

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

**April 4, 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 April 4, 2018, with Stephanie 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  
Catheryn Whitesell  
Christine Garczynski  
Nicholas E. Nelson  
Eric G. Tucker

Absent

Kenneth W. Crowder

Andy Fox, Human Resources Assistant Director, Galen Gresalfi, Executive Director, Jack Cloud, Deputy City Attorney, Heather Mullen, Deputy City Attorney, Alex Pincus, Assistant City Attorney, Penny DeLosh, Programs Manager, Jane Bethel, retiree, Timothy Mullen, inactive employee, and T. Wilkerson (T. Mullen's daughter) attended the meeting.

The minutes for the meeting held on March 7, 2018, were approved.

**New Business**

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

Michelle D. Lee, Active No. 27557, January 1, 2016, with no refund due.

Robert Skaggs, Active No. 24525, April 1, 2018, with no refund due.

Priscilla L. Wiggins, Active No. 26212, April 1, 2018, with no refund due.

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

N/A

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

Timothy E. Banks, Active No. 26780, May 1, 2018, with no refund due.

**[Public Works]**

David L. Johnson, Active No. 30908, May 1, 2018, with no refund due.  
**[Executive]**

Karen L. Olige, Active No. 26822, May 1, 2018, with no refund due.  
**[Human Services]**

Valarie J. Skinner, Active No. 22718, May 1, 2018, with no refund due.  
**[Human Resources]**

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

Jerome E. Harris, Active No. 27772, May 1, 2018, with no refund due.  
**[Fire]**

*The Board approved **Item A** – Applications for Vested 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):**

Benjamin Serrano, Jr., Ret. No. 07222R, May 1, 2018. DROP account balance due.  
**[Police]**

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

N/A

**G. Ordinary Death of Employee:**

N/A

**H. Death of Retired Members:**

Bobby Fraley, Ret. No. 04004R, death occurred March 6, 2018. Surviving spouse death benefit pending.

John W. King, Ret. No. 02676R, death occurred March 31, 2018. Surviving spouse death benefit pending.

Dolores M. Monaco, Ret. No. 05161R, death occurred March 13, 2018. No death benefit payable.

Maezine B. Nixon, Ret. No. 03978R, death occurred March 6, 2018. No death benefit payable.

Alton O. Salmon Jr., Ret. No. 04479R, death occurred March 20, 2018. Surviving spouse death benefit pending.

Catharine S. Umbarger, Ret. No. 03510R, death occurred March 4, 2018. No death benefit payable.

Phyllis White, Ret. No. 07186R, death occurred March 15, 2018. Surviving spouse death benefit pending.

Melanie V. Wyche, Ret. No. 06100R, death occurred December 4, 2017. No death benefit payable.

**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:**

Virginia T. Ledbetter, Spouse No. 00393N, death occurred March 12, 2018. No death benefit payable.

Evelyn Lowell, Spouse No. 00652N, death occurred March 25, 2018. No death benefit payable.

**L. Retirement Rescissions**

N/A

**M. Previous Docket Amendments and Corrections**

N/A

**N. Report on Member Separations:**

**The Board approved withdrawal of the following contributing members with \$71,218.10 of contributions due:**

<b>Member Name</b>	<b>Active Number</b>
Appiah, Derrick K.	36420
Bagley, Dennis L.	35317
Baker, Jason R.	36352
Blanchard, Chavis R.	36356
Cole, Haylie M.	35737
Dale, Syiisha D.	34477
Duarte, Raul C.	35392
Finch, Katherine E.	35961
Hines, Gregory A.	35669
Murphy, Tiairra S.	36227
Walker, Daniel J.	35203
Christensen Jr., Jordan	36456
Derouen, Adrienne A.	36466
Durant, Martha E.P.	35773
Elliott, Jerard L.	36467
Flora, Kathlyn W.	36173
Kelley, Portia	36364
Lawrence, Clyde L.	36299
Lazarz, Michael P.	35187
Lowe, Eloise R.	35493
Mangum Jr., Walter R.	36184
Misuna, Robert J.	36285
Okoli, Gladys	35079
Oskarsson, Katerina	35209
Rosario, Tatiana	35937
Spalin, Nicole K.	35379

**Total - 26**

**O. Obligations Reported for Payment:  
Norfolk Employees' Retirement System**

**OBLIGATIONS REPORTED FOR PAYMENT**

April 4, 2018

State Street Corporation (1)	\$ 11,688.90
Cheiron (2)	8,543.93
VRS Portability (3)	45,458.72
Summit Strategies, Inc. (4)	17,601.34
Tortoise Capital Advisors (5)	72,155.00
Harvest Fund Advisors, LLC (6)	68,103.93
PIMCO (7)	103,392.13
Nowcare Physicians (8)	300.00
Retirement Payroll (9)	<u>7,032,940.32</u>
 Total	 <u><u>\$ 7,360,184.27</u></u>

