



## RETIREMENT BOARD OF TRUSTEES

### MEETING MINUTES



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 1/11/2023	Start Time 12:00 PM	End Time 1:41 PM	Meeting Type Regular
<b>Meeting Information</b>			
City Hall Building, Sixth Floor Conference Room			
810 Union Street, Norfolk, Virginia			

##### 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 type="checkbox"/>
James Izard (Investment Committee Chair)	<input checked="" type="checkbox"/>
Lashawnda Hall	<input checked="" type="checkbox"/>
Christine Garczynski (Admin and Planning Committee Chair)	<input type="checkbox"/>
Catheryn Whitesell	<input type="checkbox"/>

##### Additional Attendees

Penny DeLosh Executive Director	Justin Payne Retirement Benefits Specialist II	Andy Fox Deputy City Attorney I
Justin Runkel Cheiron	Kevin Woodrich Cheiron	Mike Roggow (alternate for C. Garczynski) Asst. Director of Finance

##### 3. Approval of minutes of meeting held November 2, 2022:

Approved       Denied

## II. REPORTING

Reporting Period: December 2022 – January 2023		<b>TOTAL</b> (Submitted/Approved)
<b>A. Service Retirement Applications</b>		<b>58</b>
1. Normal Service Retirement		14
2. Normal Service Retirement with DROP		33
3. Early Service Retirement - Reduced		3
4. Early Service Retirement - Deferred		0
5. Vested Service Retirement		8
<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>2</b>
<b>D. DROP Exit Report</b>		<b>6</b>
<b>E. Report of Deaths</b>		<b>20</b>
1. Retiree		17
2. Spouse or Beneficiary		3
<b>F. Death Benefit Claims</b>		<b>6</b>
<b>G. Retirement Rescissions</b>		<b>0</b>
<b>H. Previous Docket Amendments and Corrections</b>		<b>0</b>
<b>I. NERS Non-Vested Member Separation from Employment</b>		<b>18</b>
Total		<b>\$55,936.71</b>
<b>J. NERS Non-Vested Members Transition to VRS (November – December 2022)</b>		<b>45</b>
Total		<b>\$132,609.04</b>

**K. Obligations Reported for Payment**

Refer to EXHIBIT 1

**L. Committee Reports: Administration and Planning & Investment Management**

1. Administration and Planning Committee – no meeting
  - a. Begin review of current Board policies for Outsourced Chief Investment Officer inclusion
    - i. NERS BOT Governance Manual
    - ii. NERS BOT Code of Ethics
2. Investment Management Committee –
  - a. Meketa Investment Group investment and market review:
    - i. Economic and Market Update
    - ii. Performance Summary
    - iii. Portfolio Transition Update
  - b. Asset class allocations were close to or within targeted investment ranges
    - i. One-year total fund investment rate of return was -7.2%, which is significantly better than public benchmark of -11.9% and strategic investment benchmark of -6.1%
    - ii. Rate of return for Global Equities outperformed at -10.5% versus the -11.8% public benchmark
    - iii. Rate of return for Fixed Income was -12.9% versus the Bloomberg US Aggregate TR of -12.8%
    - iv. Rate of return for Real Estate was 6.0% with benchmark of the NCREIF ODCE (net) 21.0% rate of return
    - v. Rate of return for MLPs was 42.0% as compared to the Alerian MLP TR USD rate of 42.3%

**M. Other / Old Business**

1. Virginia Retirement System (VRS)
  - a. Effective January 1, 2022, all City employees newly hired and rehired will be participating member of the VRS
  - b. The window of opportunity for all current, active Norfolk Employees' Retirement System members to elect to terminate their NERS membership and become participating members in VRS or to remain a NERS participant ended on December 31, 2022. This was an irrevocable retirement plan election.

- c. As of January 1, 2023, out of 3,579 NERS members, 133 members did not make a retirement plan election, therefore will remain NERS members.
  - i. A notification letter was mailed indicating that the employee would remain active NERS members by default as a result of their non-election

## **N. New Business/Other**

1. Cheiron Actuary (Kevin Woodrich & Justin Runkel)
  - a. Presentation of FY2022 Actuarial Valuation Report
  - 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, 2022, was \$1,534.6 million. The Actuarial Value of Assets at June 30, 2022, was \$1,291.7 million, leaving an Unfunded Actuarial Liability (UAL) at June 30, 2022, of \$242.9 million. The System was 84.2% funded based on the actuarial value of assets. If the Trust balance of \$76.5 million as of June 30, 2022, was included, the System would be 89.2 percent 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, 2023 (paid in FY 2024). The changes in assets/liabilities and the calculated contribution rate are illustrated in the charts below:

