

Minutes of the Regular Monthly Meeting

Board of Trustees
Employees' Retirement System

December 2, 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 December 2, 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. Allmond
K.W. Crowder
B. Eason
S. Joy-Hogg
N.E. Nelson
E.G. Tucker
C. Garczynski

Absent

Lawrence A Bernert, III

Galen Gresalfi, 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. Also attending as a guest was Mr. Rue L. Bagwell, II, a member of the Norfolk Retirees' Association.

The minutes for the meeting held on November 4, 2015 were approved.

KPMG Auditors Cheryl L. Xystros, CPA, and Archie Simmons, Jr., CPA, gave a presentation to the Board on the Retirement System June 30, 2015 audit status. The following areas were discussed:

- Finalizing review of the Comprehensive Annual Financial Report (CAFR)
- Finalizing the concurring review responses and related documentation
- Anticipated deliverables in December including:
 - the Independent Auditors' Report (CAFR)
 - the Independent Auditors' Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards; and the
 - SAS 114 letter.
- Our responsibility under professional standards
- Other information in documents containing audited financial information
- Accounting policies and alternative treatments – Implementation of GASB 68 by the City of Norfolk
- Quality of accounting principles
- Management judgments and accounting estimates
- Uncorrected and corrected misstatements
- Disagreements with management
- Management consultation with other accountants
- Significant issues discussed, or subject to correspondence, with management
- Independence

There were no corrected misstatements in the System's books and records as of and for the year ended June 30, 2015. KPMG expects to have an unmodified opinion.

The KPMG presentation referenced the exclusion of the value of futures from the total investments that are included in the financial statements. As a result of an increase in the balance this year, they exceeded the threshold KPMG has established for reporting any differences that come out of the audit. Mrs. Xystros stated that while this has always been considered an uncorrected misstatement, all of the investments the System holds should be on the statements, and should be something the Board may want to think about going forward.

Mrs. Calliott requested that the minutes reflect reference to the Board having a discussion with regard to unrecorded futures and will review whether it wants to change the policy.

Mrs. Xystros reported that there was one significant deficiency in the valuation of non-exchange traded funds due to management not performing a control to obtain and reconcile audited financial statements of the funds at the time they are issued, and comparing them to the value that is recorded as of the financial statement date. Mrs. Xystros referenced the independent study and write up completed by Mr. Gresalfi, which analyzed the process and how it will work going forward, which should address the issue.

New Business

A. Applications for Vested Service Retirement:

Randall L. Miller, Active No. 29465, December 1, 2015, with no refund due.
[Libraries]

Marcella Williams, Active No. 23674, January 1, 2016, with no refund due.
[Police]

B. Application for Early Deferred Service Retirement:

Jason M. Reed, Active No. 28352, January 1, 2016, with no refund due.
[Police]

C. Applications for Normal Service Retirement:

Bradley E. Dunham, Active No. 26753, January 1, 2016, with no refund due.
[Human Services]

Wayne H. Hudson, Active No. 31459, January 1, 2016, with no refund due.
[Parking]

Elisa J. Long, Active No. 26741, January 1, 2016, with no refund due.
[Elections]

Diana L. Mason-Smelt, Active No. 31289, January 1, 2016, with no refund due.
[Information Technology]

Leo E. Washer, Active No. 22533, January 1, 2016, with no refund due.
[Human Services]

Fannie L. Howard, Active No. 22737, February 1, 2016, with no refund due.
[Human Services]

Gloria A. Peek, Active No. 31398, February 1, 2016, with no refund due.
[Recreation Parks and Open Spaces]

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

Gene D. Ballance, Active No. 27216, January 1, 2016, with no refund due.
[Police]

Edward J. Ryan, Active No. 24186, January 1, 2016, with no refund due.
[Police]

The Board approved Item A – Applications for Vested Service Retirement; Item B – Application for Early Deferred Service Retirement; Item C – Applications for Normal Service Retirement; and Item D – Applications for Deferred Retirement Option Program (DROP).

E. Medical Board Clarification of Reexamination Status:

Donald L. Blount, Active No. 21720. This member requested ordinary disability retirement.
[Cemeteries]

The Board approved Item E – Clarification of Reexamination Status of Donald L. Blount with review in one year.

F. Ordinary Death of an Employee:

Curtis Smith, Active No. 26403, death occurred September 16, 2015. Beneficiary elected lump sum benefit of \$18,802.20.

G. Death of Retired Members:

Margot J. Williams, Ret. No. 04186, death occurred October 25, 2015. Beneficiary elected monthly benefit of \$1,105.89.

George A. Nowitzky, II, Ret. No. 3918, death occurred November 5, 2015. Spouse elected monthly benefit of \$1,193.50.

