



## RETIREMENT BOARD OF TRUSTEES

### MEETING DOCKET



Phone: (757) 664-4738 Email: [retirement@norfolk.gov](mailto:retirement@norfolk.gov) Website: [www.norfolk.gov/retirement](http://www.norfolk.gov/retirement) Form No: 7503

#### I. COMMENCEMENT

##### 1. Chairperson call meeting to order.

Meeting Date 5/6/2020	Start Time 11:00 AM	End Time 12:00 PM	Meeting Type Regular
<b>Meeting Location</b>			
WebEx Remote Meeting pursuant to City of Norfolk to assure the continuity of government during the disaster resulting from the COVID-19 Pandemic.			
This electronic meeting will be open to the public. The public may listen and or participate in this public meeting via a WebEx remote meeting telephone call. Persons participating in the public meeting must identify themselves to the NERS Board of Trustees Secretary (Executive Director of NERS, Penny DeLosh).			
<b>WebEx Information (Investment Committee Meeting &amp; Regular meeting):</b>			
Dial In Number: 1-415-655-0002 Access Code: 476 103 847			

##### 2. Roll call.

	Present
Stephanie A. Calliott	<input checked="" type="checkbox"/>
Yvonne T. Allmond	<input checked="" type="checkbox"/>
Lawrence A. Bernert, III	<input checked="" type="checkbox"/>
Rev. Kenneth W. Crowder	<input type="checkbox"/>
Arthur M. Eason, III	<input type="checkbox"/>
Daryl Howard	<input checked="" type="checkbox"/>
James Izard	<input checked="" type="checkbox"/>
Christine Garczynski	<input checked="" type="checkbox"/>
Catheryn Whitesell	<input checked="" type="checkbox"/>

#### Additional Attendees

Penny DeLosh Executive Director	Jackie Cowan Ret. Benefit Administrator	Andy Fox Deputy City Attorney I
Heather Mullen Chief Deputy City Attorney	Edwin Pagan City of Norfolk Employee	Leonard Newcomb Retiree

**3. Approval of minutes of meetings held:****March 4, 2020** **Approved**  **Denied****II. REPORTING**

<b>Reporting Period: April - May 2020</b>	<b>TOTAL</b> (Submitted/Approved)
<b>A. Service Retirement Applications</b>	<b>18</b>
1. Normal Service Retirement	8
2. Normal Service Retirement with DROP	1
3. Early Service Retirement - Reduced	3
4. Early Service Retirement - Deferred	0
5. Vested Service Retirement	6
<b>B. Disability Retirement Applications</b>	<b>2</b>
1. Accidental Disability Retirement	1
2. Ordinary Disability Retirement	1
<b>C. Disability Reexamination Determinations</b>	<b>1</b>
<b>D. DROP Exit Report</b>	<b>2</b>
<b>E. Report of Deaths</b>	<b>9</b>
1. Retiree	4
2. Spouse or Beneficiary	5
<b>F. Death Benefit Claims</b>	<b>3</b>
<b>G. Retirement Rescissions</b>	<b>0</b>
<b>H. Previous Docket Amendments and Corrections</b>	<b>0</b>
<b>I. Nonvested Member Separation</b>	<b>37</b>
<b>Total</b>	<b>\$97,381.25</b>

**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 worked 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 – meeting held; 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
    - (5) Member appointment needed due to Eric Tucker retirement effective March 1, 2020
  - b. Quarterly review with AndCo – Markets were in turmoil during the first quarter.
  - c. Discussion on Investment Policy and how to adapt to make necessary changes and rebalancing nimbler.
  - d. Monthly Flash/Capital Markets
    - (1) As of July 1, 2019, Total Plan Actuarial Liability (AL) is \$1.398 billion and the Actuarial Value of Assets (AVA) is \$1.097 billion for an Actuarial funded ration (AVA/AL) of 79%. Using the Market Value of Assets (MVA), the Market funded ration (MVA/AL) was approximately 67% for March 2020.

## **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. Virginia Retirement System (VRS) Feasibility Study

- a. As of April 23, 2020, second scenario results were received from VRS. City will review and make a recommendation to City Council.
- b. Deadline of February 2021 attached to VRS Feasibility study to determine how NERS will proceed. If deadline is missed, process will have to be started over.
- c. Board of Trustees will make a recommendation to Council on how to proceed with the VRS feasibility study.
- d. City has not had an opportunity to evaluate the data completely due to Covid-19. Recommended to re-evaluate during July Board of Trustees meeting or September depending upon status of City due to Covid-19. Depending on data received in July Board of Trustees meeting would try to make recommendation to Council in September or November depending upon when decision is made.

3. Investment Consultant Request for Proposal (RFP) (March 2018) and Request for Information (RFI) –

- 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).

- b. Recommended to delay the discussion until the VRS Feasibility study has been evaluated and a recommendation on how to proceed has been established. Re-evaluate in September or November Board of Trustees meeting.
- 4. Trustee Manual Update
  - a. Progress has been made on revising the manual to make more user friendly. Approximately 75% is completed. Due to Covid-19 it was delayed. The manual should be completed by the July Board of Trustees meeting.
- 5. Investment – 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)
  - b. NERS Board of Trustees needs to evaluate if this model should be moved to and if AndCo is the Investment Consultant company the Board would like to continue using with this model.
  - c. Recommendation to re-evaluate Investment Policy Statement and a nimbler rebalancing management model once a determination has been made regarding the possible changes associated with the VRS Feasibility study.
  - d. UBS Redemption
    - (1) Due to Covid-19, UBS has placed all redemptions on hold this quarter.

