication and requested that Cheiron continue the analysis through conclusion. The costs associated with this analysis will be paid by the City and is not to be a part of the Plan's contractual retainer agreement.

The regular meeting of the Board of Trustees will remain on the second Wednesday of the month through January, 2014 then change to the first Wednesday month starting with the February 4, 2014 meeting.

Ms. Calliott asked Mrs. Potter-Griggs for a follow-up on the issues that surfaced as a result of the two disability cases brought before the court. Mrs. Potter-Griggs reported that policies and procedures are being reviewed and revised, and that a request for proposal for medical services has been issued to bring the Medical Board to six (6) members.

The next Retirement Board meeting is scheduled for October 9, 2013 at 12:00 noon. There will not be an Investment Committee meeting at 11:00 a.m.

There being no further business, the meeting adjourned at 1:10 p.m.

Chairperson

Executive Director