



RETIREMENT BOARD OF TRUSTEES

MEETING MINUTES



Phone: (757) 664-4738 Email: retirement@norfolk.gov Website: www.norfolk.gov/retirement Form No: 7505

I. COMMENCEMENT

1. Chairperson call meeting to order.

Meeting Date 2/6/2019	Start Time 12:00 PM	End Time	Meeting Type Regular Session
Meeting Location			
City Hall Building, Sixth Floor Conference Room 810 Union Street, Norfolk, Virginia			

2. Roll call.

	Present
Stephanie A. Calliott	<input checked="" type="checkbox"/>
Christopher R. Neikirk	<input checked="" type="checkbox"/>
Yvonne T. Allmond	<input checked="" type="checkbox"/>
Lawrence A. Bernert, III	<input checked="" type="checkbox"/>
Rev. Kenneth W. Crowder	<input type="checkbox"/>
Arthur M. Eason, III	<input checked="" type="checkbox"/>
Catheryn Whitesell	<input checked="" type="checkbox"/>
Christine Garczynski	<input checked="" type="checkbox"/>
Nicholas E. Nelson	<input checked="" type="checkbox"/>
Daryl Howard	<input checked="" type="checkbox"/>
Eric G. Tucker	<input checked="" type="checkbox"/>

Additional Attendees

Penny DeLosh Executive Director	Heather Mullen City Attorney	Michelle Foy Asst. City Attorney III
Paris Clark NERS Customer Srv. Rep	Marva Smith HR Director	Cheiron via teleconference

3. Approval of minutes of monthly meeting held:

January 9, 2019

APPROVED

II. NEW BUSINESS

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 6, 2019, with Stephanie Calliott presiding.

The minutes for the meeting held on January 9, 2019 were approved.

Mr. Kevin Woodrich, Cheiron actuary presented the results of the 2018 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
- Change to both retirement eligibility and definition of Average Final compensation for participants hired after June 30, 2018 (this will be first reflected with June 30, 2019 valuation)
- Effective July 1, 2018, 2% ad-hoc supplement on annual benefits up to \$36,000 to participants who started receiving benefits prior to July 1, 2014
- City to make entire contribution on first day of fiscal year following year in which contribution is booked in lieu of monthly contributions (previously these were booked as a receivable)

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, 2018 was \$1,377.9 million. The Actuarial Value of Assets at June 30, 2018, was \$1,074.9 million, leaving an Unfunded Actuarial Liability at June 30, 2018, of \$303.0 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, 2019 (paid in FY 2020). The changes in assets/liabilities and the calculated contribution rate are illustrated in the charts below:

2018 Valuation Results
Asset/Liability Changes
 (\$ in millions)

	Liabilities	Assets	UAL	% Funded
Actual at 6/30/2017	\$ 1,335.8	\$ 1,043.6	\$ 292.2	78.1%
Expected Changes	31.9*	31.1**	0.8	
2% Increase COLA ***	11.8	0.0	11.8	
Assumption Changes	0.0	0.0	0.0	
Expected at 6/30/2018	\$ 1,379.5	\$ 1,074.7	\$ 304.8	77.9%
Actual at 6/30/2018	\$ 1,377.9	\$ 1,074.9	\$ 303.0	78.0%
(Gain) / Loss	\$ (1.6)	\$ (0.2)	\$ (1.8)	

* Liability change includes Normal Cost, Benefits & Interest

** Asset change includes Contributions, Benefits & Interest

*** Effective July 1, 2018, 2% ad-hoc supplement on annual benefits up to \$36,000 for participants who started receiving benefits prior to July 1, 2014.

Calculated Contribution

	June 30, 2017	June 30, 2018
Normal Cost Rate	8.62%	8.65%
UAL Amortization Rate	10.36%	10.85%
Total Contribution Rate	18.98%	19.50%

A. <u>Service Retirement Applications</u>	APPROVED
The Retirement Office requests Board-approval of each service retirement application listed on EXHIBIT 1 (if any).	
Total: 16	
B. <u>Disability Retirement Applications</u>	N/A
The Retirement Office requests Board-approval of each Medical Board-reviewed disability retirement application listed on EXHIBIT 2 (if any).	
Total: 1	
C. <u>Disability Reexamination Determinations</u>	APPROVED
The Retirement Office requests Board-approval of each Medical Board-reviewed disability retirement reexamination listed on EXHIBIT 3 (if any).	
Total: 0	
D. <u>Death Benefit Claims</u>	APPROVED
The Retirement Office requests Board-approval of each payable death benefit claim listed on EXHIBIT 4 (if any).	
Total: 5	