## **M. New Business/Other**

- 1. Accidental Disability 6-year waiver – E. Pagan - **APPROVED**
  - a. Mr. Pagan gave permission for the Board of Trustees to discuss his personal medical information outside of a Closed Session.
  - b. Mr. Pagan presented his case to the Board of Trustees requesting a waiver of the 6-year filing requirement for an Accidental Disability Retirement application. Mr. Pagan indicated that he continued to work for the City of Norfolk after sustaining his injury in 2004 and had filed for DROP in 2016. He opted for less invasive medical treatments in order to continue to serve the community until 2019, at which time he had a surgical total knee replacement and was determined he could no longer serve in his position as a Police Officer. Once he had permanent restrictions, he opted to modify his DROP retirement and submitted an accidental disability retirement application in 2020.

c. Board of Trustees has the discretion to determine if a manifest injustice is present in this case to waive the 6-year application requirement. A motion was made to approve Mr. Pagan's request for a 6-year waiver for his Accidental Disability Retirement due to fundamental fairness in this situation. The Board of Trustees approved the motion unanimously.

(1) Roll Call with Votes:

- Stephanie Calliott – Yes
- Yvonne Allmond – Yes
- Lawrence Bernert – Yes
- Kenneth Crowder – Not in attendance
- Butch Eason – Not in attendance
- Daryl Howard – Yes
- James Izard – Yes
- Christine Garczynski – Yes
- Catheryn Whitesell - Yes

2. City Code Chapter 37 Revisions Proposed March 2020 –

a. Sec. 37-68. – Optional allowances

(1) NERS beneficiary change

- a. Currently if you elect a beneficiary and once first payment is due you are unable to change the beneficiary. NERS explored VRS requirements which allows you to make changes under certain circumstances such as if your beneficiary passed away.
- b. Contention point is NERS currently allows a spousal benefit at no cost to the retiree. As opposed to in VRS naming any beneficiary reduces the retiree's monthly benefit
- c. Determination needs to be made if we keep the policy currently in place regarding spousal benefits or do we make a blanket policy to state if you pick any beneficiary, including a spouse, a retiree's benefit will be reduced by a percentage or based upon the actuarial equivalent based on the age of the named beneficiary.
- d. Request to have a recommendation from the City for the July Board of Trustees meeting.

b. Sec. 37-103.1(h) – Members' mandatory contributions - **APPROVED**

(1) Add language for calculation clarification: Interest shall be accrued through member's date of termination or separation from service.

a. City Legal confirmed this is an IRS mandated requirement.

b. Motion made to amend City Code Section 37-103.1(h) to state, "Interest shall be accrued through member's date of termination or separation from service." Board of Trustees unanimously approved to amend the City Code.

(1) Roll Call with Votes:

- Stephanie Calliott – Yes
- Yvonne Allmond – Yes
- Lawrence Bernert – Yes
- Kenneth Crowder – Not in attendance
- Butch Eason – Not in attendance
- Daryl Howard – Yes
- James Izard – Yes
- Christine Garczynski – Yes
- Catheryn Whitesell - Yes

3. Board of Trustees member appointment needed due to Eric Tucker retirement effective March 1, 2020.

a. No update to provide. Ms. Whitesell will work to have a member appointed by the July meeting if City Council can approve this type of action under the given circumstances with Covid-19.

## **N. Adjournment**

<b>Next Meeting:</b>	<b>July 1, 2020</b>	
<b>Anticipated Quorum:</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Scheduled Guest Speaker(s):</b>		

**Exhibit 1**  
**Obligations Reported for Payment**

	Description	Amount
1.	State Street Corporation	\$17,026.98
2.	Cheiron	\$14,201.07
3.	AndCo, Inc.	\$34,728.54
4.	NowCare	\$600.00
5.	CliftonLarsonAllen LLP	\$5,072.00
6.	The Virginian-Pilot	\$81.90
7.	Wilcox Savage	\$2,209.25
8.	Harvest Fund Advisors	\$56,326.58
9.	Tortoise	\$36,176.31
10.	Retirement Payroll April 2020 & May 2020	\$15,618,981.31
11.	<b>TOTAL</b>	<b>\$15,785,403.94</b>

**Additional Details**

- (1) Custodial Services - Apr 2020 - May 2020 (Estimated) (\$27,496.51 Dec 2019 - Feb 2020 invoices paid Apr 2020)
- (2) Consulting services -Apr 2020 - May 2020 (\$4,875.69 Jan 2020 invoice paid Feb 2020)
- (3) Consulting services - Apr 2020 -May 2020 (Estimated) (\$52,092.82 Jan - Mar 2020 invoice paid Apr 2020)
- (4) NowCare - Disability J. Chalmers, C. Banks paid Apr 2020
- (5) Auditing Services FY 2019 - Sep - Oct 2019 final paid Apr 2020
- (6) Newspaper Subscription - paid Apr 2020
- (7) Professional Services Agreement No. 65620.011 -Feb 2020 - Mar 2020 services (Actual) paid Apr 2020
- (8) Harvest Fund 2020 Q1 paid Apr 2020
- (9) Tortoise Fund 2020 Q1 paid Apr 2020
- (10) Payroll for April 2020 \$7,718,981.31 (actual) and May 2020 \$7,900,000.00 (Estimated)