



RETIREMENT BOARD OF TRUSTEES MEETING DOCKET

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

I. COMMENCEMENT

1. Chairperson call meeting to order.

Meeting Date 01/06/2021	Start Time 11:00 AM	End Time 12:27 PM	Meeting Type Regular
Meeting Location 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).			
WebEx Information (Investment Committee Meeting & Regular meeting):			
Dial in Number: 1-415-655-0002 Access Code: 180 024 5044			

2. Roll call.

	Present
Yvonne T. Allmond (Vice-Chair)	<input checked="" type="checkbox"/>
Lawrence A. Bernert, III (Investment Committee Chair)	<input checked="" type="checkbox"/>
Rev. Kenneth W. Crowder	<input type="checkbox"/>
Elizabeth (Liz) A. Delude	<input checked="" type="checkbox"/>
Arthur M. Eason, III	<input checked="" type="checkbox"/>
Daryl Howard	<input checked="" type="checkbox"/>
James Izard	<input checked="" type="checkbox"/>
Christina (Tina) Talley	<input checked="" type="checkbox"/>
Christine Garczynski (Admin and Planning Committee Chair)	<input checked="" type="checkbox"/>
Catheryn Whitesell	<input checked="" type="checkbox"/>

Additional Attendees

Penny DeLosh Executive Director	Jackie Cowan Retirement Benefits Administrator	Andy Fox Deputy City Attorney I
Justin Runkel Cheiron	Kevin Woodrich Cheiron	Trevor Jackson AndCo

**3. Approval of minutes of meeting held
November 4, 2020:**

Approved **Denied**

II. REPORTING

Reporting Period: December 2020 - January 2021	TOTAL (Submitted/Approved)
A. Service Retirement Applications	37
1. Normal Service Retirement	23
2. Normal Service Retirement with DROP	2
3. Early Service Retirement - Reduced	4
4. Early Service Retirement - Deferred	4
5. Vested Service Retirement	4
B. Disability Retirement Applications	0
6. Accidental Disability Retirement	0
7. Ordinary Disability Retirement	0
C. Disability Reexamination Determinations	1
D. DROP Exit Report	2
E. Report of Deaths	29
1. Retiree	23
2. Spouse or Beneficiary	6
F. Death Benefit Claims	7
G. Retirement Rescissions	1
H. Previous Docket Amendments and Corrections	0
I. Nonvested Member Separation	28
Total	\$130,965.51

J. Obligations Reported for Payment

Refer to EXHIBIT 1

K. Committee Reports: Administration and Planning & Investment Management

1. Administration and Planning Committee – No meeting held
 - a. City Code Chapter 37 Revisions Proposed
 - (1) Sec. 37-68. – Optional allowances Ordinance approved December 22, 2020
 - (2) Sec 37-2. – Definitions – Ordinance to be drafted
2. Investment Management Committee – No meeting held
 - a. Committee Membership
 - (1) Committee Chair Resignation
 - i. Larry Bernert will remain on Committee
 - (2) Committee Chair Nomination of James Izard
 - i. The affirmative vote to appoint Mr. James Izard as Chair of the Investment Committee included: Yvonne Allmond, Lawrence Bernert, Elizabeth Delude, Daryl Howard, James Izard, Christina Talley, Christine Garczynski, Catheryn Whitesell
 - (3) Member appointment needed due to Stephanie Calliott resignation effective November 4, 2020
 - i. Elizabeth Delude to serve on Investment Committee
 - (4) Member appointment needed due to Eric Tucker retirement effective March 1, 2020
 - i. Catheryn Whitesell to serve on Investment Committee
 - (5) Resignation of Committee Membership
 - i. Christine Garczynski
 - b. Monthly Flash/Capital Markets
 - (1) As of July 1, 2019, Total Plan Actuarial Liability (AL) was \$1.398 billion, and the Actuarial Value of assets (AVA) was \$1.097 billion for an Actuarial funded ratio (AVA/AL) of 79%. Using the Market Value of Assets (MVA), the Market Funded Ratio (MVA/AL) was approximately 76% in October 2020 and 81% in November 2020
 - c. Any meetings held regarding the investment consultant search the meeting will be posted within Virginia State Law guidelines

