

November 3, 2017

The Fourth Quarterly meeting of the Board of Trustees of the City of Danville's Employees' Retirement System (ERS) convened at 8:00 a.m. on the above date at the Danville Regional Airport, Eastern Conference Room, 424 Airport Drive, Danville, VA.

Board Members Present:

Michael L. Adkins
Norman Campbell
Gina Craig
Gus Dolianitis

Kenneth F. Larking
Joyce D. Obstler
E. Linwood Wright

Board Members Absent:

Lenard D. Lackey, Jr

Sherman Saunders

Others Present:

Greg Stump, Boomershine Consulting Group, LLC
Steven Roth, Dahab Associates, Inc., Bay Shore, New York
W. Clarke Whitfield, Jr., City Attorney, City of Danville
Henrietta Weaver, Secretary to the Board of Trustees
Sheila Williamson-Branch, City Treasurer, City of Danville

Meeting Called to Order

Ms. Obstler, Chairperson, called the meeting to order.

Roll Call

Henrietta Weaver, Secretary, conducted the roll call.

Additions/Deletions from Agenda

None

Approval of Minutes

A motion was made by Mr. Adkins, seconded by Mr. Wright, and carried to approve the minutes of the quarterly meeting of May 5, 2017 and special meeting of August 28, 2017, as presented.

Administrative Items

The payroll changes report for the three-month period ending July 31, 2017 was presented. Gross payroll was \$1,050,606.97, which included additions of \$18,441.75, deletions of \$4,268.58, and adjustments of \$1,288.51. The disbursements for the same three-month period were \$248,269.44, which included checks written for \$238,749.44 and \$9,520 paid through Northern Trust.

The payroll changes report for the three-month period ending October 31, 2017 was presented. Gross payroll was \$1,054,179.05, which included additions of \$10,019.62, deletions of \$6,765.24, and adjustments of \$317.70. The disbursements for the same three-month period were \$220,190.71, which included checks written for \$208,810.71 and \$11,380 paid through Northern Trust.

A motion was made by Mr. Dolianitis, seconded by Mr. Larking, and carried to approve administrative items as presented.

Actuarial Valuation – Recommendation of FY2019 Rates

Mr. Greg Stump of Boomershine Consulting Group, LLC reviewed and presented on the results of the Actuary Reports for valuation date July 1, 2017.

The fiscal year 2019 actuarial recommended contribution rates as a percentage of covered payroll are 7.756% for general employees and 12.089% for public safety employees. The current contribution rates for fiscal year 2018 are 7.659% for general employees and 7.448% for public safety employees. The current contribution rates are less than the full recommended increase in rates for fiscal year 2018.

Mr. Adkins stated this Board makes a recommendation each year to City Council on the contribution rates.

Mr. Adkins moved to recommend to City Council and the City Manager the contribution rates for fiscal year 2019 budget be the actuarial recommended rates of 7.756% for general employees and 12.089% for public safety employees. The motion was seconded by Ms. Craig and carried by the following vote:

VOTE: 7-0-2
AYE: Adkins, Campbell, Craig, Dolianitis, Larking, Obstler, Wright (7)
NAY: None (0)
ABSENT: Lackey, Saunders (2)

Mr. Stump noted that the current method used in the actuarial valuation for asset smoothing is obscure and recommended the Board adopt a standard five year smoothing method effective for the July 1, 2018 valuation.

The motion to adopt the recommended method change was made by Mr. Adkins, seconded by Mr. Larking and carried by the following vote:

VOTE: 7-0-2
AYE: Adkins, Campbell, Craig, Dolianitis, Larking, Obstler, Wright (7)
NAY: None (0)
ABSENT: Lackey, Saunders (2)

Investment Consultant's Report

Mr. Steve Roth of Dahab Associates, Inc. of Bay Shore, New York, presented the Investment Consultant's report for the Employees' Retirement System for the quarter ending September 30, 2017.

As of September 30, 2017, the fund was valued at \$255,373,680, an increase of \$7,263,359 from June 30, 2017. For the September quarter, the total portfolio gained 4%. For the past twelve-month period, the portfolio returned 12%.

Mr. Roth presented an update on the asset allocations as of September 30, 2017. He reviewed the methodology used and the results obtained.

Mr. Roth recommended \$5 million be redeemed from the PanAgora Equity Index Fund and the amount be used to purchase PanAgora Bond Index Fund in order to rebalance asset allocations. Mr. Larking moved to approve the proposed adjustments to realign the asset allocation as presented. The motion was seconded by Ms. Craig and carried by the following vote:

VOTE: 7-0-2
AYE: Adkins, Campbell, Craig, Dolianitis, Larking, Obstler, Wright (7)
NAY: None (0)
ABSENT: Lackey, Saunders (2)

Mr. Roth presented on current timber investments and recommended that the Board put out a Request for Proposal for a new investment manager of the funds currently in timber. Mr. Wright moved to authorize Dahab Associates, Inc. to put out an RFP for the stated purpose. The motion was seconded by Mr. Larking and carried by the following vote:

VOTE: 7-0-2
AYE: Adkins, Campbell, Craig, Dolianitis, Larking, Obstler, Wright (7)
NAY: None (0)
ABSENT: Lackey, Saunders (2)

Proposed 2018/2019 Budget

Ms. Weaver presented the proposed Administrative Budget for the fiscal year 2018/2019. Mr. Wright moved to adopt the Administrative Budget for fiscal year

2018/2019 in the amount of \$1,053,750. The motion was seconded by Ms. Craig and carried by the following vote:

VOTE: 7-0-2
AYE: Adkins, Campbell, Craig, Dolianitis, Larking, Obstler, Wright (7)
NAY: None (0)
ABSENT: Lackey, Saunders (2)

Board and Staff Communications

Ms. Weaver stated the 2018 meeting schedule will be circulated.

Ms. Weaver reminded everyone of the upcoming Nominating Meeting for the current year election. The meeting will be November 6th at 5:15 pm in the Director of Finance's office.

A motion was made by Mr. Wright, seconded by Mr. Adkins, and carried to adjourn the meeting.

There being no further business, the meeting was adjourned at 9:35 a.m.

Next quarterly meeting will be February 9, 2018.



Chairperson



Secretary to the Board of Trustees