

Minutes of the Regular Monthly Meeting

Board of Trustees
Employees' Retirement System
June 3, 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 12:02 p.m. on Wednesday, June 3, 2015, with Trustee Lawrence Bernert presiding on behalf of Chairperson Stephanie Calliott. The following was the result of the roll call:

Attending the Meeting

Y.T. Almond
B. Eason
L.A. Bernert
K.W. Crowder
A. M. Kelly
N.E. Nelson

Absent

S.A. Calliott
C.R. Neikirk
E.G. Tucker
M.D. Jones

Ron Fritch, Acting Executive Director, Mary L.G. Nexsen, Deputy City Attorney, Capri Stanley-Smith, Human Resources Director and Adele Daniels, Administrative Assistant II attended the meeting. Intern Wyatt Devine from Mr. Bernert's office was also present.

The minutes for the meeting held on May 6, 2015, were approved.

New Business

A. Applications for vested service retirement:

Robert P. Garnett, Active No. 22369, June 1, 2009, with no refund due.
[Civic Facilities]

Martha W. Segal, Active No. 24297, June 1, 2015, with no refund due.
[Utilities]

B. Applications for early service retirement:

Joyce G. Hart, Active No. 26040, July 1, 2015, with no refund due.
[Human Services]

Neil B. Gardner, Active No. 33192, August 1, 2015, with no refund due.
[Police]

C. Applications for normal service retirement:

Cecelia A. Beck, Active No. 31423, July 1, 2015, with no refund due.
[Library]

Deborah K. Bunn, Active No. 32042, July 1, 2015, with no refund due.
[City Assessor]

Mary E. Derrell, Active No. 28244, July 1, 2015, with no refund due.
[Public Health]

Dianne V. Forbes, Active No. 28265, July 1, 2015, with no refund due.
[Public Health]

Berdie McNair, Active No. 28255, July 1, 2015, with no refund due.
[Public Health]

Julie K. Boyette, Active No. 21463, August 1, 2015, with no refund due.
[Human Services]

William D. Cowan, Active No. 24833, August 1, 2015, with no refund due.
[Public Works]

Jerry L. Nowell, Active No. 26427, August 1, 2015, with no refund due.
[Police]

D. Applications for Deferred Retirement Option Program (DROP):

Frank F. Ferchland, Active No. 25972, July 1, 2015, with no refund due.
[Police]

Lincoln W. Thomas, Active No. 25934, July 1, 2015, with no refund due.
[Fire Rescue]

The Board approved Item A - Applications for vested service retirement; Item B - Applications for early service retirement; Item C - Applications for normal service retirement; and Item D – Applications for Deferred Retirement Option Program (DROP).

E. Medical Board review of application for disability retirement:

Carnell Marsh, Active No. 24928 request for accidental disability retirement benefits.
[Fire Rescue]

The Board approved Item E - Application for accidental disability retirement benefits with a one year review.

F. Ordinary death of an employee:

James Simpson, Active No. 23234, death occurred January 9, 2015, election pending beneficiary.

Lorenzo Harris, Active No. 33814, death occurred February 9, 2015, election pending beneficiary.

Debbie Hardy, Active No. 27271, death occurred February 18, 2015, election pending beneficiary.

Frank Taylor, Active No. 27332, death occurred April 13, 2015. Beneficiary elected total lump sum payment of \$16,305.01.

Glenn Longworth, Active No. 23130, death occurred May 6, 2015. Spouse elected monthly benefit of \$1,387.73.

G. Death of retired members:

Susanne Kinney, Ret. No. 2231, death occurred August 31, 2014. No benefit payable due to no surviving spouse or dependent children.

Margaret S. Jackson, Ret. No. 2239, death occurred September 4, 2014. No benefit payable due to no surviving spouse or dependent children.

Clayton R. Cook, Ret. No. 3209, death occurred March 15, 2015. No benefit payable due to no surviving spouse or dependent children.

John M. Broughton III, Ret. No. 5196, death occurred April 6, 2015. No benefit payable due to no surviving spouse or dependent children.

Susan Garrett, Ret. No. 4974, death occurred April 12, 2015. No benefit payable due to no surviving spouse or dependent children.

Leonard H. Ungar, Ret. No. 4669, death occurred April 29, 2015. No benefit payable due to no surviving spouse or dependent children.

Emma M. Root, Ret. No. 3399, death occurred May 5, 2015. No benefit payable due to no surviving spouse or dependent children.

Edward T. DiBerto, Ret. No. 1797, death occurred May 14, 2015. No benefit payable due to no surviving spouse or dependent children.

Michael J. Barry, Ret. No. 6154, death occurred May 17, 2015. Spouse elected monthly benefit of \$356.32.

H. Death of spouses:

Anne K. Turner, Spouse No. 278, death occurred February 7, 2015. No benefit payable due to no surviving dependent children.

Mildred J. Knowles, Spouse No. 847, death occurred April 15, 2015. No benefit payable due to no surviving dependent children.

Rose Smith, Spouse No. 254, death occurred May 4, 2015. No benefit payable due to no surviving dependent children.

Marjorie M. Wohler, Spouse No. 394, death occurred May 21, 2015. No benefit payable due to no surviving dependent children.

The Board approved Item F- ordinary death of an employee, Item G – death of retired members and Item H – death of spouses.

