

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System

January 4, 2017

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 fifth floor conference room in the City of Norfolk, Virginia. The meeting began at 12:02 p.m. on January 4, 2017, with Chairperson Stephanie A. Calliott presiding. The following was the result of the roll call:

Attending the Meeting

Stephanie A. Calliott
Christopher R. Neikirk
Yvonne T. Allmond
Lawrence A. Bernert, III
Rev. Kenneth W. Crowder
Arthur M. Eason, III
Sabrina Joy-Hogg
Christine Garczynski
Nicholas E. Nelson
Eric G. Tucker

Absent

Michael Goldsmith, Deputy City Manager, Galen Gresalfi, Executive Director, Mary L.G. Nexsen, Deputy City Attorney, Penny DeLosh, Programs Manager, Kevin Woodrich, Cheiron, Fiona Liston, Cheiron, Louis DeCuir, Norfolk Citizen and Adisa Muse, Executive Assistant to the Mayor attended the meeting.

The minutes for the meeting held on December 14, 2016 were approved.

Ms. Fiona Liston and Mr. Kevin Woodrich, actuaries with Cheiron, presented the results of the 2016 Actuarial Valuation Report.

The presentation included a review of:

- Plan changes from the previous year;
- Historical employee participation, annual cash flows, assets and liabilities, and contributions to the fund;
- The role of assumptions in the valuation process and the experience study process

The valuation includes measurement of the System's investment performance, as well as an analysis of actuarial liability gains and losses. The Actuarial Accrued Liability at June 30, 2016 was \$1,254.4 million. The Actuarial Value of Assets at June 30, 2016 was \$1,048.3 million, leaving an Unfunded Actuarial Liability at June 30, 2016 of \$206.1 million. The System was 84% funded based on the actuarial value of assets. The results of this valuation determine the actuarially determined contribution rate for the fiscal year beginning July 1, 2017 (paid in FY 2018). The changes in assets/liabilities and the calculated contribution rate are illustrated in the charts below:

2016 Valuation Results
Asset/Liability Changes
(\$ in millions)

	Liabilities	Assets	UAL	% Funded
6/30/2015	\$ 1,224.6	\$ 1,038.1	\$ 186.5	85%
Expected Changes	29.9*	29.8**	0.1	
\$380 One-Time Supp***	0.6	0.6	0.0	
Assumption Changes	2.0	0.0	2.0	
Expected at 6/30/2016	\$ 1,257.1	\$ 1068.5	\$ 188.6	85%
Actual at 6/30/2016	\$ 1,254.4	\$ 1,048.3	\$ 206.1	84%
(Gain) / Loss	\$ (2.7)	\$ 20.2	\$ 17.5	

* Liability change includes Normal Cost, Benefits & Interest

** Asset change includes Contributions, Benefits & Interest

*** One-time \$380 supplement paid to 1,496 eligible in-pay participants on July 1, 2016

Calculated Contribution Rate

	June 30, 2015	June 30, 2016
Normal Cost	9.12%	8.96%
UAL	<u>8.67%</u>	<u>9.57%</u>
Calculated Rate	17.79%	18.53%

Sources of Change

Due to investment (gain)/loss on AVA basis	.78%
Due to liability (gain)/loss	(0.10%)
More employees contributing 5% Member Rate	(0.18%)
Salary Growth less than 3%	.09%
Other miscellaneous experience	<u>.15%</u>
Total	0.74%

New Business

A. Applications for Vested Service Retirement:

N/A

B. Applications for Early Service Retirement:

N/A

C. Applications for Normal Service Retirement:

Janice M. Hurley, Active No. 28249, February 1, 2017, with no refund due.
[Development]

Janet W. McManus, Active 20692, March 1, 2017, with no refund due.
[Recreation, Parks and Open Spaces]

Harry E. Roberts, Active No. 18610, February 1, 2017, with no refund due.
[General Services]

James L. Walker, Active No. 30504, February 1, 2017, with no refund due.
[Utilities]

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

Donald K. Burns, Active No. 19475, March 1, 2017, with no refund due.
[Police]

*The Board approved **Item C**– Applications for Normal Service Retirement and **Item D** – Applications for Deferred Option Program (DROP).*

E. Exit from Deferred Retirement Option Program (DROP):

William R. Ansell Jr., Ret. No. 07054R, February 1, 2017, with DROP account balance payout \$48,399.58.

Terrell G. Bennett, Ret. No. 07053R, January 1, 2017, with DROP account balance payout \$47,620.94.

F. Medical Board Review of Application for Disability Retirement Benefits:

N/A

G. Ordinary Death of Employee:

N/A

H. Death of Retired Members:

Earl Beach, Ret. No. 03818R, death occurred on December 21, 2016. Spouse elected monthly benefit in the amount of \$864.84.

Vivian McInnis, Ret. No. 03048R, death occurred on December 5, 2016. No benefit payable due to no spouse on record.

Elretta N. Martin, Ret. No. 06892R, death occurred on December 3, 2016. No benefit payable due to no spouse on record.