Arthur G. Armbruster, Jr, Ret. No. 6374, death occurred November 14, 2015. Spouse elected monthly benefit of \$2,019.40.

The Board approved Item F – Ordinary Death of an Employee; and Item G – Death of Retired Members.

H. The Board approved withdrawal of the following contributing members with \$46,542.53 of contributions due:

<u>Name of Members</u>	<u>Active Number</u>
John C. Koy	33086
Denise Wise	33145
Danielle C. Hinton	33527
Patrick R. Larivee	33993
Brian D. Renell	34107
Derek A. Vartanyan	34518
Mary H. Hickman	34625
Matthew R. Nixon	34700
Cory N. Esson	34767
Keith S. Brown	34781
Chatori M. Mason	35032
Shannon R. Allen	35123
Linda H. Ross	35144
Patrick W. Artis	35154
Sarah L. Williams	35180
Samantha Smiley	35244
Willis E. Williams	35247
Gregory E. Hines	35267
Danielle C. Venable	35276
April K. Wood	35327
Heidi D. Watkins	43259

Total Members - 21

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

Gourmet Gang (1)	\$ 108.83
Pension Benefit Information (2)	650.00
NowCare Physicians, PC (3)	1,200.00
Cheiron (4)	11,301.77
Troutman Sanders LLC (5)	8,731.50
Retirement Payroll (Payroll est. for December 2015)	<u>6,800,000.00</u>
Total	<u>\$ 6,821,992.10</u>

(1) Lunch served for Board Meeting - November 4, 2015
(2) Annual Renewal - Death Monitoring/Locator Services
(3) Medical Board Examination (Dr. Sack)
(4) Retainer Services - October 2015/Portability Calc/Audit
(5) Legal Fees - Law Changes/IRS Determination Letter

J. Disability Reexamination status:

1	Brown, Sherrod M. Sr.	Ordinary	<i>Processing Paperwork</i>	
2	Doke, Annie	Ordinary	<i>Processing Paperwork</i>	
3	Sitzler, Samuel F.	Accidental-REX	<i>Processing Paperwork</i>	
4	McAlpin, David M.	Ordinary-REX	<i>Pending re-exam clarification</i>	Sack *
5	Tew, Gerald R.	Ordinary	<i>Processing Paperwork</i>	
6	Drake, Richard L.	Ordinary	<i>Processing Paperwork</i>	
7	Robertson, Denise L.	Accidental	<i>Not Due</i>	
8	Cratt, David	Ordinary	<i>Not Due</i>	
9	Sydow, Nathan V.	Ordinary	<i>Not Due</i>	
10	Lambson, Leland	Ordinary	<i>Not Due</i>	
11	Wynn, Nathaniel	Accidental	<i>Not Due</i>	
12	Wethington, Mark A.	Accidental-REX	<i>Not Due</i>	
13	Marsh, Carnell	Accidental	<i>Not Due</i>	
14	Russell, Clifton D.	Ordinary	<i>Not Due</i>	
15	Cole, Keith J.	Accidental-REX	<i>Not Due</i>	
16	Fancher, Courtney D.	Accidental	<i>Not Due</i>	
17	Allison, Curtis L.	Accidental	<i>Not Due</i>	
18	Hilliard, Nanette	Accidental	<i>Not Due</i>	
19	Pratt, Dawn M.	Accidental-REX	<i>Not Due</i>	
20	Robertson, Neal A.	Accidental	<i>Not Due</i>	

** Medical Board report forwarded to Board.*

There are 20 disability retirees up for reexamination; 5 have paperwork being processed; 1 is pending re-exam clarification; 14 are not due at this time.

K. Committee Reports

Administration and Planning:

There was not an Administration and Planning meeting. Mrs. Garczynski stated the Committee is continuing to work on a banking RFP.

Investment Management Committee:

There was not an Investment Management Committee meeting.

Other Topics:

- The Board of Trustees meeting with City Council is scheduled for January 12, 2016 at 5:00 p.m. and will include Cheiron, the City actuary. Mrs. Joy-Hogg gave a brief overview of a joint meeting which generally includes a status update of the Fund and a review of valuation reports by Cheiron. She also indicated that the impact of a retiree COLA would be discussed. Mrs. Joy-Hogg referred to a

YouTube link for Trustees who have not attended or participated in a previous City Council joint session. The link is as follows:

Go to: www.norfolk.gov /Norfolk TV/City Council Meetings and Video Podcasts/2013 Archive/ January 29, 2013 Retirement/System Combined

- The System received a Freedom of Information Act (FOIA) request for a list of names of active retirees. The list was provided to the requestor.

The next meeting is scheduled for January 6, 2016 at 12:00 p.m.

There being no further business, the meeting adjourned at 12:36 p.m.

Chairperson

Acting Executive Director