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

<u>Name of Members</u>	<u>Active Number</u>
Mitchell T. Perry	33091
Paul T. Warr	33153
Sefinat O. Araga	33520
Benita Holland	33629
Nina Franklin	33859
Samantha L. Jackman	33948
Latoya Jarrett	34042
Alexandra P. Vakos	34185
Ashton G. Jones	34296
Alexis L. Morton	34386
Lisa A. Duez	34439
Tracy N. Powell	34509
Bruce A. Wise	34612
Emily P. Wray	34635
Katherine Beye	34728
Taquesha M. Brandon	34796
Alexander M. Hill, Jr.	34850
Bryan L. Guthrie	34993
Diana N. Saxton	34995
Benita Y. Stokes	35024
Larry L. Smith	35034

Total Members – 21

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

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Federal Express (1)	\$	71.10
Gourmet Gang (2)		119.62
Mary Lou Nexsen (3)		1,148.00
Cheiron (4)		4,083.33
State Street Corporation (5)		24,301.99
Retirement Payroll (Payroll est. for June 2015)		<u>6,600,000.00</u>
 Total		<u>\$ 6,629,724.04</u>

- (1) Information sent to child support enforcement
- (2) Lunch served for Board Meeting - May 6, 2015
- (3) Travel Reimbursement - Registration/Hotel Deposit - M. L. Nexsen
- (4) Retainer Services - April 2015
- (5) Custodial Services - March and April 2015

K. Disability reexamination status:

1	Brown, Sherrod M. Sr.	Ordinary	<i>Suspended: did not submit required information</i>
2	Cole, Keith J.	Accidental	<i>Processing Paperwork</i>
3	Pratt, Dawn M.	Accidental-REX	<i>Not Due</i>
4	St. Amant, David J.	Accidental	<i>Not Due</i>
5	Doke, Annie	Ordinary	<i>Not Due</i>
6	Sitzler, Samuel F.	Accidental-REX	<i>Not Due</i>
7	McAlpin, David M.	Ordinary-REX	<i>Not Due</i>
8	Tew, Gerald R.	Ordinary	<i>Not Due</i>
9	Drake, Richard L.	Ordinary	<i>Not Due</i>
10	Robertson, Denise L.	Accidental	<i>Not Due</i>
11	Cratt, David	Ordinary	<i>Not Due</i>
12	Sydow, Nathan V.	Ordinary	<i>Not Due</i>
13	Lambson, Leland	Ordinary	<i>Not Due</i>
14	Wynn, Nathaniel	Accidental	<i>Not Due</i>

There are 14 disability retirees up for reexamination, one was suspended as required information was not submitted and one has pending documentation; 12 are not due at this time.

L. Reappointments to Retirement Board:

Eric Tucker was reappointed to the Employees' Retirement System Board of Trustees at a meeting of the City Council on May 19, 2015. Mr. Tucker's term begins January 1, 2015, and expires December 31, 2018.

M. Committee Reports:

- **Investment Management:**

Mr. Bernert reported there was not an Investment Committee meeting.

- **Administration and Planning:**

Ms. Kelly reported there was not an Administration and Planning Committee meeting.

Other topics

- It was discussed that during the July 2, 2014, Board meeting, the Board had approved a resolution to set a market interest rate (rather than the maximum 4%) paid to employees (based on their contributions) who have left the City prior to vesting. Mr. Fritch will review the July 2, 2014, minutes, and based on the recommended index provide the appropriate rate to the Board as a whole to act on at the July 1, 2015 meeting.
- It was announced that Christine Garczynski has been appointed Acting Director of Finance in accordance with Alice Kelly's upcoming retirement.
- Mr. Bernert briefly discussed a Financial Times article, "Muni Risk Rises as Pensions are put First," which discussed the impact of emerging trends in the pension market and how they relate to decisions made by city governments with respect to the health of their pension plans. A copy of the article will be emailed to all trustees.
- Ms. Kelly stated that with the implementation of GASB 68 this year, the unfunded liability that previously was placed in the notes to the financial statements will be shown on the face of the financial statements. This will have the impact of reducing net position, and although the City's position will remain positive, the School District's net position will become negative. Bond ratings are not anticipated to be affected by the implementation of GASB 68 as the rating agencies perform their own computations. Ms. Kelly further noted that the rating agencies consider the strength of the City's pension plan to be a significant factor on the City's bond ratings.
- Ms. Kelly noted that in addition to the impact of GASB 68, similar reporting for "Other Post-Employment Benefits" (OPEB) was approved by GASB on June 2, 2015, and will become effective with Fiscal Year 2017 reporting.

- Ms. Kelly referenced an email that she forwarded to Board members in April announcing an autumn AMRS meeting for trustees and administrators in Williamsburg at the Williamsburg Lodge from October 18-20 and encouraged anyone who could attend to do so. Ms. Nexsen suggested that this was an opportunity for Board members to adhere to their required fiduciary obligation to be educated, understand Trustee responsibilities and become familiar with developing issues in the marketplace.
- Mr. Fritch distributed Ordinance 45,955 approved by City Council on May 19, 2015, highlighting the decision of Council to provide a \$300 supplement to retirees who receive less than \$24,250 in annual retirement and workers' compensation benefits.
- Mr. Fritch notified the Board that the Retirement Association had inquired about the possibility of him meeting with them on July 31, 2015, and confirmed the Board's support of that opportunity.
- Mr. Fritch updated the Board on the status of the search for the Retirement executive director position, with no viable candidate at this time. Ms. Capri Stanley-Smith elaborated on the numerous steps that have been taken in search of a candidate, to date, with no success.
- With respect to the Custodian's monthly reports, Mr. Fritch observed that the liability had been updated through July 2014 as requested by the Investment Management Committee in its May meeting. Mr. Bernert noted that investment volumes and allocations were within the System's rebalancing guidelines.

The next meeting is scheduled for Wednesday, July 1, 2015. There will also be an Investment Management Committee meeting on that date with PIMCO presenting.

There being no further business, the meeting adjourned at 12:35 p.m.

Chairperson

Executive Director