III. REPORTING

A. <u>Member Separation Report</u>	
The Retirement Office is processing each nonvested member separation listed on EXHIBIT 5 (if any). This will require refunding mandatory contributions.	
Total: 8	
Value: \$35,321.17	
B. <u>DROP Exit Report</u>	
The Retirement Office is processing each DROP Participant separation listed on EXHIBIT 6 (if any).	
Total: 4	
C. <u>Report of Deaths</u>	
The Retirement Office is processing each member or beneficiary death listed on EXHIBIT 7 (if any).	
Total: 9	
D. <u>Retirement Rescissions</u>	
The Retirement Office is processing each member or beneficiary death listed on EXHIBIT 8 (if any).	
Total: 0	
E. <u>Previous Docket Amendments and Corrections</u>	
N/A.	
F. <u>Obligations Reported for Payment</u>	
Refer to EXHIBIT 9.	

G. Disability Reexaminations Status Report

The Retirement Office is processing each disability retirement reexamination listed on EXHIBIT 10 (if any).

Total: 19

H. Committee Reports: Administration and Planning & Investment Management**1. Administration and Planning – No meeting held.**

- a) Committee Membership
 - (1) Christine Garczynski (Chair)
 - (2) Yvonne Allmond
 - (3) Eric Tucker
- b) Proposal to City Council that the ADC, actuarially determined contribution, will not be decreased from the previous year until NERS is fully funded
- c) 2018 Annual Benefit Statements and “Know 2 Ask” series was distributed to all active NERS members
- d) “Know 2 Ask” (Lost of Loved Ones) brochure with notice of available online PeopleSoft self-service options will be distributed to retirees
- e) Beginning City code Chapter 37 changes with City legal, Andy Fox

2. Investment Management.**a) Committee Membership.**

- (1) Chris Neikirk (current Chair)
- (2) Larry Bernert (anticipated Chair)
- (3) Stephanie Calliott
- (4) Eric Tucker
- (5) Christine Garczynski

b) Andco Presentation.

Andco presented company introduction and investment performance review. Due to Summit/Mercer merger, Andco services were acquired until investment consultant search is completed.

c) Monthly Flash/Capital Markets.

- (1) As of December 2018, asset market values of \$1.014 billion resulting in an 74% funded status
- (2) YTD return has been upward; markets volatile

d) Investment committee concerns/suggestions for NERS investment consultant RFP.

- (1) RFI draft sent from G. Gresalfi to L. Bernert with upcoming distribution to investment committee; however, no update

- (2) RFI process to be suspended until investment committee new chair appointed (Chris Neikirk, IC chair, resignation anticipated May 2019)
- (3) Proposed obtaining a consultant to assist in the RFI process for an investment consultant

e) No Anticipated Investment Committee Meeting.

- 3. **Resolution certificate for Nicholas Nelson, member of the Board of Trustees representing public safety personnel, for recognition of 11 years of distinguished service on the Norfolk Employees' Retirement System Board of Trustees.**
- 4. **Daryl Howard (Assistant Chief of Police), representing public safety personnel, appointed for a term January 29, 2019, expiring December 31, 2022 replacing Nicholas Nelson (Captain Fire-Rescue) whose term expired December 31, 2018.**
- 5. **Eric G. Tucker (general employee), reappointed, for a term beginning January 1, 2019 and expiring December 31, 2022.**

I. Other/Old Business

- 1. Actuarial Rates Certified: FY 2019 contribution rates for general employees is 13.33%; firefighters and police 30.71% and the combined rate is 19.50%.

The Board approved certification of the FY 2020 (paid July 2019 – June 2020) Actuarially Determined Contribution rates.

