

Minutes of the Regular Monthly Meeting

Board of Trustees
Employees' Retirement System
July 1, 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 12:00 p.m. on Wednesday, July 1, 2015, with Chairperson Stephanie Calliott presiding. The following was the result of the roll call:

Attending the Meeting

S.A. Calliott
C.R. Neikirk
Y.T. Almond
B. Eason
S. Joy-Hogg
C. Garczynski
L.A. Bernert
N.E. Nelson
E.G. Tucker

Absent

K. W. Crowder

Ron Fritch, Acting Executive Director, 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.

Christine Garczynski was introduced to the Board by Sabrina Joy-Hogg as the Acting Director of Finance effective June 18, 2015.

The minutes for the meeting held on June 3, 2015, were approved.

New Business

A. Applications for vested service retirement:

Tyrone T. Odom, Active No. 29812, May 1, 2014, with no refund due.
[**\[Recreation Parks and Open Space\]**](#)

Angelina Wilson, Active No. 27496, February 1, 2015, with no refund due.
[**\[Human Services\]**](#)

Bruce A. Watts, Active No. 28048, April 1, 2015, with no refund due.
[**\[Development\]**](#)

Ivy M. Gee, Active No. 24478, May 1, 2015, with no refund due.

[**\[Human Services\]**](#)

Renee J. Majors, Active No. 27109, May 1, 2015, with no refund due.

[**\[Human Services\]**](#)

Karen T. Ehrenworth, Active No. 28812, August 1, 2015, with no refund due.

[**\[Finance\]**](#)

Gloria B. Moore, Active No. 26776, August 1, 2015, with no refund due.

[**\[Human Services\]**](#)

B. Application for early service retirement:

Re-approval of application for early service retirement for Alice M. Kelly, Active No. 26349, July 1, 2015, with no refund due.

[**\[Finance\]**](#)

C. Applications for normal service retirement:

Lawrence L. Bellamy, Active No. 21823, August 1, 2015, with no refund due.

[**\[General Services\]**](#)

Barry C. Clark, Active No. 26160, August 1, 2015, with no refund due.

[**\[Police Department\]**](#)

Deborah J. Dyer, Active No. 28459, August 1, 2015, with no refund due.

[**\[Public Health\]**](#)

Karen Ann Browning Martin, Active No. 28253, August 1, 2015, with no refund due.

[**\[Public Health\]**](#)

David B. Pendergrass, Active No. 26816, August 1, 2015, with no refund due.

[**\[Fire-Rescue\]**](#)

Madeline C. Reynolds, Active No. 32530, August 1, 2015, with no refund due.

[**\[Public Health\]**](#)

Phyllis White, Active No. 22285, August 1, 2015, with no refund due.

[**\[Human Services\]**](#)

Brian E. Wray, Active No. 26442, August 1, 2015, with no refund due.

[**\[Police Department\]**](#)

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

Robert N. Fields, Active No. 26414, August 1, 2015, with no refund due.
[Police]

Ronald I. Godwin, Active No. 27880, August 1, 2015, with no refund due.
[Police]

Donald M. Launder, Active No. 26419, August 1, 2015, with no refund due.
[Police]

John E. Koenig, Active No. 23355, September 1, 2015, with no refund due.
[Fire-Rescue]

*The Board approved **Item A** – Applications for vested service retirement; **Item B** – Re-approval of Alice Kelly application for early service retirement; **Item C** – Applications for normal service retirement; **Item D** – Applications for Deferred Retirement Option Program (DROP).*

E. Medical Board review of applications for disability retirement:

Dion D. Evans, Active No. 28188, August 1, 2015, request for ordinary disability retirement benefits.

[Recreation Parks and Open Space]

Clifton D. Russell, Active No. 27386, August 1, 2015, request for ordinary disability retirement benefits.

