

Minutes of the Regular Monthly Meeting

Board of Trustees

Employees' Retirement System

November 1, 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 sixth floor conference room in the City of Norfolk, Virginia. The meeting began at 12:00 p.m. on November 1, 2017, with 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
Arthur M. Eason, III
Eric G. Tucker
Nicholas E. Nelson
Michael Goldsmith
Christine Garczynski

Absent

Rev. Kenneth W. Crowder

Andy Fox, Assistant Director of Human Resources, 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 October 4, 2017, were approved.

New Business

A. Applications for Vested Service Retirement:

Deneise M. Foulks, Active No. 27945, November 1, 2017, with no refund due.

[Public Health]

Willie L. Kelley, Active No. 30652, September 1, 2017, with no refund due.

[Public Works]

Kenneth Staten, Active No. 28990, February 1, 2017, with no refund due.

[Public Works]

B. Applications for Early Service Retirement:

Kevin A. Girard, Active No. 33604, January 1, 2018, with no refund due. (Reduced Early Service)

[NCSB]

Michael L. Talley, Active No. 27188, December 1, 2017, with no refund due. (Reduced Early Service)

[Fire-Rescue Services]

C. Applications for Normal Service Retirement:

Thomas L. Clark, Active No. 23731, December 1, 2017, with no refund due.
[Public Works]

Sandra J. Hemingway, Active No. 27571, December 1, 2017, with no refund due.
[Communications]

Linda A. Hopkins, Active No. 24661, January 1, 2018, with no refund due.
[Utilities]

Robert B. Longshore, Active No. 28867, January 1, 2018, with no refund due.
[Human Services]

Robert D. Meadows, Active No. 26125, January 1, 2018, with no refund due.
[Public Works]

William P. Moran, Active No. 30486, December 1, 2017, with no refund due.
[City Assessor]

Albert Perry, Jr., Active No. 24725, December 1, 2017, no refund due.
[Recreation, Parks and Open Space]

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

James R. Crist, Active No. 27898, December 1, 2017, with no refund due.
[Police]

Stanford E. Mosley, Active No. 26598. December 1, 2017, with no refund due.
[Fire-Rescue Services]

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

John J. Rawlings, Jr., Ret. No. 07131R, December 1, 2017, with DROP account balance due.
[Fire-Rescue Services]

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

N/A

G. Ordinary Death of Employee:

N/A

H. Death of Retired Members:

Edgar Croft, Ret. No. 02464R, death occurred on October 11, 2017. Surviving spouse death benefit election pending.

Claire C. Hunt, Ret. No. 03694R, death occurred on September 15, 2017. No death benefit due to no surviving spouse.

Foreman E. Simmons, Ret. No. 06955R, death occurred on October 5, 2017. Surviving spouse death benefit election pending.

William D. Sluss, Ret. No. 07348R, death occurred October 20, 2017. Surviving spouse elected monthly benefit in the amount of \$1,403.62.

Charles F. Squires, Ret. No. 05756R, death occurred October 2, 2017. Surviving spouse elected monthly benefit in the amount of \$1,686.90.

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

William M. Harrell, Ret. No. 03365R, death occurred on August 24, 2017, reported on October 4, 2017 docket. Spouse elected monthly benefit in the amount of \$1,419.60.

Melvin O. Hutt, Ret. No. 03097R, death occurred on February 4, 2017, reported on June 7, 2017 docket. Spouse elected lump sum payment in the amount of \$9,580.17.

Shirley C. Little, Ret. No. 04428R, death occurred on February 28, 2017, reported on June 7, 2017 docket. Spouse election of lump sum payment in the amount of \$14,784.03.

Ralph J. Mears, Ret. No. 03261R, death occurred on September 28, 2017, reported on October 4, 2017 docket. Spouse election of monthly benefit in the amount of \$1,146.67.

Richard F. Miller, Ret. No. 04134R, death occurred on September 27, 2017, reported on October 4, 2017 docket. Spouse election of monthly benefit in the amount of \$1,877.68.

Naomi M. Yapo, Ret. No. 04839R, death occurred on September 4, 2017, reported on October 4, 2017 docket. Spouse elected monthly payment in the amount of \$234.67.

*The Board approved **Item H** – Death of Retired Members and **Item I** – Death of Retired Member (Previously Approved) Beneficiary Benefit Elected.*

J. Death of Member Eligible for Vested Retirement Benefit:

N/A

K. Death of Spouses:

N/A

L. Retirement Rescissions:

N/A

M. Previous Docket Amendments and Corrections:

Normal Service Retirement (NSR) was reported and approved on September 6, 2017, docket for Willie L. Kelley, Active No. 30652, October 1, 2017, with no refund due. **[Public Works]**. Member was ineligible to apply for NSR. Member had resigned from City employment and was an inactive member prior to application. Member subsequently applied for Vested Service Retirement.

