

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System
January 7, 2015

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 12:07 pm on Wednesday, January 7, 2015 with Chairwoman Stephanie 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
K.W. Crowder
A.M. Eason
M.D. Jones
A.M. Kelly
N.E. Nelson
E.G. Tucker

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

Ms. Calliott introduced and welcomed Arthur "Butch" Eason as the new member to the Board of Trustees.

Mrs. Fiona Liston and Mr. Kevin Woodrich, actuaries with Cheiron, presented the results of the July 1, 2014 Actuarial Valuation.

Mrs. Liston presented how the actuarial valuation established and analyzes System assets and liabilities on a consistent basis, 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. The Actuarial Accrued Liability at 06/30/14 was \$1,197 million. The Actuarial Value of Assets at 06/30/14 was \$1,012 million, leaving an Unfunded Actuarial Liability at 06/30/14 of \$185 million. The System was 84.5% funded based on the actuarial and market value of assets. The results of this valuation determine the contribution rate for the fiscal year beginning July 1, 2015. The changes in assets/liabilities and the calculated contribution rate are illustrated in the charts below:

2014 Valuation Results Changes in Liabilities/Assets (\$ in millions)				
	Liability	Assets	UAL	% Funded
7/1/2013	\$ 1,159.7	\$ 954.5	\$ 205.2	82%
Expected Changes	*27.7	**27.0	0.7	
Plan Changes	20.7	0.0	20.7	
Assumption Changes	0.0	0.0	0.0	
Expected at 7/1/2014	\$ 1,208.1	\$ 981.5	\$ 226.6	81%
Actual at 7/1/2014	\$ 1,197.4	\$ 1,011.5	\$ 185.9	85%
(Gain) / Loss	\$ (10.7)	\$ (30.0)	\$ (40.7)	
* Liability change includes Normal Cost, Benefits & Interest ** Asset change includes Contributions, Benefits & Interest				

Calculated Contribution Rate

	7/1/2013	7/1/2014
Normal Cost	12.54%	8.97%
UAL	8.90%	8.54%
Calculated Rate	21.44%	17.51%

Sources of Change

Due to investment (gain)/loss on AVA basis	(1.23%)
Due to liability (gain)/loss	(0.44%)
More employees contributing 5%	(4.18%)
Impact of salary changes	0.44%
Plan changes	0.85%
Change in Employer normal cost	0.62%
Other changes	0.01%
Total	(3.93%)

GASB 67/68 Disclosures

(in Millions)	Total Pension Liability (a)	Plan Fiduciary Net Postion (b)	Net Position Liability (a)-(b)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Balances at June 30, 2013	\$ 1,159	\$ 912	\$ 247	\$ -	\$ -	N/A
Changes for the year						
Service Cost	\$ 25		\$ 25			\$ 25
Interest	80		80			80
(Gain) or loss	21		21	-		21
Changes in assumptions	(11)		(11)	-	9	(2)
Contributions - employer	-	42	(42)	-	-	
Contributions - employees		2	(2)			(2)
Net investment income		157	(157)		74	(83)
Benefit payments	(77)	(77)	-	-		
Admin Expense		-	-			-
Net changes	\$ 38	\$ 124	\$ (86)	\$ -	\$ 83	\$ 39
Balances at June 30, 2014	\$1,197	\$1,036	\$ 161	\$0	\$83	\$ 39

Pension expense:	\$ 42	+	\$ (86)	-	\$ -	+	\$ 83	=	\$ 39
	ER Contr		chng in NPL		Def Out		Def In		Pen Exp

Plan Sponsor must book \$161 million as NPL, the \$83 million as deferred inflow and a pension expense of \$39 million

The minutes for the meeting held on December 3, 2014 were approved.

New Business

A. Applications for vested service retirement:

Victoria C. Hagemeister, Active No. 29114, June 1, 2012, with no refund due.
[\[Libraries\]](#)

Jonny Rice, Active No. 22565, June 1, 2014, with no refund due.
[\[Utilities\]](#)

Bruce M. Foulke, Active No. 29950, October 1, 2014, with no refund due.
[\[Public Works\]](#)

Charles P. Fazio, Active No. 30107, February 1, 2015, with no refund due.
[\[Public Works\]](#)

B. Applications for early service retirement:

Karen L. Keeling, Active No. 28976, February 1, 2015, with no refund due.
[\[Finance\]](#)

Alan D. Lawson, Active No. 31254, February 1, 2015, with no refund due.
[\[Police\]](#)

Ronnie Little, Active No. 28508, February 1, 2015, with no refund due.
[\[Parking\]](#)

C. Applications for normal service retirement:

Herbert H. Barbour, Active No. 24308, February 1, 2015, with no refund due.
[\[Commissioner of the Revenue\]](#)

Marilyn Y. Brister, Active No. 27654, February 1, 2015, with no refund due.
[\[Human Services\]](#)

Randal P. Bullard, Active No. 24993, February 1, 2015, with no refund due.
[\[Police\]](#)