J. Adjournment

Next Meeting:	March 6, 2019
Anticipated Quorum:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Scheduled Guest Speaker(s):	

Exhibit 1

Service Retirement Applications

	Active No	Member Name	Department	Retirement Date	Retirement Type	Election	Refund Due
1.	33256	Adelsen, Michael D.	General Services	5/1/2019	Normal	N/A	No
2.	27869	Barnaby, Michael F.	N/A	3/1/2019	Vested	N/A	No
3.	21768	Branning, Joe M.	Police	4/1/2019	Normal	DROP	No
4.	21811	Brothers, Carolyn R.	Recreation, Parks and Open Space	4/1/2019	Normal	N/A	No
5.	25299	Carr-Smith, Yvette C.	N/A	12/1/2018	Vested	N/A	No
6.	27893	Gibbs, Terry	Police	4/1/2019	Normal	N/A	No
7.	20881	Green, Stanley L.	Recreation, Parks and Open Space	4/1/2019	Normal	N/A	No
8.	22035	Holloway, Dominque Aljuan	N/A	4/1/2016	Vested	N/A	No
9.	24842	Jarman, James W. Jr.	Planning	3/1/2019	Normal	N/A	No
10.	26683	Lovelace, Craig S.	Police	3/1/2019	Normal	DROP	No
11.	26816	Pendergrass, David B.	Fire-Rescue Services	3/1/2019	Normal	DROP	No
12.	22411	Rhodes, Marshall E.	General Services	5/1/2019	Normal	N/A	No
13.	25993	Scarborough, Robert H.	N/A	3/1/2019	Vested	N/A	No
14.	24457	Swink, Randolph S.	General Services	5/1/2019	Normal	N/A	No
15.	27307	Tokarcik, Ronald J.	N/A	3/1/2019	Vested	N/A	No
16.	26493	Wansley, Franchetta	N/A	7/1/2017	Vested	N/A	Yes

Exhibit 2

Disability Retirement Applications

	Active No	Member Name	Department	Retirement Date	Retirement Type	Refund Due	Next Reexam
1.	32147	Carter, Dwight A.	Public Works	3/1/2019	Ordinary	No	Annual

Exhibit 3

Disability Reexamination Determinations

	Ret No	Member Name	Retirement Date	Reexam Date	Retirement Type	Next Reexam
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Exhibit 4

Death Benefit Claims

	Active No	Member Name	Death Date	Effective Date	Is Spouse	Death Benefit	Election Status
1.	36163	Benton, John Warren Jr.	11/27/2018	2/1/2019	Yes	Ordinary Death	Lump Sum Benefit
2.	28987	Hamby, David E.	12/6/2018	2/1/2019	Yes	Ordinary Death	Monthly Benefit
3.	18995	Hart, Robert C. Jr.	1/23/2019	2/1/2019	Yes	Death After Ret.	Monthly Benefit
4.	22653	Lassiter, Floria S.	1/10/2018	2/1/2019	Yes	Ordinary Death	Lump Sum Benefit
5.	30192	Maas, Norman L.	1/13/2019	2/1/2019	Yes	Death After Ret.	Monthly Benefit

Exhibit 5

Member Separation Report

	Active No	Member Name
1.	36816	Baker, Shawequ L.
2.	35914	Deal, Kayla L.
3.	35957	Dickey, Candice
4.	34523	Irby, Christopher
5.	35838	Johnson, Randall T.
6.	34600	Kendalls, Patricia F.
7.	34797	Lee, Raquel L.
8.	34858	Williams, Jaddie J.

Exhibit 6
DROP Exit Report

	Ret No	Member Name	Department	Effective Date
1.	07130R	Hackett, James M.	Police	2/1/2019
2.	07116R	Peele, Kenneth D.	Police	3/1/2019
3.	07238R	Small, Donnie G.	Police	3/1/2019
4.	07086R	Sterling, Todd L.	Police	2/1/2019

Exhibit 7
Report of Deaths

	Active No	Decedent Name	Decedent Type	Death Date
1.	25946	Childress, Martin E.	Spouse	1/23/2019
2.	16738	Dodson, Foster Lloyd	Retiree	12/28/2018
3.	19117	French, Michael F.	Member	12/21/2018
4.	18995	Hart, Robert C. Jr.	Retiree	1/23/2019
5.	13014	Leonard, Robert S. Jr.	Spouse	1/18/2019
6.	30192	Maas, Norman L.	Retiree	1/13/2019
7.	17285	Parker, Shirley Mae	Retiree	12/6/2018
8.	14057	Pugh, Archie R.	Spouse	1/11/2019
9.	18484	Wielinga, Vivian T.	Retiree	1/26/2019

