



Legislation Details (With Text)

File #: 19-0121 **Version:** 1 **Name:** HERS Amendment Sec. 28-43 Constitute Separate Trust

Type: Ordinance-Coded **Status:** Passed

File created: 3/15/2019 **In control:** City Council Legislative Session

On agenda: 3/27/2019 **Final action:** 3/27/2019

Title: Ordinance to Amend and Reenact the City Code of the City of Hampton, Virginia by Amending Chapter 2, Titled "Administration," Article I Titled "In General," Section 2.2 Titled "Residence Requirements for Members of Boards, Commissions, Etc." and Chapter 28 Titled "Pensions and Retirement," Article II, Titled "Hampton Employees Retirement System," Section 28-43, Titled "System Constitutes Separate Trust; Board of Trustees, Generally"

Sponsors:

Indexes:

Code sections:

Attachments: 1. Redline

Date	Ver.	Action By	Action	Result
3/27/2019	1	City Council Legislative Session	approved	Pass

Ordinance to Amend and Reenact the City Code of the City of Hampton, Virginia by Amending Chapter 2, Titled "Administration," Article I Titled "In General," Section 2.2 Titled "Residence Requirements for Members of Boards, Commissions, Etc." and Chapter 28 Titled "Pensions and Retirement," Article II, Titled "Hampton Employees Retirement System," Section 28-43, Titled "System Constitutes Separate Trust; Board of Trustees, Generally"

PURPOSE/BACKGROUND:

The Hampton Employees' Retirement System (the "System") has been in place since July 1, 1966. The System has been closed to new members since 1984. It is managed by a Board of Trustees, the composition of which is dictated by the Hampton City Code. As it exists today, the City Council and the School Board of the City of Hampton ("School Board") each appoint certain individuals to the Board based on specific requirements dictated by the Hampton City Code, including, but not limited to, the combined requirements of City residency and employment with or retirement from the City of Hampton, and receipt of a pension from the System.

Specifically, Hampton City Code Section 2-2 requires that all people appointed by City Council to serve on a committee, board, or commission, be a Hampton city resident. That restriction, combined with Section 28-43 (which applies to both City Council and the School Board), limits the pool of qualified candidates to serve on the System's Board to current and former employees who participate (d) in the System have remained (and are at the time of appointment) City residents. As time passes and the number of current participants and active employees covered by the System dwindles, so does the possible pool for appointees to the System's Board.

Two additional modifications are proposed to enhance the composition of the Board, as well as to expedite the ability to refill vacancies on the Board. First, because the primary responsibility of the

Board is prudent administration and management of \$130,000,000 +/- in investments that must be administered and spent in a manner that those funds will be sufficient to fund the continuing obligations of the System, it is recommended that at least two of the appointees to the Board be financial professionals. Finally, the revisions include a provision that enables delegation of appointment authority by the City Council and the School Board, each in their sole discretion, to the City Manager and School Superintendent, respectively.

Discussion:

See Purpose/Background Above.

Impact:

These amendments will expand the options available to optimize and maximize the possible pool of candidates for selection as appointees to the Hampton Employees' Retirement System Board.

Recommendation:

Approve the Ordinance Revisions.

BE IT ORDAINED by the City Council of the City of Hampton, Virginia, that Sections 2-2 and 28-43 of the City Code of the City of Hampton, Virginia be amended and restated to read as follows:

Chapter 2 -Administration

Article I - In General

...

Sec. 2-2 - Residence requirements for members of boards, commissions, etc.

Except as otherwise provided by the general laws of the state, or Hampton City Code, any person appointed to a committee, board, commission, authority or similar body, by the city council must be a resident of the city, unless such body is multijurisdictional or regional in nature.

...

Chapter 28 - Pensions and Retirement

Article II - Hampton Employees' Retirement System

...

Sec. 28-43. - System constitutes separate trust; board of trustees, generally.

(a) The system created by this article shall be construed to be a trust, separate and distinct from all other entities. The responsibility for the direction and operation of the system, and for making effective the provisions of this article, is hereby vested in a board of trustees. The board shall consist of nine (9) members, at least two (2) of which shall be financial professionals. The board's composition shall be as follows:

- (1) The city manager, or his designee, ex officio.
- (2) The director of risk management, or his designee, ex officio.
- (3) The superintendent of schools, or his designee, ex officio.

(4) Three (3) members appointed by the city council, who need not be an employee or retiree of the city. Each of these members shall serve for terms of two (2) years or until successors are appointed. They shall be eligible to succeed themselves for only one (1) additional term. The provisions of Hampton City Code 2-2 shall not apply to the membership of this board. Members may reside outside of the city. Recommendations for each of these members shall be made by the board of trustees to the city council according to a procedure adopted by the board and approved by the city council. City council may designate their appointment authority under this provision to the city manager.

(5) Three (3) members appointed by the school board, who need not be an employee or retiree of the school board. Each of these members shall serve for terms of two (2) years or until successors are appointed. They shall be eligible to succeed themselves for only one (1) additional term. Members may reside outside of the city. Recommendations for each of these members shall be made by the board of trustees to the school board according to a procedure adopted by the board and approved by the school board. The school board may designate their appointment authority under this provision to the superintendent of schools.

(b) Each trustee shall take an oath that, so far as it devolves upon him, he will diligently and honestly administer the affairs of the board and that he will not knowingly or willfully permit to be violated any of the provisions of this article applicable to the system. Such oath shall be subscribed by the member taking it, certified by the officer before whom it is taken and immediately filed with the clerk of the council. A trustee shall be deemed to have qualified for membership on the board when such oath has been filed.

(c) Subject to the limitations prescribed herein, the board shall, from time to time, establish such rules and regulations for the administration of the system and to implement the provisions of this article as may be required. It shall hold regular meetings at least quarterly in each year and such special meetings as may be deemed necessary. The annual meeting shall be held in the month of January of each year. Except as otherwise provided by law, all meetings shall be open to the public. A record of proceedings of all meetings shall be kept by the board.

(d) Each trustee shall be entitled to one (1) vote on the board and the concurrence of five (5) trustees shall be necessary for a decision at any regular or special meeting.

(e) For purposes of this section the term financial professional, shall be defined as one who does any of the following:

- (1) Engages in the buying, selling, handling, managing, or investing of securities;
- (2) Provides advice regarding money, credit, securities, financial planning, or other investments;
- (3) Teaches college or graduate level courses in the subjects of finance, business management or investments.