[Recreation Parks and Open Space]

*The Board approved **Item E** - the application for ordinary disability benefits for Dion D. Evans without further review; and the application for ordinary disability retirement benefits for Clifton D. Russell with one year review.*

F. Ordinary death of an employee:

Denis Rumberger, Active No. 34255, death occurred June 9, 2015. Beneficiary elected lump sum payment of \$14,641.86.

Troy B. Matthews, Active No. 29593, death occurred June 18, 2015. Beneficiary elected lump sum payment of \$12,810.28.

G. Death of retired members:

Franklin D. Skinner, Ret. No. 3502, death occurred March 26, 2015. No benefit payable due to no surviving spouse or dependent children.

Michael I. Fitzgerald, Ret. No. 6484, death occurred April 11, 2015. No benefit payable due to no surviving spouse or dependent children.

Cynthia Acevedo, Ret. No. 4338, death occurred May 15, 2015. No benefit payable due to no surviving spouse or dependent children.

Irene Topoicio, Ret. No. 3436, death occurred May 17, 2015. No benefit payable due to no surviving spouse or dependent children.

Juanita Morehead, Ret. No. 5601, death occurred May 19, 2015. No benefit payable due to no surviving spouse or dependent children.

Yvonne H. Mercer, Ret. No. 4319, death occurred May 25, 2015. Spouse elected monthly benefit of \$1,136.71.

Herman Martin, Ret. No. 1969, death occurred June 3, 2015. No benefit payable due to no surviving spouse or dependent children.

Isadora Childdres, Ret. No. 3693, death occurred June 7, 2015. No benefit payable due to no surviving spouse or dependent children.

Roy K. Beach, Ret. No. 3364, death occurred June 8, 2015. Spouse elected monthly benefit of \$1,011.72.

Bobby White, Ret. No. 2500, death occurred June 9, 2015. No benefit payable due to no surviving spouse or dependent children.

Harold L. Gensler, Ret. No. 1854, death occurred June 11, 2015. Spouse elected monthly benefit of \$450.60.

Orlando C. Scellato, Ret. No. 3215, death occurred June 13, 2015. Spouse elected monthly benefit of \$2,263.70.

Florence E. Joyce, Ret. No. 4410, death occurred June 22, 2015. Spouse elected monthly benefit of \$363.27.

H. Death of spouses:

Isadora Childdres, Spouse No. 0178, death occurred June 7, 2015. No benefit payable due to no surviving spouse or dependent children.

*The Board approved the benefit payment to the beneficiaries in **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 with \$64,524.89 of contributions due:

<u>Name of Members</u>	<u>Active Number</u>
Benjamin E. Zeswitz	33118
Ryan. C. Bergman	33274
Mark W. Marshall	33283
Quy N. Tran	33434
Mary Beth Morrone	33690
Randy A. Dever	33806
Erica J. Phillips	33869
Jonathan N. Wilks	34085
Alexander G. Macbeth	34211
Clinton A. Deloatch	34329
Jabari H. Arthur	34461
Erica F. Scarborough	34596
Michael J. Booz	34656
Ryan D. Rowinski	34748
Mark S. Griffith	34783
Shamier M. Yates	34808
James B. Koonce	34841
Alan Jones	34873
Melvin L. Johnson	34878
Sandra D. Jones	34908
Lauren K. Mertes	34911
Nicole M. Bailey	34931
Erin E. Carlisle	34953
Paul F. Day	34954
Danyelle N. Jones	34988
Steven L. Johnson	35083
Tennille M. Cyphers	34919
Arielle M. Gray	34938
Deirdra L. McBride	35050

Total Members – 29

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

Gourmet Gang (1)	\$ 124.12
Mary Lou Nexsen (2)	847.19
Cheiron (3)	4,083.33
State Street Corporation (4)	10,449.29
Summit Strategies Group (5)	48,382.00
City of Norfolk (6)	288,314.97
Retirement Payroll (Payroll est. for July 2015)	<u>6,700,000.00</u>
 Total	 <u>\$ 7,052,200.90</u>