*The Board approved **Item M** – Previous Docket Amendments and Corrections.*

N. The Board approved withdrawal of the following contributing members with \$66,637.55 of contributions due:

Member Name	Active Number
BELLAMY, YOVONDA	36142
BENJAMIN, LEAH	34640
BORBA, MICHAEL S.	35771
BRIGHT-PROSPER, TRINITTA Y.	35373
CASTELLOW, MICHAEL C.	36180
GEORGE, FRANK R.	34946
GRAY, RASHAN A.	35551
IULE, MELINDA R.	34409
MABIE, ROBIN	36036
MCCANNON, HEATHER R.	35397
MELLENDEZ, REBECCA M.	35980
MELVILLE, APRIL N.	35614
OLDS, ANTHONY T.	36024
VECERE, KATHERINE M.	35633
BARNETTE JR., JEFFREY J.	35732
BROWN, TANYA G.	34281
CAMPBELL, DEBORAH S.	35486
CARROLL JR., SIDNEY L.	32330
CLURE, CYNTHIA E.	35603
GIDDINGS, RYAN A.	36020
GREER, DONNA S.	34633
HARPER, COREY T.	35004
JONES, MALCOLM E.	35717
MOORE, ERIC L.	36179
PRICE, ELIZABETH L.	35829
REED, JOHN M.	35780
WOOLARD, JR., MELVIN E.	35134


Total - 27

O. Obligations Reported for Payment:

Norfolk Employees' Retirement System

OBLIGATIONS REPORTED FOR PAYMENT

November 1, 2017



State Street Corporation (1)	\$ 8,360.70
Cheiron (2)	12,506.61
Gourmet Gang (3)	123.49
Summit Strategies, Inc. (4)	32,514.66
Retirement Payroll (Payroll for Oct 2017)	<u>7,022,326.41</u>
Total	<u>\$ 7,075,831.87</u>

(1) Custodial Services for November (estimated)

(2) Retainer & Non retainer fees for August & September

(3) Lunch served for Board Meeting -October

(4) Summit Strategies Inc. - consulting services for Oct. & Nov. (4th Quarter)
(2 months allocation for the 4th Qtr of 2017)

P. 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</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>

 *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.*

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

- a. Administration and Planning – No meeting
 - i. Banking RFP 2 final candidates identified.
 - ii. Administration Committee to present final candidate recommendation to the Board of Trustees for consideration.

- b. Investment Management
 - i. Monthly Flash/Capital Markets.
 - As of September 30, 2017, asset market values of the Fund were \$1.07 billion; 83% of market value against 2016 liability and 80% or greater anticipated against 2017 liability.
 - ii. Asset allocation review and consideration provided by Summit (September 2017 – Present).
 - Analysis of 2 classes for increase of expected returns, but the risk and complexity were too great.
 - a. Private Equity
 - b. Non-Core Real Estate
 - iii. Assets Rebalancing.

Investment committee recommended asset rebalancing.

- a. Equities – over target allocation
- b. Fixed Income – under target allocation
- c. MLPs – under target allocation
- d. Real Estate – under target allocation

The Board approved the Investment Committee's recommendation to rebalance assets in accordance with the Board approved Investment policy thresholds.

R. Other / Old Business:

Consultant RFP to be presented to the Board this winter. Consultant RFP draft to be emailed early December 2017 to Investment Committee for RFP discussion and possible Investment Committee meeting.

Custodian (State Street) last signed agreement is dated 1994 per M. Nexsen. The agreement had a draft revision in 1997; however the revised agreement was not completed nor signed. There has been pricing addendums, but the full service agreement has not be renewed. Review of the Custodian RFP to be scheduled.

Update of the terms of the official repayment policy as previously discussed at the October 4, 2017, Board meeting:

1. Ensure that the repayment plan is manageable;
2. Consideration of the types of repayment scenarios and
3. Equitable repayment terms.

A private entity is requesting CUSIP level positions of the NERS' portfolio as part of a Freedom of Information Act (FOIA) request. G. Gresalfi identified a concern regarding requests for investment information. Specifically, does this type of information provide any unfair advantages to the private investor that is requesting the information? NERS must respond to the request; however, G. Gresalfi requested the Board's permission to obtain Summit's assistance regarding the identification of non-publicly traded investments prior to forwarding the information to the City of Norfolk's legal department in order to fulfill the FOIA request.

The Board granted the request for NERS to obtain the assistance of Summit regarding the FOIA request of CUSIP level positions of the NERS' portfolio.

S. Adjournment:

Next Meeting: December 6, 2017

Anticipated Quorum: Yes

Scheduled Guest Speaker(s): KPMG (dependent upon the status of the FY 2017 audit)