- (1) Custodial Services - April (Estimated) \$9,631.57 - \$2,057.33 difference between estimated and actual expense for Dec 2017 and Jan 2018 is included. Chks. 1254 and 1255 for a total of \$19,167.09 were issued in March for Dec 17 and Jan 18.
- (2) Consulting services - April 2018 (Estimated) \$4,595.82 - \$3,948.11 difference between estimated and actual expense for Feb 2018 is included. Chk. 1256 for a total of \$8,410.07 was issued in March for Feb 18, \$4,595.82 retainer and \$3,814.25 in non-retainer services.
- (3) Portability of service to VRS for E. Bertram (Chk. 1252). Membership in NERS terminated.
- (4) Consulting services -April 2018 (Estimated) \$16,593.34 - \$1,008 difference between estimated and actual expense for Jan 2018 through March 2018 is included. Chk. 1253 for a total of \$49,780 was issued in March for Q1 2018.
- (5) Manager Fees - Oct 17 through Dec 17 - Paid by wire from SSB Feb 2018
- (6) Manager Fees - Oct 17 through Dec 17 - Paid by wire from SSB Feb 2018
- (7) Manager Fees - Oct 17 through Dec 17 - Paid by wire from SSB April 2018
- (8) Nowcare Physicians - (Chk. 1257)
- (9) Payroll for March 2018

**P. Disability Reexaminations Status:**

	<b>NAME</b>	<b>TYPE</b>	<b>STATUS</b>	
1	Allison, Curtis L.	Accidental	Medical Board	1/3/2018
2	Brown, Sherrod M. Sr.	Ordinary	Awaiting medical records	1/24/2018
3	Cole, Keith J.	Accidental	Annual Reexam 2019	2/1/2019
4	Cratt, David	Ordinary	Medical Board	1/24/2018
5	Doke, Annie	Ordinary	Medical Board	12/14/2017
6	Fancher, Courtney D.	Accidental	Awaiting medical records	1/24/2018
7	Gannaway, Stephen M.	Accidental	No Further Reexam	2/14/2018
8	Lambson, Leland	Ordinary	Annual Reexam 2019	3/1/2019
9	Pratt, Dawn M.	Accidental	Awaiting medical records	1/9/2018
10	Robertson, Denise L.	Accidental	No Further Reexam	1/10/2018
11	Robertson, Neal A.	Accidental	Awaiting medical	1/23/2018
12	Russell, Clifton D.	Ordinary	Annual Reexam 2019	2/1/2019
13	Sydow, Nathan V.	Ordinary	No Further Reexam	3/7/2018
14	Tew, Gerald R.	Ordinary	Awaiting medical records	1/30/2018
15	Wethington, Mark A.	Accidental	Medical Board	12/14/2017
16	Wynn, Nathaniel	Accidental	No Further Reexam	2/14/2018

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

- a. Administration and Planning – No meeting held.
- b. Investment Management
  - i. Monthly Flash/Capital Markets.
    1. As of February 28, 2018, asset market values were \$1.09 billion compared to liabilities at \$1.34 billion resulting in an 81% funding level.
    2. Investments are within targeted thresholds.
  - ii. Consultant RFP process to be suspended for approximately 4 months based upon possible changes to NERS associated with proposed budget described later in the minutes.
  - iii. Next Anticipated Investment Committee – May 2, 2018 at 11:30.

**R. Other / Old Business:**

- a. Jane Bethel, acting on behalf of Timothy Mullen, and Timothy Mullen requested to have Mr. Mullen’s Early Service Retirement application reinstated and approved effective November 2015 and refuted the retirement office’s records which indicate a call was received September 28, 2015, from Mr. Mullen, requesting that his application be rescinded. Mr. Mullen stated that he did not make the call to rescind his retirement application. Mr. Mullen was terminated December 2015. Mr. Mullen provided copies of his phone records.
- b. 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, a motion was made, seconded and the Board approved to return to an open meeting.

c. City of Norfolk FY2019 Proposed Budget

Ms. Whitesell presented the retirement related items included in the FY 2019 Proposed Budget and indicated City leadership's efforts to secure the long-term stability of the retirement fund.

- i. Recommended changes applicable to newly hired employees and non-vested employees are in line with Virginia Retirement System (VRS) hybrid plan:
  1. Normal Service Retirement Age (service years and age must equal 90 years)
  2. Average Final Compensation Calculation to consist of 60 consecutive months' salary.
- ii. Automatic 1% salary enrollment in the ICMA 457 plan:
  1. New hires
  2. Current employees - January 2019
  3. Opt out of enrollment possible
- iii. Employer contributions to be paid upfront, July 1, as opposed to the current method of 12 installments over the year.
- iv. 2 percent ad-hoc but ongoing supplement on the first \$36,000.00 of benefits for retirees and beneficiaries who began collecting benefits before July 1, 2014 (approximately \$900,000 cost over a 20 year return period). This will impact roughly 80% of those receiving benefits.
- v. Long-term considerations.

1. Explore plan options including converting the plan to VRS (possible defined contribution and or defined benefit plans).
  2. Deferred Retirement Option Program to include public safety and general employees.
  3. Enrolling public safety employees into social security.
  4. Increasing System funding threshold above 80% as recommended by the System's actuary.
- d. Tom Luckman's (retiree) email regarding the March joint meeting with City Council was read to the Board in its entirety.

**S. Adjournment:**

**Next Meeting: May 2, 2018**

**Anticipated Quorum: Yes**

**Scheduled Guest Speaker(s):**