

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

**October 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 12:00 p.m. on October 4, 2017, with Yvonne T. Allmond presiding. The following was the result of the roll call:

**Attending the Meeting**

Yvonne T. Allmond  
Lawrence A. Bernert, III  
Arthur M. Eason, III  
Eric G. Tucker  
Nicholas E. Nelson  
Michael Goldsmith  
Christine Garczynski

**Absent**

Stephanie A. Calliott  
Christopher R. Neikirk  
Rev. Kenneth W. Crowder

Cheryl Xystros, KPMG Engagement Partner, Archie Simmons, KPMG Engagement Sr. Manager, Dawn Pratt, retiree, Catheryn Whitesell, Deputy City Manager, Marva Smith, Director of Human Resources, Shenette Felton, Assistant Director of Finance, Heather Mullen, Deputy City Attorney, Galen Gresalfi, Executive Director, Mary L.G. Nexsen, Deputy City Attorney, and Penny DeLosh, Programs Manager attended the meeting.

The minutes for the meeting held on September 6, 2017, were approved.

**New Business**

**A. KPMG Presentation**

KPMG auditors Cheryl Xystros, Engagement Partner and Archie Simmons, Jr., Engagement Sr. Manager, provided a presentation to the Board of Trustees with focus in the areas of:

- KPMG Client Service Team
- Identify Material issues
- CAFR
- Risk Assessment – priority areas and other significant areas
- Fraud Risk – Management responsibilities related to fraud
- Audit Calendar
- Reports to be issued – including financial statements, required communications with those shared with the governance, and required internal control and compliance opinion under Government Auditing Standards

## **B. Personnel Matter / Closed Session**

Dawn Pratt proposed a repayment plan regarding the overpayment of retirement benefits. Member retired 2013 on accidental disability retirement and was receiving Workers' Compensation benefits simultaneously. Proposed repayment schedule:

- Apply offset accidental disability retirement payments in the amount of \$1,011.46 September – December 2017.
- Apply offset accidental disability retirement payments January 2018 until the outstanding balance is repaid.
- Member to reimburse the City \$1,032.31 per month, beginning January 2018, until the outstanding balance is repaid.
- Anticipated repayment of \$2,043.77 per month for approximately four years (full repayment scheduled by 2021 at which time member will no longer be receiving Workers' Compensation and accidental disability retirement allowance will resume in full).
- No interest to be applied.

With a quorum established, a motion was made, seconded, and approved that the Board and approved non-board members assemble in an executive session pursuant to Virginia Code Section 2.2-3711(A) 7 for the discussion of a personnel/legal 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 October 4, 2017, 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

*The Board approved the repayment plan as proposed by Dawn Pratt and requested that a repayment policy be presented to the board, at the November 2017 meeting. The repayment*

*policy is to include an option reflecting the terms of the agreed upon repayment plan so that such an option is made available to all members in the case that an overpayment is collected.*

**C. Applications for Vested Service Retirement:**

David Goldberg, Active No. 25795, November 1, 2017, with no refund due.  
[Police]

Winslow G. Watson, Active No. 18943, May 1, 2017, with no refund due.  
[Neighborhood and Leisure Services]

**D. Applications for Early Service Retirement:**

N/A

**E. Applications for Normal Service Retirement:**

Judith M. Core, Active No. 23577, November 1, 2017, with no refund due.  
[General Services]

Marcus Mosley, Active No. 25723, January 1, 2018, with no refund due.  
[Utilities]

Donald L. Rogers, Active No. 25894, January 1, 2018, with no refund due.  
[Recreation, Parks and Open Space]

*The Board approved Item C – Applications for Vested Service Retirement and Item E - Applications for Normal Service Retirement.*

**F. Applications for Deferred Retirement Option Program (DROP):**

N/A

**G. Exit from Deferred Retirement Option Program (DROP):**

Sylvester Nichols, Ret No. 07085R, November 1, 2017 with DROP account balance due.  
[Police]

**H. Medical Board Review of Application for Disability Retirement Benefits:**

Justin J. Benson, Active No. 31712, November 1, 2017, accidental disability retirement with no refund due.  
[Police]

Lenora M. Cooke, Active No. 30739, November 1, 2017, accidental disability retirement with no refund due.  
[Human Services]

Ward E. Stalker, Active No. 29720, November 1, 2017, ordinary disability retirement with no refund due.

**[Police]**

*The Board approved and Item H – Medical Board Review of Application for Disability Retirement Benefits: Justin J. Benson - accidental disability retirement with no annual reexamination, Lenora M. Cooke - accidental disability retirement with annual reexamination; Ward E. Stalker – ordinary disability retirement with annual reexamination.*

**I. Ordinary Death of Employee:**

N/A

**J. Death of Retired Members:**

Bruce A. Fischer, Ret No. 03122R, death occurred on June 28, 2017. No benefit payable due to no surviving spouse or dependent children on record.

