

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

February 14, 2018

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 February 14, 2018, with Christopher R. Neikirk presiding. The following was the result of the roll call:

Attending the Meeting

Christopher R. Neikirk
Yvonne T. Allmond
Arthur M. Eason, III
Eric G. Tucker
Catheryn Whitesell
Shenette Felton

Absent

Stephanie A. Calliott
Lawrence A. Bernert, III
Rev. Kenneth W. Crowder
Nicholas E. Nelson

Gina Hemperley, Human Resources Benefit Coordinator, Galen Gresalfi, Executive Director, Mary L.G. Nexsen, Deputy City Attorney, Heather Mullen, Deputy City Attorney, Penny DeLosh, Programs Manager and Tom Luckman, NERS retiree.

The minutes for the meeting held on January 10, 2018, were approved.

Ms. Fiona Liston, Cheiron actuary presented the results of the 2017 Actuarial Valuation Report via conference call.

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 2017 Experience Study results
 - Change in recognition of receivable employer contribution (\$33.5 million not recognized)
 - Amortization of unfunded liability (accounting for portion of the City's contribution)

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, 2017 was \$1,335.8 million. The Actuarial Value of Assets at June 30, 2017, was \$1,043.6 million, leaving an Unfunded Actuarial Liability at June 30, 2017, of \$292.2 million. The System was 78% 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, 2018 (paid in FY 2019). The changes in assets/liabilities and the calculated contribution rate are illustrated in the charts below:

2017 Valuation Results
Asset/Liability Changes
 (\$ in millions)

	Liabilities	Assets	UAL	% Funded
Actual at 6/30/2016	\$ 1,254.4	\$ 1,048.3	\$ 206.1	83.6%
Expected Changes	29.5*	(4.9)**	34.4	
\$839 One-Time Supp***	0.6	0.0	0.6	
Assumption Changes	53.9	0.0	53.9	
Expected at 6/30/2017	\$ 1,338.4	\$ 1,043.4	\$ 295.0	78.0%
Actual at 6/30/2017	\$ 1,335.8	\$ 1,043.6	\$ 292.2	78.1%
(Gain) / Loss	\$ (2.6)	\$ (0.2)	\$ (2.8)	

* Liability change includes Normal Cost, Benefits & Interest

** Asset change includes Contributions, Benefits & Interest

*** One-time \$839 supplement paid to 703 eligible in-pay participants on July 1, 2017. City contributions to offset was not made by valuation date.

Calculated Contribution Rate

	June 30, 2016	June 30, 2017
Normal Cost	8.96%	8.62%
UAL	<u>9.57%</u>	<u>10.36%</u>
Calculated Rate	18.53%	18.98%

Sources of Change

Due to investment (gain)/loss on AVA basis	(0.01%)
Due to liability (gain)/loss	(0.10%)
Assumption changes	1.33%
Change in funding policy	(0.98%)
Other miscellaneous experience	<u>0.01%</u>
Total	0.45%

New Business

A. Applications for Vested Service Retirement:

Deborah G. Whitley, Active No. 26220, December 1, 2017, with no refund due.

B. Applications for Early Service Retirement:

Randolph E. Brann, Active No. 32153, April 1, 2018, with no refund due. (Reduced Early Service)
[Utilities]

C. Applications for Normal Service Retirement:

Alexander Bethea, Active No. 23666, April 1, 2018, with no refund due.
[Utilities]

Anthony R. Daniels, Active No. 28333, April 1, 2018, with no refund due.
[Utilities]

Linda C. Davis, Active No. 23800, March 1, 2018, with no refund due.
[Parking]

John S. Elliker Jr., Active No. 31488, April 1, 2018, with no refund due.
[Maritime Center]

James P. Frey, Active No. 24811, March 1, 2018, with no refund due.
[Recreation, Parks and Open Spaces]

Frank E. Girucky, Active No. 29805, April 1, 2018, with no refund due.
[Cemetery]

Thomas Infantino, Active No. 26903, May 1, 2018, with no refund due.
[Police]

Michael L. Ivy, Active No. 24853, April 1, 2018, with no refund due.
[Recreation, Parks and Open Spaces]

Marquette M. Kelling, Active No. 28644, April 1, 2018, with no refund due.
[Public Works]

Joan I. Unruh, Active No. 29141, April 1, 2018, with no refund due.
[Recreation, Parks and Open Spaces]

Theodore White Jr., Active No. 19635, April 1, 2018, with no refund due.
[Parking]

Jin Yang, Active No. 29809, March 1, 2018, with no refund due.
[Information Technology]

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

Emmanuel Morris, Active No. 26684, April 1, 2018, with no refund due.
[Police]

Samuel E. Nellum, Active No. 26426, April 1, 2018, with no refund due.
[Police]

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 Option Program (DROP).

