

May 7, 2021

The Second 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 Municipal Building, 2nd Floor Conference Room, 427 Patton Street, Danville, VA.

Board Members Present:

Gina Craig
Karen Black
Lenard D. Lackey, Jr
Kenneth F. Larking

Joyce D. Obstler
Sherman M. Saunders
E. Linwood Wright

Board Members Absent:

Michael L. Adkins
Gus Dolianitis

Others Present:

Rich Dahab, Dahab Associates, Inc., Bay Shore, New York
Steven Roth, Dahab Associates, Inc., Bay Shore, New York
Greg Stump, Boomershine Consulting Group, LLC
W. Clarke Whitfield, Jr., City Attorney, City of Danville
Sara Weller, Director of Human Resources, City of Danville
Joanne Hickey, Human Resources Consultant, City of Danville
Henrietta Weaver, Secretary to the Board of Trustees

Meeting Called to Order

Mr. Wright 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 Ms. Obstler, seconded by Mr. Lackey, and carried to approve the minutes of the general meeting February 5, 2021, as presented.

Administrative Items

The payroll changes reports for the three-month period ending April 30, 2021 were presented. Gross payroll was \$1,277,097.05, which included additions of \$22,191.81, deletions of \$9,304.31, and adjustments of 153.37. The disbursements for the same three-month period were \$228,330.98. A motion was made by Mr. Saunders, seconded by Mr. Larking, and carried to approve administrative items as presented.

Actuarial Assumption Review and Experience Study

Mr. Greg Stump of Boomershine Consulting Group, LLC presented the Actuarial Assumption Review and Experience Study report dated May 2021 for the Employees' Retirement System for the five years beginning July 1, 2015 and ending June 30, 2020. The current and proposed actuarial assumptions as presented are attached as Exhibits A and B and made a part of these minutes. The motion to approve all proposed assumption changes, with the exception of the expected investment return being reduced to 6.9% from 7%, effective beginning July 1, 2021 was made by Mr. Larking. The motion was seconded by Ms. Craig and carried by the following vote:

VOTE: 7-0-2
AYE: Craig, Black, Lackey, Larking, Obstler, Saunders, Wright (7)
NAY: None (0)
ABSENT: Adkins, Dolanitis (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 March 31, 2021.

As of March 31, 2021, the fund was valued at \$291,006,421, an increase of \$5,376,500 from December 31, 2020. For the March quarter, the total portfolio gained 3.1%. For the past twelve-month period, the portfolio returned 28.1%.

Mr. Roth presented an update on the asset allocations as of March 31, 2021. He reviewed the methodology used and the results obtained. There were no recommendations

Board and Staff Communications

Thanks were extended to the Board, City staff, City Council, Boomershine and Dahab for their contribution the Plan's success.

Mr. Dahab and Mr. Stump thanked everyone for having them.

A motion was made by Mr. Larking, seconded by Ms. Obstler, and carried to adjourn the meeting.

There being no further business, the meeting was adjourned at 9:38 a.m.

Next quarterly meeting will be August 13, 2021.

s/ E. Linwood Wright

Chairperson

s/ Henrietta Weaver

Secretary to the Board of Trustees

Actuarial Assumptions

Mortality: Healthy and Disabled Lives

RP-2000 Mortality Tables, with one-year setback for males and one year set forward for females, projected to 2025 using Scale BB.

For pre-retirement deaths, 75% of these rates are used. For disabled members, the RP 2000 Disabled tables are used.

Salary Increases

General Employees: 5.75% per year for the first 15 years of service, then 3.75% per year

Police and Fire: 5.25% for all years.

(both inclusive of 2.75% annual inflation)

7.00% compounded annually.

Investment Return

Disability

(a) General Employees

300% of United Auto Workers Disability rates. The probabilities are illustrated in the tables below.

(b) Policemen and Firemen

400% of United Auto Workers Disability rates. The probabilities are illustrated in the tables below.

