

1 AN ORDINANCE TO AMEND CITY CODE
2 SECTIONS 2-122 AND 2-123 REGARDING
3 THE ROLE AND MEMBERSHIP OF THE
4 DEFERRED COMPENSATION BOARD AND
5 TO DESIGNATE THE DEFERRED
6 COMPENSATION BOARD AS THE LOCAL
7 FINANCE BOARD FOR PURPOSES OF
8 MANAGING THE OPEB TRUST
9

10 SECTIONS AMENDED: §§ 2-122, AND 2-123.
11

12 WHEREAS, the City Council established a trust (the "Trust"), as provided by state
13 law, for the purpose of accumulating and investing assets to fund Other Post-Employment
14 Benefits by ordinance, Ordinance 3039D, adopted June 24, 2008 (the "Ordinance");
15

16 WHEREAS, as part of establishing the Trust, the City Council appointed the City's
17 Local Finance Board (the "Local Finance Board");
18

19 WHEREAS, pursuant to the Ordinance, the Local Finance Board executed a Trust
20 Joinder Agreement to effectuate the participation of the Local Finance Board in the Virginia
21 Pooled OPEB Trust Fund Agreement;
22

23 WHEREAS, the Ordinance provided the City's acceptance of the request of the
24 School Board of the City of Virginia Beach (the "School Board") to join the Local Finance
25 Board;
26

27 WHEREAS, the City and the School Board executed a participation agreement for
28 the Local Finance Board, dated June 30, 2008;
29

30 WHEREAS, state law provides that a local deferred compensation board may
31 perform the duties of a local finance board;
32

33 WHEREAS, the Virginia Beach Deferred Compensation Board ("Deferred
34 Compensation Board") administers the investment policy, including the addition and
35 deletion of funds from the investment policy, for the deferred compensation plan;
36

37 WHEREAS, the Deferred Compensation Board includes City employees, an
38 appointee from the City Council, a member from the Sheriff's Office, and a member from
39 Schools; and
40

41 WHEREAS, the City Council desires to continue the work of the Local Finance
42 Board through the Deferred Compensation Board.
43

44 NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF
45 VIRGINIA BEACH, VIRGINIA:
46

47 1. That sections 2-122 and 2-123 of the City Code are hereby amended and
48 reordained, to read as follows:

49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92

2-122. Board—Established.

There is hereby created a deferred compensation board, consisting of city employees. The City Council hereby appoints the Director of Finance, the Director of Human Resources, the Employee Relations Manager, and the Payroll Administrator to the board. The City Council will appoint one (1) Councilmember and one (1) member from the Sheriff's Office and ~~one (1)~~ three (3) members from Schools, one of which shall be the Schools Chief Financial Officer and one of which shall be a School Board member. The City Manager may appoint up to three (3) additional board members from the deferred compensation plan participants. The board members appointed by the City Manager shall serve terms of three years from the date of appointment. Notwithstanding the previous sentence, all members of the deferred compensation board shall serve at the pleasure of the City Council. The terms of the members of the deferred compensation board shall not be limited by the restrictions of City Code § 2-3.

2-123. Same- Powers.

The deferred compensation board is hereby granted the power to do all things by way of supervision, administration and implementation of a plan of deferred compensation, including but not limited to the power to contract with private corporations or institutions for service in connection therewith; however, nothing contained in this section shall be construed to authorize the deferred compensation board to act beyond the limits of the plan.

The deferred compensation board shall administer the investment policy in accordance with the terms of the investment policy and prudent fiduciary standards. The deferred compensation board shall have the authority to add and delete funds from the investment policy in accordance with the investment policy adopted by City Council.

The deferred compensation board shall serve as the local finance board for purposes of Other Post-Employment Benefits ("OPEB") for the City. With the consent of the School Board, as evidenced by its adopted resolution on November 1, 2011, the deferred compensation board shall serve as the local finance board for OPEB on behalf of Schools. In its capacity as local finance board, the deferred compensation board shall administer the OPEB trust or other related investments in accordance with prudent fiduciary standards.

2. The Trust established by Ordinance 3039D shall continue in full effect. The Deferred Compensation Board shall fulfill the duties the Local Finance Board as described in Ordinance 3039D.