Lawrence F. Chapman, Jr., Active No. 21533, February 1, 2015, with no refund due.
[\[Police\]](#)

Gregory G. Dayton, Active No. 20925, February 1, 2015, with no refund due.
[\[Police\]](#)

Robert S. Farrell, Active No. 21484, February 1, 2015, with no refund due
[\[Police\]](#)

Randall T. Frazier, Active No. 23733, February 1, 2015, with no refund due.
[\[Fire Rescue Services\]](#)

Adrian R. Hernandez, Active No. 24005, February 1, 2015, with no refund due.
[\[Fire Rescue Services\]](#)

David W. Ireland, Active No. 25976, February 1, 2015, with no refund due.
[\[Police\]](#)

William E. Jeneary, Active No. 24970. February 1, 2015, with no refund due.
[\[Police\]](#)

Richard A. Jensen, Active No. 25977, February 1, 2015, with no refund due.
[\[Police\]](#)

Sue A. Johnson, Active No. 27965, February 1, 2015, with no refund due.
[\[Recreation, Parks and Open Space\]](#)

Blane J. Lorson, Active No. 25154, February 1, 2015, with no refund due
[\[Fire Rescue Services\]](#)

Richard A. McDaniel, Active No. 21347, February 1, 2015, with no refund due.
[\[Police\]](#)

James E. McGill, Active No. 30497, February 1, 2015 with no refund due.
[\[Recreation Parks and Open Space\]](#)

Sylvester Nichols, Active No. 24878, February 1, 2015 with no refund due.
[\[Police\]](#)

Charles S. Prentace, Active No. 27360, February 1, 2015 with no refund due.
[\[Law\]](#)

Herbert C. Redfield, Jr., Active No. 22100, February 1, 2015, with no refund due.
[\[Fire Rescue Services\]](#)

James L. Spruill, Active No. 22912, February 1, 2015, with no refund due.
[\[Fire Rescue Services\]](#)

Todd L. Sterling, Active No. 25994, February 1, 2015, with no refund due.
[\[Police\]](#)

Charles D. Thomas, Active No. 18094, February 1, 2015, with no refund due.
[\[Police\]](#)

Jeffrey F. Wise, Active No. 21239, February 1, 2015, with no refund due.
[\[Fire Rescue Services\]](#)

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

D. Medical Board review of application for disability retirement:

Denise L. Robertson, Active No. 26947, February 1, 2015 with no refund due. This member requested accidental disability retirement. [\[Public Health\]](#)

The Board approved Item D, with one year review, the application for accidental disability retirement of Denise L. Robertson.

E. Death of retired members:

Wayne K. Whitley, Ret. No. 3572, death occurred October 21, 2014. Spouse elected monthly benefit of \$484.71.

Theodore Goodman, Ret. No. 6190, death occurred November 18, 2014. No benefit payable due to no surviving spouse or dependent children.

George Clark, Ret. No. 2867, death occurred November 25, 2014. Spouse elected monthly benefit of \$215.11.

Thomas C. Kitchen, Ret. No. 3488, death occurred November 27, 2014. Spouse elected monthly benefit of \$149.05.

Woodrow J. Burt, Sr., Ret. No. 5111, death occurred December 1, 2014. Spouse elected monthly benefit of \$1,235.82.

Jimmy D. Clowers, Ret. No. 3526, death occurred December 1, 2014. No benefit payable due to no surviving spouse or dependent children.

Jeffrey L. Daniels, Ret. No. 4127, death occurred December 1, 2014. Spouse elected monthly benefit of \$1,966.73.

Richard R. Bailey, Ret. No. 3377, death occurred December 5, 2014. Spouse elected monthly benefit of \$995.71.

George B. Goff, Ret. No. 1967, death occurred December 8, 2014. No benefit payable due to no surviving spouse or dependent children.

Frances E. Merritt, Ret. No. 6388, death occurred December 8, 2014. No benefit payable due to no surviving spouse or dependent children.

Margo W. Heath, Ret. No. 4713, death occurred December 12, 2014. No benefit payable due to no surviving spouse or dependent children.

Robert L. Brinkley, Ret. No. 3232, death occurred December 25, 2014. No benefit payable due to no surviving spouse or dependent children.

Aaron McAllister, Ret. No. 3826, death occurred January 4, 2015. No benefit payable due to no surviving spouse or dependent children.

F. Death of spouses:

Martha Conyers, Spouse No. 465, death occurred December 12, 2014. No benefit payable.

Dorothy M. King, Spouse No. 1071, death occurred December 21, 2014. No benefit payable.

Gladys G. Tynes, Spouse No. 623, death occurred December 21, 2014. No benefit payable.

Laura Brothers, Spouse No. 995, death occurred December 25, 2014. No benefit payable.

The Board approved benefit payments to the beneficiaries for Item E – Death of retirement members and removal from the payroll for Item F – Death of spouses.