L. Other / Old Business

1. Virginia Retirement System (VRS) Feasibility Study in progress
 - a. Continue to review feasibility and plan to have a decision as soon as possible
2. Investment Consultant Request for Proposal (RFP) (March 2018) and Request for Information (RFI)
 - a. Per Investment Committee Chair, Plan of Action to include possible Consultant to assist in RFP process.
3. Investment Policy Review – Pending award of Investment Consultant RFP
4. UBS Redemption
 - a. Asset liquidation in progress – Received 4th Quarter 2020 payout of \$665,734.05

M. New Business/Other

1. Introduction of new Board of Trustee Appointee, Elizabeth A. Delude – Resolution 1,812; term November 24, 2020 – December 31, 2024
 - a. Elizabeth Delude (Liz) is a Portfolio Manager at Palladium, LLC. She moved to Norfolk, VA (from a small town in New Hampshire) to attend college in 2001 and loved the area so much she became a permanent resident afterward. She received her BA from Virginia Wesleyan College and then later obtained her MBA from Old Dominion. She has always had a passion for planning and investment management and served within the financial services industry since 2005. Liz enjoys being active with the Hampton Roads community – she is also a member of the United Way of South Hampton Roads Women's Leadership Council and in her free time enjoys traveling, running, and spending time outdoors.
2. Cheiron Actuary (Kevin Woodrich and Justin Runkel)
 - a. Presentation of 2020 Actuarial Valuation Report
 - b. Discount Rate – To be discussed at a future Board of Trustees meeting

- c. 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, 2020, was \$1.421.0 million. The Actuarial Value of Assets at June 30, 2020, was \$1.044.0 million, leaving an Unfunded Actuarial Liability at June 30, 2020, of \$320.9 million. The System was 77.4% 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, 2021 (paid in FY 2022). The changes in assets/liabilities and the calculated contribution rate are illustrated in the charts below:

2020 Valuation Results
Asset/Liability Changes
(\$ in millions)

	Liabilities	Assets	UAL	% Funded
Actual at 6/30/2019	\$ 1,398.0	\$ 1,097.5	\$ 300.5	78.5%
Expected Changes	29.4*	30.6**	(1.2)	
2% Increase COLA ***	0.0	0.0	0.0	
Assumption Changes	0.0	0.0	0.0	
Expected at 6/30/2020	\$ 1,427.4	\$ 1,128.1	\$ 299.3	79.0%
Actual at 6/30/2020	\$ 1,421.0	\$ 1,100.0	\$ 321.0	77.4%
(Gain) / Loss	\$ (6.4)	\$ 28.1	\$ 21.7	

* Liability change includes Normal Cost, Benefits & Interest

** Asset change includes Contributions, Benefits & Interest

Calculated Contribution

	June 30, 2019	June 30, 2020
Normal Cost Rate	8.69%	8.60%
UAL Amortization Rate	11.26%	12.25%
Expense Rate	0.35%	0.35%
Total Contribution Rate	20.30%	21.20%

3. FY 2021 Actuarial Contribution Rates Certification – Approved
 - a. General employees: 14.59%
 - b. Firefighters and Police: 33.22%
 - c. Combined rate: 21.20%
 - d. The Board approved certification of the FY 2022 (paid July 2021) actuarially determined contribution rate: Yvonne Allmond, Lawrence Bernert, Elizabeth Delude, Arthur Eason, Daryl Howard, James IZard, Christina Talley, Christine Garczynski, Catheryn Whitesell
4. Board of Trustee Reappointments – Resolution 1,816
 - a. Yvonne Allmond; term – January 1, 2021 – December 31, 2022
 - (1) Appointed in 2007, therefore term is only 2 years as City Council prefers 12-year terms
 - b. Larry Bernert; term – January 1, 2021 – December 31, 2022
 - (1) Appointed in 2007, therefore term is only 2 years as City Council prefers 12-year terms
 - c. Kenneth Crowder; term – January 1, 2021 – December 31, 2024
 - (1) Appointed in 2009, therefore term is 4 years
5. NERS Board of Trustee Chair Nomination and Election –
 - a. Larry Bernert nominated