Exhibit 8
Retirement Recissions

	Active No	Member Name	Department	Retirement Date	Retirement Type	Recission Date
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Exhibit 9

Obligations Reported for Payment

	Description	Amount
1.	State Street Corporation	\$56,620.29
2.	Cheiron	\$4,595.82
3.	AndCo, Inc.	\$17,082.67
4.	National Association of Public Pension Attys	\$300.00
5.	Harvest Fund Advisors	\$58,337.44
6.	Tortoise	\$53,738.51
7.	PIMCO	\$119,116.04
8.	NowCare Physicians P.C.	\$300.00
9.	The Gourmet Gang	\$129.92
10.	The Virginian Pilot	\$262.60
11.	Judy Chou	\$316.82
12.	Est. Retirement Payroll	\$8,500,000.00
13.	TOTAL	\$8,810,800.11

Additional Details

- (1) Custodial Services - Jan (Estimated) \$8,972.77- June - October Invoices paid in Feb. (Wire, \$47,647.52)
- (2) Consulting services - Jan 2019 (Estimated) \$4,595.82 - Chk. 1326 issued in Feb. in amount of \$368.31
- (3) Consulting services - Jan 2019 (Estimated) \$17,082.76
- (4) NAPPA - Andy Fox dues - Chk. 1325
- (5) Harvest Fund Q4 Invoice to be paid in Feb.
- (6) Tortoise Fund Q4 Invoice paid in Feb.
- (7) PIMCO Q4 Invoice to be paid in Feb.
- (8) NowCare Physicians - Chk. 1323
- (9) Jan. 2019 Meeting Lunch - Chk. 1321
- (10) Virginian Pilot Subscription - Chk. 1322
- (11) Reimbursement for continuing professional education (CPA) - Chk. 1324
- (12) Estimated Payroll for Feb 2019

Exhibit 10

Disability Reexaminations Status Report

	Ret No	Member Name	Retirement Date	Reexam Date	Retirement Type	Medical Board Status
1.	07244R	Allison, Curtis L.	11/1/2015	5/2/2020	Accidental	2 Year Reexam 2020
2.	06586R	Brown, Sherrod M. Sr.	6/1/2012	4/17/2018	Ordinary	Medical Board Review (Newby) Apr 2018
3.	06942R	Cole, Keith J.	4/1/2014	2/1/2019	Accidental	Annual Reexam 2019
4.	07563R	Cooke, Lenora W.	11/1/2017	11/1/2019	Accidental	Annual Reexam 2019
5.	07616R	Dickason, Robert W.	4/1/2018	3/1/2019	Accidental	Annual Reexam 2019
6.	06985R	Doke, Annie	8/1/2014	5/2/2019	Ordinary	Annual Reexam 2019
7.	07231R	Fancher, Courtney D.	10/1/2015	7/11/2021	Accidental	3 Year Reexam 2021
8.	07535R	Hall, Scott	9/1/2017	9/1/2018	Ordinary	Pay suspended February 2019
9.	07724R	Harris, Dennis L.	12/1/2018	12/1/2019	Ordinary	Annual Reexam 2019
10.	07124R	Lambson, Leland	4/1/2015	3/1/2019	Ordinary	Annual Reexam 2019
11.	07747R	Porter, Louis E.	1/1/2019	12/1/2019	Ordinary	Annual Reexam 2019
12.	07258R	Robertson, Neal A.	12/1/2015	1/23/2018	Accidental	Medical records refaxed to Dr. Sack
13.	07173R	Russell, Clifton D.	7/1/2015	2/1/2019	Ordinary	Annual Reexam 2019
14.	07748R	Seay, Michael K.	1/1/2019	12/1/2019	Ordinary	Annual Reexam 2019
15.	07442R	Vandivort, Mary A	1/1/2017	12/1/2019	Ordinary	Annual Reexam 2019
16.	07536R	Warner, Jerry	9/1/2017	9/1/2018	Accidental	Annual Reexam 2019
17.	06262R	Wethington, Mark A.	12/1/2010	12/14/2017	Accidental	Medical Board Review (Newby)
18.		White, Mario D.	12/1/2018	12/1/2018	Ordinary	Annual Reexam 2019
19.		Wotring, Paul	3/1/2018	3/1/2019	Accidental	Annual Reexam 2019