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

N/A

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

Paul Wotring, Active No. 27817, March 1, 2018, accidental disability retirement application.
[Fire-Rescue Services]

The Board approved Item F – Medical Board Review of Application for Disability Retirement Benefits for accidental disability retirement for Paul Wotring with an annual reexamination.

Keith Cole, Ret. No. 06942R, April 1, 2014, medical board reexamination of accidental disability retirement.

The Board approved Item F – Medical Board Review of Disability Retirement Reexamination for continued accidental disability retirement benefits for Keith Cole with an annual reexamination.

Stephen N. Gannaway, Ret. No. 07299R, March 1, 2016, medical board reexamination of accidental disability retirement.

*The Board approved **Item F – Medical Board Review of Disability Retirement Reexamination** for continued accidental disability retirement benefits for Stephen N. Gannaway with no annual reexamination.*

Clifton Russell, Ret. No. 07173R, July 1, 2015, medical board reexamination of ordinary disability retirement.

*The Board approved **Item F – Medical Board Review of Disability Retirement Reexamination** for continued ordinary disability retirement benefits for Clifton Russell with an annual reexamination.*

Nathaniel Wynn, Ret. No. 06743R, June 1, 2013, medical board reexamination of accidental disability retirement.

*The Board approved **Item F – Medical Board Review of Disability Retirement Reexamination** for continued accidental disability retirement benefits for Nathaniel Wynn with no annual reexamination.*

G. Ordinary Death of Employee:

Cari L. Hick, Active No. 29608, death occurred November 7, 2017. Ordinary death benefit payable to designated beneficiary on file.

[Information Technology]

Floria S. Lassiter, Active No. 22653, death occurred January 10, 2018. Ordinary death benefit payable to the estate.

[Public Works]

H. Death of Retired Members:

Samuel L. Cox, Ret. No. 03652R, death occurred January 1, 2016. Surviving spouse elected monthly death benefit.

Darrell R. Dorman, Ret. No. 03396R, death occurred on January 8, 2018. Surviving spouse elected monthly death benefit.

Leonard A. Gaines, Ret. No. 04503R, death occurred January 28, 2018. Surviving spouse death benefit pending.

Clifton Hathaway, Ret. No. 03796R, death occurred on December 31, 2017. Surviving spouse death benefit pending.

Gerald S. Hoggard, Ret. No. 04316R, death occurred January 25, 2018. Surviving spouse elected monthly death benefit.

Eric D. Hutton, Ret. No. 05822R, death occurred January 1, 2018. Surviving spouse one-time lump sum benefit and Option A death benefit payable.

Dollye M. McMillian, Ret. No. 06052R, death occurred January 15, 2018. Surviving spouse death benefit pending.

Timothy McNair, Ret. No. 05967R, death occurred January 26, 2018. Surviving spouse death benefit pending.

Marsha Parrish, Ret. No. 06548R, death occurred on December 29, 2017. Surviving spouse death benefit pending.

Sara Selby, Ret. No. 04318R, death occurred on November 14, 2017. Surviving spouse to be identified.

Mildred L. Shiflet, Ret. No. 02664R, death occurred January 26, 2018. Surviving spouse death benefit pending.

Gellespie Spencer, Ret. No. 03428R, death occurred October 13, 2017. Surviving spouse death benefit pending.

Larry Smith, Ret. No. 04882R, death occurred February 5, 2018. No surviving spouse death benefit payable.

Ray S. Yetzina, Ret. No. 01938R, death occurred on January 11, 2018. Surviving spouse death benefit pending.

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

Jon J. Doudera, Ret. No. 06879R, death occurred on December 11, 2017, reported on January 10, 2018 docket. Surviving spouse monthly benefit elected.

J. Death of Member eligible for Vested Retirement Benefit:

N/A

K. Death of Spouses / Beneficiaries:

Mary Andrews, Spouse No. 00796N, death occurred January 5, 2018. No death benefit payable.

Mildred A. Davis, Spouse No. 00461N, death occurred January 8, 2018. No death benefit payable.

Mevelyn Ginn, Spouse No. 00161N, death occurred January 31, 2018. No death benefit payable.

Lois Norman, Spouse No. 01005N, death occurred October 25, 2017. No death benefit payable.

Clara B. Thompson, Spouse No. 00115N, death occurred January 10, 2018. No death benefit payable.

Darline V. Wilson, Spouse No. 00699N, death occurred January 6, 2018. No death benefit payable.

The Board approved Item G – Ordinary Death of Employee; Item H – Death of Retired Members; Item I – Death of Retired Member (Previously Approved) Beneficiary Benefit Elected and Item K – Death of Spouses Beneficiaries.

L. Retirement Rescissions:

N/A

M. Previous Docket Amendments and Corrections:

Floria Lassiter, Active No. 22653, normal service retirement effective February 1, 2018, with no refund due, was approved on the January 10, 2018 docket. Member passed away (January 10, 2018) prior to her approved normal service retirement effective February 1, 2018, and is reflected as an Ordinary Death of Employee.