- b. The affirmative vote to appoint Larry Bernert as Chair of the Norfolk Employees' Retirement System Board of Trustees included: Yvonne Allmond, Lawrence Bernert, Elizabeth Delude, Arthur Eason, Daryl Howard, James Izard, Christina Talley, Christine Garczynski, Catheryn Whitesell
6. NAPPA 2021 Annual Dues \$300 for Andy Fox – Approved
 - a. The affirmative vote to approve the \$300.00 NAPPA 2021 Annual Dues included: Yvonne Allmond, Lawrence Bernert, Elizabeth Delude, Arthur Eason, Daryl Howard, James Izard, Christina Talley, Christine Garczynski, Catheryn Whitesell
 7. FY 2020 External CliftonLarsonAllen Audit completed and issued NERS no findings (clean opinion)
 8. FY 2020 Comprehensive Annual Financial Report (CAFR) & FY 2020 Popular Annual Financial Report (PAFR) completed and published. Associated Government Finance Officers Association award applications submitted
 - a. The PAFR is an easy-to-read version of the System's CAFR designed to provide members and citizens with an overview of the System and its financial position. This is the first year NERS has created a PAFR.
 9. Closed Session: All Trustees voted to enter the Closed Session – Yvonne Allmond, Lawrence Bernert, Elizabeth Delude, Arthur Eason, Daryl Howard, James Izard, Christina Talley, Christine Garczynski, Catheryn Whitesell

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(38) for the discussion of investment matters, specifically:

Discussion of investment strategy and management where a public discussion of the Norfolk Employees' Retirement System investment strategies and management would be adverse to its financial interest.

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



CLOSED SESSION: INVESTMENT MATTERS

BEGIN

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 investment matters pursuant to Virginia code Section 2.2-3711A(38); 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.



CLOSED SESSION: INVESTMENT MATTERS

END

- a. Motion made for the Norfolk Employees' Retirement System to engage in a search for a consultant to assist with the investment consultant RFP process
 - (1) The affirmative vote to approve the motion included: Yvonne Allmond, Lawrence Bernert, Elizabeth Delude, Daryl Howard, James Izard, Christina Talley, Christine Garczynski, Catheryn Whitesell

N. Adjournment

Next Meeting: March 3, 2021

Anticipated Quorum: Yes No

Scheduled Guest Speaker(s): _____

Exhibit 1

Obligations Reported for Payment November – December 2020

	Description	Amount
1.	State Street Corporation	\$20,000.00
2.	Cheiron	\$20,000.00
3.	NowCare	\$650.00
4.	CliftonLarsonAllen LLP	\$10,356.80
5.	AndCo, Inc (quarterly billing)	\$52,429.20
6.	Government Finance Officers Association	\$860.00
7.	Fort Norfolk Plaza Cardiology	\$1,044.00
8.	CDW	\$679.51
9.	Retirement Payroll Dec 2020 & Jan 2021	\$15,851,369.00
10.		
11.		
12.	TOTAL	\$15,957,388.51

Additional Details

- 1) Custodial Services – Dec 2020 – Jan 2021 est. (\$27,526.24 Sep 2020 invoice paid Nov 2020)
- 2) Custodial Services – Dec 2020 – Jan 2021 (Retainer and Special Study est.) (\$30,463.63 Oct – Nov 2020 invoices paid Nov and Dec 2020)
- 3) NowCare – Disability excess documents (Dec 2020 invoice paid Dec 2020)
- 4) NERS external FY 2020 Audit (invoice paid Dec 2020)
- 5) Consulting services - 2020 Q4 Oct 2020 – Dec 2020 (invoice paid Jan 2021)
- 6) Government Finance Officers Association (FY 2020 CAFR & PAFR Awards) (Invoices paid Dec 2020)
- 7) Fort Norfolk – Disability Exams (Nov 2020 – Dec 2020 invoices paid Nov & Dec 2020)
- 8) Digital Scanner for official record retention (invoice paid Dec 2020)
- 9) Payroll for Dec 2020 \$8,163,770.91 (Actual) and Jan 2021 \$8,000,000 (Estimated)