3. If required by the Virginia Pooled OPEB Trust Fund, the City shall execute an addendum to the Trust Joinder Agreement providing the Deferred Compensation Board is the Local Finance Board of Virginia Beach, Virginia.

4. The City shall execute an addendum to its participation agreement with the School Board providing the Deferred Compensation Board is the Local Finance Board.

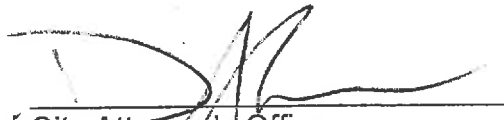
Adopted by the Council of the City of Virginia Beach, Virginia, on the 22nd day of November, 2011.

APPROVED AS TO CONTENT:

APPROVED AS TO LEGAL SUFFICIENCY:



Finance Department



City Attorney's Office

CA11905
R-2
November 2, 2011



CITY OF VIRGINIA BEACH AGENDA ITEM

ITEM: An Ordinance to Amend City Code Sections 2-122 and 2-123 Regarding the Role and Membership of the Deferred Compensation Board and to Designate the Deferred Compensation Board as the Local Finance Board for Purposes of Managing the OPEB Trust

MEETING DATE: November 22, 2011

■ **Background:** In 2008, the City Council adopted an ordinance to establish a trust for the purpose of accumulating and investing assets to fund Other Post-Employment Benefits ("OPEB Trust"). The scope of OPEB Trust is set forth in the Virginia Code and by the ordinance adopted by the City Council. In general terms, OPEB Trust was established to pay for health care benefits provided to certain retirees and eligible spouses and dependents.

The ordinance establishing the Trust also established the Local Finance Board ("Finance Board") and appointed the Finance Board to serve as the trustee of the City with respect to the Trust. The City, through its Finance Board, participates in the Virginia Pooled OPEB Trust Fund, which includes other Virginia localities, including Fairfax County, Henrico County, Chesterfield County, the Cities of Chesapeake and Suffolk, and many others.

The City has a Deferred Compensation Board, as set forth in sections 2-122 and 2-123 of the City Code. The Deferred Compensation Board reviews investments and administers the deferred compensation investment policy, including the addition and deletion of funds from the investment policy, for the deferred compensation plan. The Deferred Compensation Board includes City employees, an appointee from the City Council, a member of the Sheriff's Office, and a member from Schools.

■ **Considerations:** The attached ordinance would appoint the Deferred Compensation Board as the Local Finance Board for the administration of the OPEB Trust. State law permits a local deferred compensation board to serve as trustee for the management of an OPEB Trust. Because the Deferred Compensation Board is familiar with investments and reviews the investments policy, this appointment would be an efficient alignment of resources.

Additionally, the ordinance would enlarge the membership of the Deferred Compensation Board to include a member of the School Board and the Schools' Chief Financial Officer. This change in the membership is intended to reflect the membership of the current Finance Board, which includes the Chief Financial Officer and a person appointed at the direction of the School Board. On November 1, 2011, the School Board adopted a resolution approving this arrangement.

Last, the ordinance authorizes certain actions be taken to make the designation effective including the execution of an addendum to the current Trust Joinder Agreement with the Virginia Pooled OPEB Trust Fund and an addendum to the participation agreement between the City and the Schools.

■ **Public Information:** Public information will be provided through the normal Council agenda process.

■ **Recommendations:** Appoint the Deferred Compensation Board as the Local Finance Board.

■ **Attachments:** Ordinance, School Board Resolution, Ordinance 3039D (adopted June 24, 2008).

Recommended Action: Approval

Submitting Department/Agency: Department of Finance



City Manager:



VIRGINIA BEACH CITY PUBLIC SCHOOLS

A H E A D O F T H E C U R V E

SCHOOL BOARD

Daniel D. Edwards
Chairman
District 1 – Centerville
1585 Lake James Drive
VA Beach, VA 23464
495-3551 (h) • 717-0259 (c)

William J. "Bill" Brunke, IV
Vice-Chairman
District 7 – Princess Anne
4099 Foxwood Drive, Suite 108
Virginia Beach, VA 23462
222-0134 (w) • 286-2772 (c)

Todd C. Davidson
At-Large
1861 Mayberry Drive
VA Beach, VA 23456
427-3330 (w) • 285-9409 (c)