Jeffrey J. Fulbright, Ret No. 07481R, death occurred on May 1, 2017. Death benefit election pending.

Rolla Gault, Ret No. 005080R, death occurred on July 11, 2017. Spouse election of benefit pending.

Robert E. Ingram, Ret. No. 06534R, death occurred on September 15, 2017. Spouse elected monthly benefit in the amount of \$993.60.

Veronica Jarvis, Ret No. 04689R, death occurred on May 12, 2017. Spouse election of benefit pending.

Marilyn Leveton, Ret No. 03851R, death occurred on July 5, 2017. Spouse or adult disabled child benefit election pending.

Ralph J. Mears, Ret. No. 03261, death occurred September 28, 2017. Spouse election of benefit pending.

Richard F. Miller, Ret. No. 04134R, death occurred on September 27, 2017. Spouse election of benefit pending.

Joe Morris Jr., Ret No. 03605R, death occurred on September 14, 2017. No death benefit payable due to no surviving spouse or dependent children.

Patricia A. Rhodes, Ret No. 05943R, death occurred on September 6, 2017. Spouse elected monthly benefit in the amount of \$1,492.84.

Ellen V. Rogers, Ret No. 06276R, death occurred on September 16, 2017. Spouse election of benefit pending.

Edward Savage Jr., Ret No. 06261R, death occurred on September 7, 2017. Spouse elected monthly benefit in the amount of \$550.71.

Charles Willis, Ret No. 04498R, death occurred on August 23, 2017. Spouse election of benefit pending.

Naomi M. Yapo, Ret No. 04839R, death occurred on September 4, 2017. Spouse election of benefit pending.

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

N/A

**L. Death of Member eligible for Vested Retirement Benefit**

N/A

**M. Death of Spouses:**

Rogernette T. Beale, Spouse No. 00709N, death occurred September 30, 2017. Possible death benefit payable, accidental disability spouse benefit.

Margie M. Cox, Spouse No. 01083N, death occurred April 30, 2017. No death benefit payable.

Elsie Jackson, Spouse No. 00322N, death occurred September 30, 2017. No death benefit payable.

Jessie Redfield, Spouse No. 00924N, death occurred September 23, 2017. No death benefit payable.

James Walsh Jr., Spouse No. 00885N, death occurred September 30, 2017. No death benefit payable.

*The Board approved Item J –Death of Retired Members and Item M – Death of Spouses.*

**N. Retirement Rescissions**

N/A

**O. Previous Docket Amendments and Corrections**

N/A

**P. The Board approved withdrawal of the following contributing members with \$142,004.42 of contributions due:**

Member Name	Active Number
BROWN, PATRICIA C.W.	36041
DITORO, TIMOTHY V.	35862
LEE, ANETTE C.	35828
INGLE, JESSICA L.	35992
GORGOL-MOELLER, LAUREN A.	36035
HERNANDEZ, EVAN P.	35925
ARCHIBALD, LEMOND M.	35743
WINSTON, JAMAAL T.	35706
MITCHELL, ZENOVIA A.	35615
ANDERSON, LAUREN A.	35740
HUNTER, LISA D.	35635
JOE, AARON M.	35295
THOMAS, MICHAEL L.	35886
FLETCHER, KAYA T.	35520
BEAN, RACHEL M.	35239
HILL, RICKY	35061
CUFFEE, KALEETA L.	34826
DILDY, SHERRI L.	34632
BROWN-EDWARDS, NEKE Y.	34504
REED, STEPHEN W.	35020
GRIFFIN, MARVIN L.	35026
STURGUS, TERICA R.	33944
KIENE, CHRISTOPHER E.	34411
COLE, PAMELA L.	34661
DANTZLER, TAMMIE T.	34142
KELLEY, WILLIAM M.	34827
LAWTON, MICHAEL D.	34276
LEE, DONNA N.	35053
POLAR, DAIJA V.	36103
PULSFORD, MEREDITH A.	35935
TACEY, AURORA D.	36109
WILLIAMS, JOHN A.	35494
BLYTHE, STEVEN A.	34106
CHANDER, JENNA	36047
DIETTERICH, ROBERT D.	36096
FREE, CHRISTOPHER M.	34929
HARPER, DONETTE M.	34481
HOLLOMON, DANIELLE E.	35799
LITTLEFIELD, AMANDA S.	34390
RUSSELL 3RD, WILBERT L.	36160
UCHENDU, NGOZI G.	35899

