I. COMMENCEMENT

1. Chairperson call meeting to order.

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Start Time</th>
<th>End Time</th>
<th>Meeting Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/4/2020</td>
<td>11:45 AM</td>
<td>1:30 PM</td>
<td>Regular</td>
</tr>
</tbody>
</table>

Meeting Location
City Hall Building, Fifth Floor Conference Room
810 Union Street, Norfolk, Virginia

2. Roll call.

<table>
<thead>
<tr>
<th>Name</th>
<th>Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephanie A. Calliott</td>
<td>☑️</td>
</tr>
<tr>
<td>Yvonne T. Allmond</td>
<td>☑️</td>
</tr>
<tr>
<td>Lawrence A. Bernert, III</td>
<td>□</td>
</tr>
<tr>
<td>Rev. Kenneth W. Crowder</td>
<td>☑️</td>
</tr>
<tr>
<td>Arthur M. Eason, III</td>
<td>☑️</td>
</tr>
<tr>
<td>Daryl Howard</td>
<td>☑️</td>
</tr>
<tr>
<td>James Izard</td>
<td>☑️</td>
</tr>
<tr>
<td>Christine Garczynski</td>
<td>☑️</td>
</tr>
<tr>
<td>Catheryn Whitesell</td>
<td>☑️</td>
</tr>
</tbody>
</table>

Additional Attendees
Penny DeLosh
Executive Director
Jackie Cowan
Ret. Benefit Administrator
Andy Fox
Deputy City Attorney I
Kevin Woodrich
Cheiron Actuary
Justin Runkel
Cheiron Actuary

3. Approval of minutes of meetings held:

- December 10, 2019
  - Approved
- January 16, 2020
  - Approved
## II. REPORTING

<table>
<thead>
<tr>
<th>Reporting Period: February – March 2020</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Submitted/Approved)</td>
</tr>
<tr>
<td><strong>A. Service Retirement Applications</strong></td>
<td></td>
</tr>
<tr>
<td>1. Normal Service Retirement</td>
<td>13</td>
</tr>
<tr>
<td>2. Normal Service Retirement with DROP</td>
<td>4</td>
</tr>
<tr>
<td>3. Early Service Retirement - Reduced</td>
<td>5</td>
</tr>
<tr>
<td>4. Early Service Retirement - Deferred</td>
<td>0</td>
</tr>
<tr>
<td>5. Vested Service Retirement</td>
<td>17</td>
</tr>
<tr>
<td><strong>B. Disability Retirement Applications</strong></td>
<td>2</td>
</tr>
<tr>
<td>1. Accidental Disability Retirement</td>
<td>1</td>
</tr>
<tr>
<td>2. Ordinary Disability Retirement</td>
<td>1</td>
</tr>
<tr>
<td><strong>C. Disability Reexamination Determinations</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>D. DROP Exit Report</strong></td>
<td>2</td>
</tr>
<tr>
<td><strong>E. Report of Deaths</strong></td>
<td>34</td>
</tr>
<tr>
<td>1. Retiree</td>
<td>26</td>
</tr>
<tr>
<td>2. Spouse or Beneficiary</td>
<td>8</td>
</tr>
<tr>
<td><strong>F. Death Benefit Claims</strong></td>
<td>9</td>
</tr>
<tr>
<td><strong>G. Retirement Rescissions</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>H. Previous Docket Amendments and Corrections</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>I. Nonvested Member Separation</strong></td>
<td>36</td>
</tr>
<tr>
<td>1. Total</td>
<td>$85,202.59</td>
</tr>
</tbody>
</table>

J. Obligations Reported for Payment
   Refer to EXHIBIT 1.

K. Committee Reports: Administration and Planning & Investment Management
1. Administration and Planning Committee – no meeting; Committee works on rule changes, process changes, etc.
   a. Committee Membership
      (1) Christine Garczynski (Chair)
      (2) Yvonne Allmond
      (3) Member appointment needed due to Eric Tucker retirement effective March 1, 2020