[Public Works]

N. Report on Member Separations:

The Board approved withdrawal of the following contributing members with \$58,708.40 of contributions due:

Member Name	Active Number
Bean-Iansman, Samantha A.	36040
Dunn, Jeff W.	36360
Graves, John W.	35448
Johnson, Kylene L.	36404
Karp, Roy M.	36202
Lindsey, Aireon	36458
Madaloni, Kyle M.	35561
Maurer, Griffin E.	35674
Miura, Kaitlyn E.	34512
Montgomery, Jonathan S.	34989
Ortiz, Trandon A.	35755
Smith, Frederick D.	35308
Wise, Margaret L.	34792
Charles, Candy T.	35543
Banks, Tyree D.	35432
Corprew, Chantell M.	36329
Duck, Tiffany A.	36136
Hall, April A.	35622
Moore, Jimmie L.	35676
Romney, Brendan I.K.	35562
Boardwine, Jasmine L.	36118
Butler 3rd, Lambert P.	35772
Crittenden, Denise B.	35429
Green, Michael S.	36375

Total - 24

O. Obligations Reported for Payment:

Norfolk Employees' Retirement System

OBLIGATIONS REPORTED FOR PAYMENT

February 14, 2018

State Street Corporation (1)	\$ 8,554.88
Cheiron (2)	10,335.86
Gourmet Gang (3)	112.99
Summit Strategies, Inc. (4)	16,257.33
Nowcare Physicians (5)	300.00
Retirement Payroll (Payroll for Jan. 2018) (6)	<u>7,201,447.82</u>
 Total	 <u>\$ 7,237,008.88</u>

- (1) Custodial Services for February (Estimated) --\$8,554.88
- (2) Retainer/Non-Retainer fees for December (Chk 1241) -- \$5,873.90
 - February - (Estimated) \$4,461.96
- (3) Lunch served for Board Meeting -January (Chk. 1238) --\$112.99
- (4) Consulting services - February 2018 (Estimated)
- (5) Nowcare Physicians - (Chk. 1240) --\$300.00
- (6) Payroll for January 2018

Disability Reexaminations Status:

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

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

- a. Administration and Planning – No meeting held.
- b. Investment Management
 - i. Summit Strategies 2017 Outlook Report (Trevor)
 1. Calendar year return - 15.1%
 2. Assets value - \$1.1 billion
 3. 3-year return – 7.1%
 4. 5-year return – 8.7%
 5. Fixed income assets exceeded benchmark
 - ii. Monthly Flash/Capital Markets
 1. As of January 31, 2018, asset market values were \$1.13 billion.
 - iii. Next Anticipated Investment Committee – to be determined

Q. Other / Old Business:

- a. With a quorum established, a motion was made, seconded and approved that the Board assemble in an executive session pursuant to Virginia Code Section 2.2-3711A(7) for the discussion of personnel/legal matter, specifically:

Consultation with legal counsel employed or retained by the public body regarding specific legal matters requiring the provision of legal advice by such counsel.

At the conclusion of the closed session, the Board adopted the following Resolution:

A RESOLUTION CERTIFYING A CLOSED MEETING OF THE BOARD OF TRUSTEES OF THE NORFOLK EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT.

WHEREAS, the Board of trustees of the Norfolk Employees' Retirement System convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act for the consideration, advice and discussion of a legal matter pursuant to Virginia code Section 2.2-3711A(7); and

WHEREAS, Virginia Code Section 2.2-3712 requires a certification of this Board of Trustees that such closed meeting was conducted in conformity with Virginia law; now, therefore,

BE IT RESOLVED by the Board of Trustees of the Norfolk Employees' Retirement System:

Section 1:- That the Board of Trustees 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 of Trustees.

Section 2:- That this Resolution shall be in effect from and after its adoption.

After the Board reconvened in open session, Mr. Neikirk put to a motion which was seconded by Mr. Eric Tucker and the Board approved, the following interpretation of City Code Sec. 37-103.1(b):

Each member shall contribute 5% of his earnable compensation for each pay period during which he receives compensation, until the member has made such contributions for the maximum number of years of the member's creditable service.

- b. Actuarial Rates Certified: FY 2018 contribution rates for general employees is 13.13%; firefighters and police 30.01% and the combined contribution rate is 18.98%.

The Board approved certification of the FY 2019 Actuarially Determined Contribution rates.

- c. Joint meeting with council for actuarial valuation to be presented to City Council anticipated March 13, 2018 (time to be determined).
- d. Request for approval of payment/funding for the following invoices and/or projects:
 - i. Annual membership of government accountants - \$140.00
 - ii. Records retention – additional scanning services required - \$10,000.00

The Board approved the payment/funding for the annual membership of government accountants and records retention scanning services project.

R. Adjournment:

Next Meeting: March 7, 2018

Anticipated Quorum: Yes

Scheduled Guest Speaker(s):