



RETIREMENT BOARD OF TRUSTEES MEETING MINUTES



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	Start Time	End Time	Meeting Type
1/5/2022	11:00 AM	12:13 p.m.	Regular

Meeting Information

This meeting of the Norfolk Employees' Retirement System Board of Trustees is being held by electronic communication means pursuant to Virginia Code § 2.2-3708.2(A)(3).

The City of Norfolk has declared a Local State of Emergency pursuant to Virginia Code § 44-146.21 due to the public health danger of the novel coronavirus COVID-19 pandemic, which constitutes a disaster and emergency.

The catastrophic nature of the COVID-19 pandemic makes it impracticable or unsafe for this public body to assemble a quorum in a single location.

The purpose of this meeting is to provide for the continuity of operations of this public body or the discharge of its lawful purposes, duties, and responsibilities.

This meeting will be conducted by the following electronic communication means: through WebEx phone and videoconferencing.

Public notice for this meeting was given contemporaneously with the notice provided to these members. Public notice was given on December 29, 2021, on the City of Norfolk's website, at prominent locations in City Hall, at the Clerk's Office.

The public may access the meeting through the following electronic means: by WebEx phone or videoconferencing through the address provided in the public notice for this meeting

Dial In: 1-415-655-0002

Access Number: 2317 160 2055

Link:

<https://convoice.webex.com/convoice/j.php?MTID=m9aaf414370462fb4947ee40639359342>

2. **Roll call.**

	Present
Lawrence A. Bernert, III (Chair)	<input checked="" type="checkbox"/>
Yvonne T. Allmond (Vice-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 (Investment Committee Chair)	<input checked="" type="checkbox"/>
Christina (Tina) Talley	<input 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	Lauren Albanese Financial Investment News

3. **Approval of minutes of meeting held**

November 3, 2021:

 Approved **Denied**

II. REPORTING

Reporting Period: December 2021 – January 2022		TOTAL (Submitted/Approved)
A. Service Retirement Applications		36
1. Normal Service Retirement		20
2. Normal Service Retirement with DROP		5
3. Early Service Retirement - Reduced		1
4. Early Service Retirement - Deferred		0
5. Vested Service Retirement		10
B. Disability Retirement Applications		0
6. Accidental Disability Retirement		0
7. Ordinary Disability Retirement		0
C. Disability Reexamination Determinations		1
D. DROP Exit Report		1
E. Report of Deaths		18
1. Retiree		15
2. Spouse or Beneficiary		3
F. Death Benefit Claims		5
G. Retirement Rescissions		1
H. Previous Docket Amendments and Corrections		0
I. Nonvested Member Separation		77
Total		\$284,636.09

J. Obligations Reported for Payment

Refer to EXHIBIT 1

K. Committee Reports: Administration and Planning & Investment Management

1. Administration and Planning Committee – no meeting
2. Investment Management Committee – no meeting
 - a. North Pier virtual meeting held on December 10, 2021, to review candidate specifications and Request for Proposal (RFP) details for Outsourced Chief Investment Officer (OCIO)
 - i. Received modified contract for wide search and tracking analysis with no cost increase
 - ii. Approval of RFP needed
 - iii. Schedule meeting with North Pier as soon as possible
 - b. As of November 30, 2021, the Plan's current market value of assets (MVA) was \$1,411,435,429. As of November 30, 2021, the Plan's market value funded ratio (current MVA/fiscal year and AL) was 98.6%.
 - c. Relevant Asset Allocation
 - i. Global Equities increased by 20%
 - ii. Fixed Income decreased by 1%
 - iii. Real Estate increased by 11.4%
 - iv. MLP's increased by 41%

L. Other / Old Business

1. Virginia Retirement System (VRS)
 - a. Effective January 1, 2022, all City employees newly hired and rehired are participating members of the VRS
 - b. All current, active Norfolk Employees' Retirement System members will have a window of opportunity (January 1, 2022, through December 31, 2022) to elect to terminate their NERS membership and become participating members in VRS or to remain a NERS participant. This is an irrevocable retirement plan election.
 - c. NERS vs VRS educational sessions conducted through Microsoft Teams
 - i. Questions are being addressed directly during these sessions and through appointments with NERS staff