Emma L. "Em" Davis
District 5 – Lynnhaven
1125 Michaelwood Drive
VA Beach, VA 23452
340-8911 (h)

Dorothy M. "Dottie" Holtz
At-Large
1304 Downs Lane
VA Beach, VA 23455
460-2440 (h)

Brent N. McKenzie
District 3 – Rose Hall
1400 Brookwood Place
VA Beach, VA 23453
816-2736 (c)

Ashley K. McLeod
At-Large
5508 Del Park Avenue
VA Beach, VA 23455
552-0348 (h)

Samuel G. "Sam" Reid
District 6 – Beach
1533 VA Beach Blvd.
VA Beach, VA 23454
284-1067 (c)

Patrick S. Salyer
At-Large
4849 Haymarket Drive
VA Beach, VA 23462
620-2141 (c)

Vacant
District 2 – Kempsville

Carolyn D. Weems
District 4 – Bayside
1420 Claudia Drive
VA Beach, VA 23455
464-6674 (h)

SUPERINTENDENT

James G. Merrill, Ed.D.
2512 George Mason Drive
VA Beach, VA 23456
263-1007

A RESOLUTION DESIGNATING THE DEFERRED COMPENSATION BOARD AS THE LOCAL FINANCE BOARD FOR PURPOSES OF ADMINISTERING THE OPEB TRUST

WHEREAS, the School Board established a trust (the "Trust"), as provided by the Code of Virginia, for the purpose of accumulating and investing assets to fund Other Post-Employment Benefits(OPEB) by resolution on June 17, 2008 (the "Resolution");

WHEREAS, as part of establishing the Trust, the School Board agreed to become a "Participating Employer" in the Virginia Pooled OPEB Trust Fund;

WHEREAS, for the management of the Trust, the School Board agreed to join the Local Finance Board in participation with the City if the City established the Local Finance Board prior to June 30, 2008;

WHEREAS, the City adopted an Ordinance on June 24, 2008 to establish the Local Finance Board;

WHEREAS, the City and the School Board executed a participation agreement for the Local Finance Board, dated June 30, 2008;

WHEREAS, the Code of Virginia, § 15.2-1547, as amended, provides that a local deferred compensation board may perform the duties of a local finance board;

WHEREAS, the Virginia Beach Deferred Compensation Board ("Deferred Compensation Board") administers the deferred compensation investment policy, including the addition and deletion of funds from the investment policy, for the deferred compensation plan;

WHEREAS, the Deferred Compensation Board includes City employees, an appointee from the City Council, a member from the Sheriff's Office, and a member appointed by the School Board; and

WHEREAS, the School Board intends to transfer the responsibilities of the Local Finance Board to the Virginia Beach Deferred Compensation Board, amend the composition of the Virginia Beach Deferred Compensation Board to meet statutory requirements and disband the Local Finance Board.

NOW, THEREFORE, BE IT RESOLVED BY THE SCHOOL BOARD OF THE CITY OF VIRGINIA BEACH, VIRGINIA, THAT:

1. The School Board does hereby agree with the appointment of the Deferred Compensation Board to serve as the Local Finance Board, provided the membership of the Virginia Beach Deferred Compensation Board is expanded to include the School Administration's Chief Financial Officer and a Member of the School Board.
2. The Superintendent, Chairman, and the Chief Financial Officer are authorized to take all actions necessary to facilitate the appointment of the Deferred Compensation Board as the Local Finance Board, including the execution of an addendum to the participation agreement for the Local Finance Board between the City and the School Board.
3. This Resolution shall be in force and effect immediately upon its adoption.
4. The School Board hereby appoints the following School Board Member to serve on the Deferred Compensation Board and such School Board Member may designate an alternate School Board Member to serve in the School Board Member's absence: William Brunke. The designated School Board Member may be replaced by another School Board Member upon a majority vote of a quorum of the School Board.

FURTHER RESOLVED: That the Clerk is directed to send a copy of this Resolution to the Chief Financial Officer, the City Attorney, the Director of Business Services and the Clerk of City Council, and the City's Director of Finance.

Adopted by the School Board of the City of Virginia Beach this 1st day of November 2011

Daniel D. Edwards, School Board Chairman

Attest:

Dianne P. Alexander, Clerk of the Board