**Total - 41**

**Q. Obligations Reported for Payment**

**Norfolk Employees' Retirement System**

**OBLIGATIONS REPORTED FOR PAYMENT**

October 4, 2017



State Street Corporation (1)	\$ 8,360.70
Cheiron (2)	33,254.21
Gourmet Gang (3)	116.50
Nowcare Physicians (4)	1,800.00
KPMG LLP (5)	10,535.00
Wilcox & Savage (6)	10,000.00
Retirement Payroll (Payroll for Sept 2017)	<u>7,056,291.50</u>
 Total	 <u>\$ 7,120,357.91</u>

- (1) Custodial Services for October (estimated)
- (2) Retainer & Non retainer, experience study fees for July
- (3) Lunch served for Board Meeting -September
- (4) Medical disability retirement reexams
- (5) Professional Tax Consulting Services
- (6) Legal fees - Retirement Tax Filing

#### R. Disability Reexaminations Status

1	Robertson, Denise L.	Accidental	<i>First Notification</i>
2	Cratt, David	Ordinary	<i>First Notification</i>
3	Sydow, Nathan V.	Ordinary	<i>First Notification</i>
4	Lambson, Leland	Ordinary	<i>First Notification</i>
5	Wethington, Mark A.	Accidental-REX	<i>First Notification</i>
6	Russell, Clifton D.	Ordinary	<i>First Notification</i>
7	Cole, Keith J.	Accidental-REX	<i>First Notification</i>
8	Fancher, Courtney D.	Accidental	<i>First Notification</i>
9	Allison, Curtis L.	Accidental	<i>First Notification</i>
10	Pratt, Dawn M.	Accidental-REX	<i>First Notification pending</i>
11	Robertson, Neal A.	Accidental	<i>First Notification</i>
12	Brown, Sherrod M. Sr.	Ordinary-REX	<i>First Notification</i>
13	Doke, Annie	Ordinary-REX	<i>First Notification</i>
14	Gannaway, Stephen M.	Accidental	<i>First Notification</i>
15	Tew, Gerald R.	Ordinary	<i>First Notification</i>
16	Wynn, Nathaniel	Accidental-REX	<i>First Notification</i>

[REDACTED] Medical Board report forwarded to Board.

***There are 16 disability retirees up for reexamination;  
0 have paperwork in process; none are being reviewed today;  
16 are due at this time.***

#### S. Committee Reports: Administration and Planning & Investment Management

- a. Administration and Planning – No meeting
  - i. Banking RFP candidate interviews scheduled for Oct 5-6, 2017.
  - ii. NERS Annual Statements anticipated by end of 2017.
- b. Investment Management – No meeting
  - i. Monthly Flash/Capital Markets

#### T. Other / Old Business

- a. Chuck Brewer, citizen and retiree asked several questions regarding the system's compliance with Virginia State Code 51.1-800 at the September 6, 2017 board meeting. Cheiron examined the benefits of NERS and VRS as established and concluded that NERS meets the statutory requirement.

##### Demonstration of NERS General Compliance

- (a) VRS Plan 1 (most valuable accrual rate) = 1.70%
- (b) 2/3 of VRS Rate =  $1.70\% \times 2/3 = 1.13\%$
- (c) NERS General (least valuable accrual rate) = 1.75%
- (d) Is (c) > (b)? Yes, therefore it complies

Test Service Cap of 35 years

- (e) Maximum benefit multiplier under NERS =  $1.75\% \times 35 \text{ years} = 61.25\%$
- (f) Ratio up for 2/3 test =  $61.25\% \times (3 / 2) = 91.88\%$
- (g) Service under VRS Plan to get (f) =  $[91.88\% \div 1.70\%] = 54 \text{ years}$  ß Participant would need to have accrued >54 years to violate VRS compliance test

Demonstration of NERS Police & Fire Compliance

- (a) VaLORS Plan 1 (most valuable accrual rate) = 2.00%
- (b) 2/3 of VRS Rate =  $2.00\% \times 2/3 = 1.33\%$
- (c) NERS Police & Fire (least valuable accrual rate) = 2.50%
- (d) Is (c) > (b)? Yes, therefore it complies

Test Service Cap of 26 years

- (e) Maximum benefit multiplier under NERS =  $2.50\% \times 26 \text{ years} = 65.00\%$
- (f) Ratio up for 2/3 test =  $65.00\% \times (3 / 2) = 97.50\%$
- (g) Service under VRS Plan to get (f) =  $[97.50\% \div 2.00\%] = 48.75 \text{ years}$  ß Participant would need to have accrued >48.75 years to violate VRS compliance test

*Board requested to be provided a copy of the letter and demonstration calculations*

- b. National Security Retirement Week – October 15-21, 2017. Retirement staff to offer educational outreach sessions each day of the week.

*Board requested that event details be provided to them*

**U. Adjournment**

**Next Meeting: November 1, 2017**

**Anticipated Quorum: Yes**

**Scheduled Guest Speaker(s):**