**2022 Valuation Results**  
**Asset/Liability Changes**  
 (\$ in millions)

	Liabilities	Assets	UAL	Funded
Actual at 6/30/2021	\$ 1,431.5	\$ 1,297.1	\$ 134.4	90.6%
Expected Changes	22.4*	39.1**	(16.7)	
Plan Changes	(0.9)	0.0	(0.9)	
Assumption Changes	77.2	0.0	77.2	
Expected at 6/30/2022	\$ 1,530.2	\$ 1,336.2	\$ 194.0	87.3%
Actual at 6/30/2022	\$ 1,534.6	\$ 1,291.7	\$ 242.9	84.2%
(Gain) / Loss	\$ 4.4	\$ 44.5	\$ 48.9	

\* Liability change includes Normal Cost, Benefits & Interest

\*\* Asset change includes Contributions, Benefits & Interest

### **Calculated Contribution Rate (Combined)**

	<b>June 30, 2021</b>	<b>June 30, 2022</b>
<b>Normal Cost Rate</b>	8.44%	7.13%
<b>UALAmortization Rate</b>	6.93%	13.48%
<b>Expense Rate</b>	0.35%	0.35%
<b>Total Contribution Rate</b>	15.72%	20.96%

2. FY 2024 Actuarial Contribution Rates Certification - Approved
  - a. General employee: 13.18%
  - b. Firefighters and Police: 35.86%
  - c. Combined rate: 20.96%
  - d. The Board unanimously approved certification of the FY 2024 (to be paid July 2023) actuarially determined contribution rate
3. Introduction of new Board of Trustee Appointee, Lashawnda W. Hall – Resolution 1,881; term January 1, 2023 – December 31, 2026
4. Reappointment of Board of Trustees Appointees
  - a. Lawrence A. Bernert, III – Resolution 1,881; term January 1, 2023 – December 31, 2024
  - b. Yvonne T. Allmond – Resolution 1,881; term January 1, 2023 – December 31, 2024
  - c. Daryl Howard – Resolution 1,881; term January 1, 2023 – December 31, 2024

### **O. Adjournment**

<b>Next Meeting:</b>		<b>March 1, 2023</b>
<b>Anticipated Quorum:</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Scheduled Guest Speaker(s):</b>		

**Exhibit 1**  
**Obligations Reported for Payment: November 2022 - December 2022**

	Description	Amount
1.	State Street Corporation	\$22,933.27
2.	Cheiron	\$8,267.62
3.	Harvest Fund Advisors, LLC (Meketa to process)	\$87,000.00
4.	Tortoise Capital Advisors, LLC (Meketa to process)	\$66,000.00
5.	PIMCO (Meketa to process)	\$66,000.00
6.	AndCo	\$25,000.00
7.	Retirement Payroll December 2022 & January 2023	\$17,144,821.35
8.	CliftonLarsonAllen LLP	\$22,500.00
9.	Pension Benefit Information	\$2,067.00
10.	Meketa Investment Group, Inc.	\$48,935.15
11.		
12.	<b>TOTAL</b>	<b>\$17,493,524.39</b>

**Additional Details**

1. Custodial Services - Nov2022 – Dec 2022 (\$12,515.12 Sept 2022, \$10,418.15 Oct 2022, paid Nov & Dec 2022)
2. Actuarial Services - Nov 2022 – Dec 2022 (\$8,267.62 Oct 2022, , paid Nov 2022)
3. Harvest Fund Advisors (\$87,000.00 2022 Q4 invoice estimated, payment to be processed by Meketa)
4. Tortoise Capital Advisors, LLC (\$66,000.00 2022 Q4 estimated, payment to be processed by Meketa)
5. PIMCO (\$66,000.00 2022 Q4 estimated invoice, payment to be processed by Meketa)
6. AndCo (\$25,000.00 2022 Q4 invoice, paid January 2023)
7. Payroll for December 2022 \$8,644,821.35 (actual) and January 2023 \$8,500,000.00 (Estimated)
8. CliftonLarsonAllen LLP (\$15,000.00 Sept 2022, \$7,500.00 Nov 2022, paid Nov & Dec 2022)
9. Pension Benefit Information (\$2,067.00, paid Dec 2022)
10. Meketa Investment Group, Inc. (\$48,935.15, paid December 2022)