- d. Approximately 300 Retirement Benefit Plan Acknowledgement forms received
 - i. Majority of NERS members who have elected to transition to VRS are non-vested and will receive a refund of NERS contributions
 - ii. Vested NERS members who have elected to transition to VRS have been given the opportunity to freeze their NERS assets and be due a benefit in the future or use their NERS assets to purchase service in VRS, which is not day for day
 - iii. Retirement Plan Election & Acknowledgement status update to be included in the Board dockets for the remainder of the transition period

2. UBS

- a. Redemption of \$3,071,003.88 on January 6, 2022 to be used for NERS February payroll

M. New Business/Other

- 1. Cheiron Actuary (Kevin Woodrich & Justin Runkel)
 - a. Presentation of 2021 Actuarial Valuation Report
 - b. Experience study to be conducted by Cheiron
 - 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, 2021, was \$1.431.5 million. The Actuarial Value of Assets at June 30, 2021, was \$1.297.1 million, leaving an Unfunded Actuarial Liability at June 30, 2021, of \$134.4 million. The System was 90.6% 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, 2022 (paid in FY 2023). The changes in assets/liabilities and the calculated contribution rate are illustrated in the charts below:

2021 Valuation Results
Asset/Liability Changes
(\$ in millions)

	Liabilities	Assets	UAL	% Funded
Actual at 6/30/2020	\$ 1,421.0	\$ 1,100.0	\$ 321.0	77.4%
Expected Changes	29.7*	151.2**	(121.5)	
2% Increase COLA ***	0.0	0.0	0.0	
Assumption Changes	0.0	0.0	0.0	
Expected at 6/30/2021	\$ 1,450.7	\$ 1,251.2	\$ 199.5	86.2%
Actual at 6/30/2021	\$ 1,431.5	\$ 1,297.1	\$ 134.4	90.6%
(Gain) / Loss	\$ (19.2)	\$ (45.9)	\$ (65.1)	

* Liability change includes Normal Cost, Benefits & Interest

** Asset change includes Contributions, Benefits & Interest

Calculated Contribution

	June 30, 2020	June 30, 2021
Normal Cost Rate	8.60%	8.44%
UAL Amortization Rate	12.25%	6.93%
Expense Rate	0.35%	0.35%
Total Contribution Rate	21.20%	15.72%

2. FY 2023 Actuarial Contribution Rates Certification – Approved

a. General employee: 10.16%

b. Firefighters and Police: 26.10%

c. Combined rate: 15.72%

d. The Board unanimously approved certification of the FY 2023 (paid July 2022) actuarially determined contribution rate

N. Adjournment

Next Meeting: March 1, 2022

Anticipated Quorum: Yes No

Scheduled Guest Speaker(s): _____

Exhibit 1**Obligations Reported for Payment November - December 2021**

	Description	Amount
1.	State Street Corporation	\$40,000.00
2.	Cheiron	\$25,629.63
3.	Harvest Fund Advisors, LLC	\$108,000.00
4.	Tortoise Capital Advisors, LLC	\$142,443.20
5.	PIMCO	\$194,607.14
6.	AndCo	\$52,000.00
7.	Retirement Payroll December 2021 & January 2022	\$16,236,884.23
8.		
9.		
10.		
11.		
12.	TOTAL	\$16,799,564.20

Additional Details

1. Custodial Services - Nov 2021 – Dec 2021 (\$10,000.00 Sept 2021, \$10,000.00 Oct 2021, \$10,000.00 Nov 2021 & \$10,000.00 Dec 2021 estimated)
2. Actuarial Services – Nov 2021 – Dec 2021 (\$5,021.96 Sept 2021, \$13,669.46 Oct 2021, \$6,938.21 Nov 2021 invoice, paid Nov 2021 & Dec 2021)
3. Harvest Fund Advisors (2021 Q4 invoice, estimated)
4. Tortoise Capital Advisors, LLC (\$71,443.20 2021 Q3 invoice, paid Nov 2021, \$71,000.00 Q4 invoice, estimated)
5. PIMCO (\$97,607.14 2021 Q3 invoice, paid Nov 2021, \$97,000.00 Q4 invoice, estimated)
6. AndCo (2021 Q4 invoice, estimated)
7. Payroll for December 2021 \$8,236,884.23 (actual) and January 2022 \$8,000,000.00 (Estimated)