2. Investment Management Committee – no meeting; Committee oversees hired consultant in accordance with Investment Policy Statement.
   a. Committee Membership
      (1) Larry Bernert (Chair)
      (2) Stephanie Calliott
      (3) Christine Garczynski
      (4) James Izard added to Committee
      (5) Member appointment needed due to Eric Tucker retirement effective March 1, 2020
   b. Monthly Flash/Capital Markets
      (1) As of January 31, 2020, asset market values were $1.127 billion in contrast to December 31, 2019 $1.139 billion.
      (2) Investment allocations are close to targeted ranges.
      (3) As of January 31, 2020, the Total Fund Composite performance was approximately -0.5% for the month, performance was 10.72% for the year and for 5 years it was 6.26%.
      (4) December 31, 2019 Investment Performance Review booklet reviewed by Stephanie Calliott, Board Chair, to explain how the booklet was structured for Board review.
      (5) Trevor Jackson, Andco Consultant, provided an email explanation regarding the market volatility over the past 7-8 business days due to the Coronavirus pandemic, what it is related to and what is expected. Handout provided for S&P 500 Total Return Index Level, illustrates the events since the index pre-crisis peak from 2007 – 2020. Chair recommends we only make changes when Board of Trustee objectives have changed, not when the market changes.
L. **Old Business**

1. City Code Chapter 37 Revisions Proposed June 2019 to City legal – Areas of City Code that are being considered or looked at to revise. Will be discussed in further detail at the May 2020 Board of Trustees’ meeting.

   a. Sec. 37-2. – Definitions
      (1) Council Member
      (2) General Member
      (3) Public Safety Member
      (4) Normal Service Retirement Age to address birth age and age at the time a service timeframe is attained (defined by employee type and date)
      (5) Early Service Retirement Age to address birth age and age at the time a service timeframe is attained (defined by employee type and date)
      (6) DROP
      (7) Mandatory Retirement Age (defined by employee type and date)
      (8) Vested Member (defined by employee type and date)

   b. Sec. 37-21(d) – Generally
      (1) Revise to include HR classifies the members as general or public safety officer not the board

   c. Sec. 37-45 – Restoration of creditable service upon re-enrollment after service terminated
      (1) Meaning of last full sentence “If such contributions are repaid no later than the last day of the calendar month……”

   d. Sec. 37-65. - Accidental disability retirement allowance—Generally
      (1) Language to include NERS allowance to be initially completely offset until provided Workers’ Compensation documentation or documentation to increase pay

   e. Sec. 37-67. - Reexamination of and reduction of benefits for beneficiaries retired on disability

   f. Sec. 37-68 – Optional Allowances
      (1) Ability to change named beneficiary under limited circumstances

   g. Sec. 37-71. - Accidental death benefit

   h. Sec. 37-74(g) – Disposition of contributions upon retirement from or termination of service.
      (1) Correct language from the “member will pay the distribution in a direct rollover…” This should read the “system will pay the distribution…”

   i. Sec. 37-77. - Offset of workers’ compensation benefits

2. Retirement IRS Tax Issue – Voluntary Correction Program (VCP) - **CLOSED**
a. January 24, 2020, the IRS confirmed withdrawal of the anonymous VCP submission. If desired, a new anonymous submission, including previously requested items and a new user fee, can be resubmitted to the IRS in the future.

3. Virginia Retirement System (VRS) Feasibility Study

a. As of February 6, 2020, the actuary for VRS completed the prospective service portion of the study for VRS’ review. The purchase of service portion of the study was more complex than anticipated and is the reason for the study delay. The actuary is finalizing the purchase of service scenario for VRS review within a few weeks. VRS review anticipated to be several months. Once received, the City will review and make a recommendation to City Council.

