



RETIREMENT BOARD OF TRUSTEES MEETING MINUTES



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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 | ☑ |
| Christopher R. Neikirk | ☑ |
| Yvonne T. Allmond | ☑ |
| Lawrence A. Bernert, III | ☑ |
| Rev. Kenneth W. Crowder | ☐ |
| Arthur M. Eason, III | ☑ |
| Catheryn Whitesell | ☑ |
| Christine Garczynski | ☑ |
| Nicholas E. Nelson | ☑ |
| Daryl Howard | ☑ |
| Eric G. Tucker | ☑ |

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

III. REPORTING

- A. Member Separation Report**
 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. DROP Exit Report**
 The Retirement Office is processing each DROP Participant separation listed on EXHIBIT 6 (if any).
Total: 4
- C. Report of Deaths**
 The Retirement Office is processing each member or beneficiary death listed on EXHIBIT 7 (if any).
Total: 9
- D. Retirement Rescissions**
 The Retirement Office is processing each member or beneficiary death listed on EXHIBIT 8 (if any).
Total: 0
- E. Previous Docket Amendments and Corrections**
 N/A.
- F. Obligations Reported for Payment**
 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, Dominique 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 |
|--|--------|-------------|-----------------|-------------|-----------------|-------------|
|--|--------|-------------|-----------------|-------------|-----------------|-------------|

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, Shaweque 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 |
|--|-----------|-------------|------------|-----------------|-----------------|----------------|
|--|-----------|-------------|------------|-----------------|-----------------|----------------|

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 |