Age	General		Police/Fire	
	Male	Female	Male	Female
25	0.090%	0.150%	0.120%	0.200%
30	0.120	0.180	0.160	0.240
35	0.150	0.240	0.200	0.320
40	0.210	0.300	0.280	0.400
45	0.300	0.450	0.400	0.600
50	0.540	0.780	0.720	1.040
55	1.080	0.147	1.440	1.960
60	2.700	3.630	3.600	4.840
65	0.000	0.000	0.000	0.000

Retirement

Age	General	Police/ Fire
50-54	0.0%	10.0%
55	3.0%	5.0%
56	3.6%	6.3%
57	4.3%	7.8%
58	5.2%	9.8%
59	6.2%	12.2%
60	7.5%	15.3%
61	9.0%	19.1%
62	10.7%	23.8%
63	12.9%	29.8%
64	15.5%	37.3%
65	25.0%	100%
66	25.0%	100%
67	25.0%	100%
68	25.0%	100%
69	25.0%	100%
70+	100%	100%

Termination

Years of Service	General		Police/Fire
	Male	Female	All
0	24.0%	16.8%	12.0%
1	20.4%	14.3%	11.0%
2	17.3%	12.1%	10.0%
3	14.7%	10.3%	9.0%
4	12.5%	8.8%	8.0%
5	10.6%	7.5%	7.0%
10	4.7%	3.3%	2.0%
15	2.1%	1.5%	0.0%
20+	0.0%	0.0%	0.0%

Other Considerations

For the purpose of valuing death benefits, all male employees are assumed to be married to a spouse three years younger and all female employees are assumed to be married to a spouse three years older.

Actuarial Cost Method

The method of valuation used for pension benefits is called the Entry Age Normal Method. Under this method, actuarial gains and losses are reflected immediately through a change in the Unfunded Accrued Liability. However, the impact is amortized over time as part of the actuarially determined contribution.

Valuation of Assets

A change in asset method was made effective with this valuation for the purpose of evaluating the plan. The assets are valued using a five-year smoothing of investment gains and losses with the outstanding unrecognized gain in 2018 to be recognized over 5 years. All assets are placed in a trust fund with the Board of Trustees of the Employees' Retirement System of the City of Danville, Virginia as Trustee. The financial information used in this valuation was not audited by Boomershine Consulting Group.

Actuarial Assumptions

Mortality: Healthy and Disabled Lives Pub-2010G Mortality Tables, male retirees use 94%, females 102%. For pre-retirement deaths, 75% of these rates are used. For disabled members, the Pub2010G.Dis tables are used. Rates are projected generationally using Scale SSA (updated annually).

Salary Increases General Employees: 5.50% per year for the first 15 years of service, then 3.50% per year
Police and Fire: 4.75% for all years.
(both inclusive of 2.50% annual inflation)

Investment Return 6.90% compounded annually.

Disability
(a) General Employees United Auto Workers Disability rates, 300% for males, 200% for females
(b) Policemen and Firemen 300% of United Auto Workers Disability rates. The probabilities are illustrated in the tables below.

Age	General		Police/Fire	
	Male	Female	Male	Female
25	0.090%	0.100%	0.090%	0.150%
30	0.120	0.120	0.120	0.180
35	0.150	0.160	0.150	0.240
40	0.210	0.200	0.210	0.300
45	0.300	0.300	0.300	0.450
50	0.540	0.520	0.540	0.780
55	1.080	0.098	1.080	0.147
60	2.700	2.420	2.700	3.630
65	0.000	0.000	0.000	0.000

Retirement

Age	General	Police/ Fire
50-54	0.0%	15.0%
55	3.5%	10.0%
56	3.5%	12.0%
57	3.5%	14.0%
58	3.5%	16.0%
59	3.5%	18.0%
60	5.0%	20.0%
61	7.0%	25.0%
62	9.8%	25.0%
63	13.7%	25.0%
64	19.2%	25.0%
65	26.9%	100%
66	37.6%	100%
67	20.0%	100%
68	20.0%	100%
69	20.0%	100%
70+	100%	100%

Proposed Assumptions (2021)

Termination

<u>Years of Service</u>	<u>General</u>	<u>Police/Fire</u>
0	27.0%	15.0%
1	23.0%	13.3%
2	19.5%	11.7%
3	16.6%	10.4%
4	14.1%	9.2%
5	12.0%	8.1%
10	5.3%	4.4%
15	2.4%	0.0%
20+	0.0%	0.0%

Other Considerations

For the purpose of valuing death benefits, all male employees are assumed to be married to a spouse three years younger and all female employees are assumed to be married to a spouse three years older.

Actuarial Cost Method

The method of valuation used for pension benefits is called the Entry Age Normal Method. Under this method, actuarial gains and losses are reflected immediately through a change in the Unfunded Accrued Liability. However, the impact is amortized over time as part of the actuarially determined contribution.

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