4. Investment Consultant Request for Proposal (RFP) (March 2018) and Request for Information (RFI) – Updates will be provided as they are received and how to proceed will be discussed with Investment Committee Chair.

a. RFP suspended for 4 months due to possible VRS participation by the City (April 2018); Discussion on NERS utilization of City procurement process led to recommendation that a RFI to be developed outside of the City procurement process given the NERS exemption (December 2018); RFI was in process but suspended while awaiting election of new investment committee chair and proposal to obtain a consultant to assist in the RFI process for an investment consultant (February - April 2019).

5. Trustee Manual Update

a. 30% of reviews and changes have been made to bring manual up to date and more modern. Approximate completion by May Board of Trustees meeting for review.

b. Suggestion to have new Board of Trustee orientation.

6. Investment Management – AndCo

a. Discretionary Services (DS) Investment Model – allows consultant to manage investments however they choose under certain confines. Model has not been approved by Board. The examples provided can be modified at Board of Trustees discretion.

(1) NERS Investment Policy Statement (possible IPS draft from AndCo)
(2) City of Royal Oak Health Care Investment Trust (example IPS)
7. Investment Policy Review


8. UBS Redemption

   a. Redemption form submitted in January 2020. Total redemption pool is up to $6.4 billion. Currently it may take 2-4 years to clear the redemption pool if nothing else changes.

M. New Business/Other

1. Mr. Kevin Woodrich and Mr. Justin Runkel, Cheiron actuary presented the results of the 2019 Actuarial Valuation Report.

   a. Presentation of 2019 Actuarial Valuation Report
      (1) Plan changes from the previous year
      (2) Historical employee participation, annual cash flows, assets and liabilities and contributions to the fund.
      (3) Retirement requirements for General Employees hired on or after July 1, 2018 were updated to better reflect anticipated experience under the new plan provisions.
      (4) An assumed expense load of 0.35% of payroll was implemented to better align with accounting standards under GASB No. 67 and 68 for the expected long-term investment return being net of only investment expenses.

   b. 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, 2019, was $1,397.9 million. The Actuarial Value of Assets at June 30, 2019, was $1,097.4 million, leaving an Unfunded Actuarial Liability at June 30, 2019, of $300.5 million. The System was 78.5% funded based on the actuarial value of assets. The results of this valuation determine the actuarially determined contribution rate for the fiscal year beginning July 1, 2020 (paid in FY 2021). The changes in assets/liabilities and the calculated contribution rate are illustrated in the charts below:
2019 Valuation Results
Asset/Liability Changes
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>Liabilities</th>
<th>Assets</th>
<th>UAL</th>
<th>% Funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual at 6/30/2018</td>
<td>$1,377.9</td>
<td>$1,074.9</td>
<td>$303.0</td>
<td>78.0%</td>
</tr>
<tr>
<td>Expected Changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29.4*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected at 6/30/2019</td>
<td>$1,388.6</td>
<td>$1,104.0</td>
<td>$303.5</td>
<td>79.5%</td>
</tr>
<tr>
<td>Actual at 6/30/2019</td>
<td>$1,397.9</td>
<td>$1,097.4</td>
<td>$300.5</td>
<td>78.5%</td>
</tr>
<tr>
<td>(Gain) / Loss</td>
<td>$(9.3)</td>
<td>$6.6</td>
<td>$(3.0)</td>
<td></td>
</tr>
</tbody>
</table>

* Liability change includes Normal Cost, Benefits & Interest
** Asset change includes Contributions, Benefits & Interest

Calculated Contribution

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018</th>
<th>June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal Cost Rate</td>
<td>8.65%</td>
<td>8.69%</td>
</tr>
<tr>
<td>UAL Amortization Rate</td>
<td>10.85%</td>
<td>11.26%</td>
</tr>
<tr>
<td>Expense Rate</td>
<td>N/A</td>
<td>0.35%</td>
</tr>
<tr>
<td>Total Contribution Rate</td>
<td>19.50%</td>
<td>20.30%</td>
</tr>
</tbody>
</table>

2. Actuarial Rates Certified: FY 2020 contribution rates for general employees is 13.93%; firefighters and police 31.75% and the combined rate is 20.30%.