Joseph Hayes, Ret. No. 02395R, death occurred on November 6, 2016. No benefit payable due to no qualifying beneficiary.

Carl Cox, Ret. No. 03123R, death occurred on December 2, 2016. No benefit payable due to no spouse on record.

Jeanette Williams, Ret. No. 04588R, death occurred December 17, 2016. Spouse election of benefit pending.

Frederick Broccolo, Ret. No. 04851R, death occurred December 21, 2016. Spouse election of benefit pending.

Albert Weatherspoon, Ret. No. 03088R, death occurred on December 26, 2016. No benefit payable due to no qualifying beneficiary.

Leo W. Gray, Ret. No. 03581R, death occurred on December 4, 2016. Spouse elected monthly benefit in the amount of \$207.65.

I. Death of Retired Member (Previously Approved) Beneficiary Benefit Elected

N/A

J. Death of Member eligible for Vested Retirement Benefit

N/A

K. Death of Spouses:

Sadie B. Ballard, Spouse No. 00314N, death occurred April 24, 2015. No benefit payable.

*The Board approved **Item H** – Death of Retired Members and **K** – Death of Spouses.*

L. Previous Docket Amendments and Corrections

N/A

M. The Board approved withdrawal of the following contributing members with \$84,692.46 of contributions due:

<u>Member Name</u>	<u>Active Number</u>
Alicia C. Hammond	35542
Laura C. Rath	35430
Michael D. Roman	34918
Unique J. Simmons	34144
Lisa G. West	34557
Kelli J. Bent	35372
Migdalia L. Blair	34319
Gurleen S. Boparai	35022
Amanda L. Guthrie	33308
Krystele J. Guy	35266
Deborah A. Harris	33981
Jean F. Harris	35568
Lacy Hernandez	33357
Jason R. Jenkins	35354
Norman D. Johnson	34496
Yolanda L. Jones	35649
Matthew T. Knecht	35186
William B. Lawrence Jr.	35700
Craig D. Lee	35103
Roger V. Moss Jr.	34173
Wendy L. Pearce	33793
Jacqueline A. Sieck	35395
Alexis C. Smith	35589
Kevin G. Snowden	35808
Kristen E. Wollesen	32945

Total – 25

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

State Street Corporation (1)	\$ 28,915.49
Gourmet Gang (2)	118.13
Retirement Payroll (Payroll for December 2016)	6,980,421.32
Total	<u>\$7,009,454.94</u>

- █ (1) Custodial Services for August, September & October
- █ (2) Lunch served for Board Meeting - December 14, 2016

O. Disability Reexamination Status:

1	Robertson, Denise L.	Accidental	<i>Processing Paperwork</i>
2	Cratt, David	Ordinary	<i>Processing Paperwork</i>
3	Sydow, Nathan V.	Ordinary	<i>Processing Paperwork</i>
4	Lambson, Leland	Ordinary	<i>Processing Paperwork</i>
5	Wethington, Mark A.	Accidental-REX	<i>Processing Paperwork</i>
6	Russell, Clifton D.	Ordinary	<i>Not Due</i>
7	Cole, Keith J.	Accidental-REX	<i>Not Due</i>
8	Fancher, Courtney D.	Accidental	<i>Not Due</i>
9	Allison, Curtis L.	Accidental	<i>Not Due</i>
10	Pratt, Dawn M.	Accidental-REX	<i>Not Due</i>
11	Robertson, Neal A.	Accidental	<i>Not Due</i>
12	Brown, Sherrod M. Sr.	Ordinary-REX	<i>Not Due</i>
13	Doke, Annie	Ordinary-REX	<i>Not Due</i>
14	Gannaway, Stephen M.	Accidental	<i>Not Due</i>
15	Tew, Gerald R.	Ordinary	<i>Not Due</i>
16	Wynn, Nathaniel	Accidental-REX	<i>Not Due</i>

***There are 16 disability retirees up for reexamination;
5 have paperwork in process; 11 are not due at this time.***

P. Letter from legal representation of member seeking to transfer service credit from VRS into NERS after the eligibility period.

Q. Committee Reports: Administration and Planning & Investment Management.

- a. Administration and Planning - Continued Code revision
- b. Investment Management - anticipated 11:30 meeting to review year end results

R. Actuarial Rates Certified: FY 2018 contribution rates for general employees is 13.17%; firefighters and police 28.81% and the combined contribution rate is 18.53%.

The Board approved certification of the FY 2018 Actuarially Determined Contribution rates.

Other Topics:

- City Council meeting anticipated for January 24, 2017 at 4:00 p.m.
- Retiree Association requested to present technical information from the Retirement Office at the end of January 2017.
- *2016 CAFR to be delivered to Board of Trustees via email format.*

The next meeting is scheduled for Wednesday, February 1, 2017, at 12:00 p.m.

S. Adjournment There being no further business, the meeting adjourned at 12:53 p.m.

Chairperson

Executive Director