G. The Board approved withdrawal of the following contributing members:

<u>Name of Members</u>	<u>Active Number</u>
Tonia A. Bailey	33295
John S. Andrews	33450
Laurence L. Holland	33512
Kathleen S. Cosco	33575
Angela F. Montgomery	33689
Dawn F. Rykheart	33853
Raquel Gomez	33896
Lanesha Allen	33914
Crishaun S. Smith	33950
Scott Tyler Pullen	34001

William Edward Campbell	34002
Phillip J. Pope	34033
Michael R. O'Neil	34251
Alice H. Spragins	34298
Marcus A. Canon	34316
Benjamin J. Barr	34393
Brenda Dutton-Smith	34467
Pamela O. Knight	34485
Timothy A. Carroll	34614
Esa K. Simon	34666
Brian M. Crouch	34765
Toren Brooke Hammett	34866
Robert John Foreman	34886
Anne Marie Vaughan Meer	34896

Total Members - 23

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

<u>Name of Member</u>	<u>Active Number</u>
Heidi E. Brezynski	32718

Total Members – 1

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

Gourmet Gang (1)	122.58
NowCare Physicians, PC (2)	2,202.25
Cheiron (3)	6,979.65
State Street Corporation (4)	24,357.88
Retirement Payroll (Payroll est. for January, 2015)	<u>6,600,000.00</u>
Total	<u><u>\$ 6,633,662.36</u></u>

- (1) Lunch served for Board Meeting - December 3, 2014
- (2) Medical Board Examinations
- (3) Retainer Services - November 2014; Audit/CAFR
- (4) Custodial Services - September and October 2014

I. Disability reexamination status:

1	Brown, Sherrod M. Sr.	Ordinary	<i>Suspended; did not submit required information</i>
2	Wynn, Nathaniel	Accidental	<i>Suspended; did not submit required information</i>
3	Cole, Keith J.	Accidental	<i>Not Due</i>
4	Pratt, Dawn M.	Accidental-REX	<i>Not Due</i>
5	St. Amant, David J.	Accidental	<i>Not Due</i>
6	Doke, Annie	Ordinary	<i>Not Due</i>
7	Sitzler, Samuel F.	Accidental-REX	<i>Not Due</i>
8	McAlpin, David M.	Ordinary-REX	<i>Not Due</i>
9	Tew, Gerald R.	Ordinary	<i>Not Due</i>
10	Drake, Richard L.	Ordinary	<i>Not Due</i>
11	Firkel, Ronald L.	Accidental	<i>Not Due</i>

Committee Reports

Administration and Planning:

Ms. Kelly reported there was not an Administration and Planning Committee Meeting. One is being planned in the next month or so to discuss Banking RFPs.

Investment Management:

Mr. Neikirk reported there was no Investment Committee meeting. Mr. Neikirk reported that the Plan assets were approximately \$1,028 billion at November 30, 2014, and with the new actuarial liability reported of \$1,197, the funded status is approximately 86% funded. Asset allocations are within ranges.

Mr. Neikirk also reported that since Summit Strategies is actively involved in seeing the System's real estate managers, in person visits would be as needed and up to every three years.

Other Topics

Mrs. Potter-Griggs announced that Mrs. Adele Daniels, Administrative Assistant II had joined the Retirement Office on September 3, 2014 and would be working more closely with the Retirement Board.

Ms. Calliott stated her disappointment in the reporting, by KPMG LLP, of a significant deficiency as a result of the audit. Ms. Calliott further stated that the same deficiency was reported in the previous year and it was unacceptable that it still exists. Ms. Calliott asked that Ms. Kelly and Mrs. Potter-Griggs work together to determine how to clear the deficiency, which relates to internal controls as there is the need for additional trained resources to enhance the precision of reviews. Ms. Calliott asked Mrs. Potter-Griggs what was the current staffing in the Retirement Office. Mrs. Potter-Griggs reported four full-time employees and one full-time temporary employee.

The next Retirement Board meeting is scheduled for February 4, 2015 at 12:00 noon.

There being no further business, the meeting adjourned at 1:16 p.m.

A motion was made, seconded, and approved that the Board assemble in an executive session pursuant to Virginia Code Section 2.2-3711 A 7 for the discussion of a personnel matter. At the conclusion of the closed session, the Board adopted the following Resolution:

A RESOLUTION CERTIFYING AN EXECUTIVE SESSION OF THE
BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT
SYSTEM OF THE CITY OF NORFOLK IN ACCORDANCE WITH THE
PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT.

WHEREAS, the Board of Trustees of the Employees' Retirement System of the City of Norfolk convened an executive session on January 7, 2015 pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia requires a certification of this Board that such executive session was conducted in conformity with Virginia law; now, therefore,

BE IT ORDAINED by the Board of Trustees of the Employees' Retirement System of the City of Norfolk:

Section 1: - That the Board hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

Section 2: - That this resolution shall be in effect from and after its adoption.

Chairperson

Executive Director