The Board approved certification of the FY 2021 (paid July 2020) Actuarially Determined Contribution rates.
3. VRS board lowers assumed rate of return to 6.75% (October 2019)

4. Closed Session

With a quorum established, a motion was made, seconded and approved that the Board assemble in a closed session pursuant to Virginia Code Section 2.2-3711A(8) for the discussion of legal matter, specifically:

Consultation with legal counsel employed or retained by the public body regarding specific legal matters requiring the provision of legal advice by such counsel, to wit, possible matters under discussion to be included in the City of Norfolk’s fiscal year 2021 budget that could impact the Norfolk Employees’ Retirement System.

At the conclusion of the closed session, the Board adopted the following Resolution:

[“Closed Session: Legal Advice”]

A RESOLUTION CERTIFYING A CLOSED MEETING OF THE BOARD OF TRUSTEES OF THE NORFOLK EMPLOYEES’ RETIREMENT SYSTEM IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT.

WHEREAS, the Board of Trustees of the Norfolk Employees’ Retirement System convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act for the consideration, advice and discussion of a legal matter pursuant to Virginia code Section 2.2-3711A(8); and

WHEREAS, Virginia Code Section 2.2-3712 requires a certification of this Board of Trustees that such closed meeting was conducted in conformity with Virginia law; now, therefore,

BE IT RESOLVED by the Board of Trustees of the Norfolk Employees’ Retirement System:

Section 1:- That the Board of Trustees hereby certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Trustees.

Section 2:- That this Resolution shall be in effect from and after its adoption.
5. City attorney, Andy Fox, request to attend NAPPA annual meeting, June 2020. $3,000.00 estimated expenses include $900.00 registration and $2,100.00 for travel and expenses. Approved at a maximum expense of $3,500.00.

6. Resolution of Appreciation certificate for Eric G. Tucker, for 12 years of service to the Norfolk Employees’ Retirement System read by Board Chair.

7. NERS Board of Trustees Vice – Chair Election
   a. Nomination of Yvonne Allmond presented – APPROVED

8. East Street Parking Lot Access
   a. Request was made to determine if Board of Trustees could receive validated parking in the East Parking Lot due to the City Hall South Garage being demolished. Per City of Norfolk Parking Division, the Norfolk Employees’ Retirement System is not able to validate parking in that lot. MacArthur Center North Parking will continue to be validated for Board of Trustees.

9. Revised Board of Trustees’ Board Meeting Schedule
   a. Board of Trustees’ meetings will be held in the 5th floor conference room from 11 am – 1 pm. Investment Committee meetings will be held prior to regularly scheduled Board of Trustees’ meeting. Dates returned to the first Wednesday of the month.
      (1) May 6, 2020
      (2) July 1, 2020
      (3) September 2, 2020
      (4) November 4, 2020

10. NERS Board of Trustees meeting with City Council
    a. Board of Trustees’ to be placed on agenda to meet with City Council at September Council meeting by Deputy City Manager Catheryn Whitesell.

11. City Code Chapter 37 Revisions Proposed March 2020 – moved to May agenda due to time constraints
    a. Sec. 37-68. – Optional allowances
       (1) NERS beneficiary change
    b. Sec. 37-103.1(h) – Members’ mandatory contributions
       (1) Add language for calculation clarification: Interest shall be accrued through member’s date of termination or separation from service
N. Adjournment

<table>
<thead>
<tr>
<th>Next Meeting:</th>
<th>May 6, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated Quorum:</td>
<td>☐ Yes ☐ No</td>
</tr>
<tr>
<td>Scheduled Guest Speaker(s):</td>
<td></td>
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</tbody>
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