- (1) Lunch served for Board Meeting - June 3, 2015
- (2) Travel - Airfare/Advance - M. L. Nexsen
- (3) Retainer Services - May 2015
- (4) Custodial Services - May 2015
- (5) Investment Consulting Services - April, May and June 2015
- (6) Reimbursement - Administrative expenses for FYE 06/30/15 (07/14-05/15)

K. Disability reexamination status:

1	Brown, Sherrod M. Sr.	Ordinary	<i>Suspended; did not submit required information</i>
2	Cole, Keith J.	Accidental-REX	<i>Forwarded to Medical Board</i>
3	Pratt, Dawn M.	Accidental-REX	<i>Due - Effective 07/01/15</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>
15	Wethington, Mark A.	Accidental-REX	<i>Not Due</i>
16	Marsh, Carnell	Accidental	<i>Not Due</i>

L. Committee Reports

- Investment Management:

Mr. Neikirk reported that there was an Investment Management committee meeting at 11:00 a.m. As of May 31, 2015, the fund had \$1.03 billion in market value assets compared to the liabilities from July 2014, representing an 86 percent funding level. Allocations were within their strategic market ranges.

PIMCO portfolio managers Ignacio Galaz, Yinyin Wu and Managing Director Sudi Mariappa, presented a market and performance review update; Jessica Portis of Summit Strategies participated via conference call. The PIMCO portfolio managers reviewed their portfolio performance year-to-date through May 31st. PIMCO returned 1.7 percent year-to-date compared to 1.0 percent for their benchmark, a difference of 70 basis points. According to PIMCO, the new structure is functioning well. Projections for growth over the next 3 to 5 years in fixed income is about 3 percent, and about 5 to 6 percent for equities. There is no direct Greek exposure at present.

Jessica Portis discussed the attribution of the real estate and MLP mandates. Since its inception in 2011, real estate has been net positive versus fixed income; MLPs have been net positive versus equities since their inception in 2013.

The question was raised regarding renegotiating rates with PIMCO. Mr. Neikirk responded that we are under a special arrangement with PIMCO through September 30th. There is a possibility that if they perform well enough, we could owe more than under the old arrangement. In that case, we can opt out of the current arrangement. This would result in reduced, lower or equal fees versus the prior structure.

Mr. Neikirk reported there would not be an Investment Management meeting in August. There will be a meeting in September relative to the overall allocation study.

- Administration and Planning:

An Administration and Planning meeting was not held. As Acting Director of Finance, Ms. Garczynski will now chair the Administration and Planning Committee. Items identified as needing follow up included an RFP for Banking Services, review and update of the Trustee Manual, and review and update of the entire Municipal Code.

M. Interest rates on mandatory contributions

Ron Fritch briefed the Board on the interest rate on contributions refunded to employees who separated from the system prior to vesting. He reported that in the July 2014 meeting, the interest rate that was agreed upon was the 12-month CD national rate. The average rate at that time was .20 percent, which, as best could be determined, came from Bankrate.com. Mr. Fritch recommended that going forward, the source where rates are drawn from should be stated in the minutes.

A Bankrate.com handout was distributed showing a current interest rate of .27 percent for a one year CD, which has not changed over the last 3 months. Mr. Fritch recommended that the .27 percent interest rate be used for the next 12 months. He also recommended that the Board make Bankrate.com the official source for establishing interest rates to assure consistency each year.

The Board approved Bankrate.com as the current and future source for setting the interest rate each year. The Board also approved using the recommended .27 percent rate for the fiscal year beginning July 1, 2015.

N. Certificate of Achievement Award

The Certificate of Achievement for Excellence in Financial Reporting was awarded to the Employees' Retirement System for the fiscal year ended June 30, 2014. This was the 10th consecutive year the Retirement System has been recognized by the Government Finance Officers Association for achieving this significant accomplishment.

Other topics

The next meeting is scheduled for Wednesday, August 5, 2015 at 12:00 p.m.

There being no further business, the meeting adjourned at 12:24 p.m.

Chairperson

Executive Director