

**NORFOLK EMPLOYEES' RETIREMENT
SYSTEM (NERS)**

BOARD OF TRUSTEES

GOVERNANCE MANUAL

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TABLE OF CONTENTS

I. INTRODUCTION AND PURPOSE	1
II. OVERVIEW OF THE RETIREMENT SYSTEM	2
History	2
Board of Trustees.....	2
Membership.....	3
Contributions	3
Benefits	3
Investments	3
Operations	4
III. BOARD RESPONSIBILITIES	4
IV. TRUSTEES RESPONSIBILITIES	8
V. OFFICERS OF THE BOARD	9
Chair	9
Vice-Chair	10
Executive Director	10
VI. BOARD COMMITTEES AND ASSIGNMENT	10
Special Committees	10
Standing Committees	11
Investment Committee Charter	11
Administration and Planning Committee Charter	16
VII. DELEGATION BY THE BOARD TO THE EXECUTIVE DIRECTOR	19
Executive Director Position Description.....	20
Executive Director Evaluation Criteria and Process	21
VIII. CONNECTION OF THE BOARD TO THE SYSTEM'S OPERATIONS	24
IX. BOARD MEETING PROTOCOL	24
Open Meetings and Public Records Laws	25
Agenda Setting.....	26
Agenda Items	26
Action Items.....	26
Information Only Items	26

Rules of Order	26
X. RELATIONSHIP WITH THE PUBLIC	27
Principles.....	27
Communication with the Media.....	27
XI. OUTSOURCED CHIEF INVESTMENT OFFICER (OCIO).....	28
Asset Allocation and Total Portfolio Duties	28
Pension Trust Fund Performance Measurement and Investment Management	29
XII. Actuary.....	30
XIII. External Auditor.....	33
XIV. BOARD POLICIES	34
Education Policy.....	34
Fraud Policy.....	38

APPENDICES

APPENDIX A - STANDARD OF CONDUCT QUESTIONNAIRE FOR SERVICE PROVIDERS	45
APPENDIX B - Annual Financial Disclosure/Conflict of Interest Affidavit	51
APPENDIX C – Retirement Industry Websites	53
APPENDIX D – Key NERS Administrative Information	55
EXHIBIT 1: Trustee Information	57
EXHIBIT 2: Committee Information	59
EXHIBIT 3: Organizational Chart	61
EXHIBIT 4: Professional Service Providers.....	63

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I. INTRODUCTION AND PURPOSE

The Board of Trustees of the Norfolk Employees' Retirement System (the Board and NERS, respectively) recognizes that sound governance practices are essential to fulfilling its fiduciary duties and responsibilities. It is the responsibility of the Board to set policy, to promulgate the rules that are necessary in carrying out their obligations as fiduciaries of the System and to administer Chapter 37 of the Norfolk City Code.

This Governance Manual has been prepared to explain the roles, responsibilities, policies, procedures and activities of the Board of Trustees. It also serves as an orientation guide for new Trustees and an ongoing reference Manual for the Trustees and NERS staff.

The contents of this Manual are to be construed in harmony with federal and state law, and the Norfolk City Code. If anything in this Manual is contrary to law, the law prevails. Any questions about the contents of this Manual can be directed to the Board Chair, the Executive Director or the Board's Legal Counsel.

The Board will review the policies and overall content of the Governance Manual regularly, but at least every two (2) years. The Board is empowered to make policy or procedure modifications to the Manual by a majority vote of five (5) or more trustees at a duly convened meeting of the Board.

The purpose of this Governance Manual is to:

- Describe the roles and responsibilities of the Board of Trustees as a Board, the individual Trustees in their role as such and the Committees of the Board;
- Establish a Board Meeting Protocol and Committee Charters that provide for the manner in which the Board will conduct itself so as to enable the Board to carry out its responsibilities as effectively and efficiently as possible and in accordance with state and federal law;
- Set forth, and ensure compliance with, policies and procedures established by the Board to enable the Board of Trustees to fulfill its statutory and fiduciary responsibilities;
- Facilitate the organized, efficient and cohesive functioning of the Board;
- Facilitate effective communication among the Trustees, staff, plan members, employers and other external parties; and

- Define responsibility and accountability between the Board and staff for hiring and monitoring outside service providers.

II. OVERVIEW OF THE RETIREMENT SYSTEM

History

The Norfolk Employees' Retirement System (NERS, the System, the Plan or the Pension Trust Fund) was established in 1942. The System is the administrator of a single-employer contributory defined benefit plan that covers substantially all employees of the City of Norfolk (the City), Virginia hired prior to January 1, 2022, excluding Constitutional Officers and Commonwealth of Virginia employees who are covered by the Virginia Retirement System.

NERS was created by the City and is a qualified (tax-exempt) governmental plan within the meaning of the United States Internal Revenue Code. The legal authority for NERS to mandate contributions, control investments and administer benefits can be found in Chapter 37 of the Norfolk City Code. NERS functions as a Pension Trust Fund, and sets forth the purpose, powers and duties of the Board of Trustees (the Board or Trustees) relative to its responsibilities as administrator and/or trustee of the retirement system.

Board of Trustees

NERS is governed by a Board of Trustees, per City Code Chapter 37 Sec. 37-96, made up of 10 members and is charged with oversight of the administration of benefits and the investment of assets. The Trustees are fiduciaries, and as such have the highest standard of law placed upon them. Each is expected to discharge his or her duties with the utmost honesty and integrity and to act solely in the interest of the members, retirees and beneficiaries for the exclusive purposes of providing benefits and paying the reasonable expenses of administering NERS.

The Board of Trustees consist of:

- Eight (8) trustees appointed by the City Council;
- City Manager, ex officio or designee; and
- Director of Finance, ex officio or designee.

Of the eight (8) trustees appointed by the City Council, one (1) member shall be an employee in the department of police or the department of fire; one (1) shall be an employee of some department of the City other than the department of police or the department of fire (often referred to as a general employee); three (3) shall be citizens

of the City, none of whom shall be members of the System; two (2) shall be citizens of the City, each of whom shall be a responsible officer of a bank authorized to do business within the Commonwealth, or who shall be experienced in the investment of funds, and neither of whom shall be a member of the System; and one (1) shall be a retired member of the System.

All Trustees serve for a term of four (4) years and may remain on the Board in a holdover status until they are reconfirmed or until their successors are appointed and qualified. Within ten (10) days of appointment or election, each Trustee will be required to take the oath of office prescribed by the Charter of City officers. The Board of Trustees shall elect a Chair and a Vice-Chair of the Board of Trustees by majority vote.

The Board may establish committees to assist in the administration of NERS. The Chair will ensure committees are adequately staffed and establish committees as needed.

Membership

Membership is mandatory for permanent City employees and designated special project City employees hired prior to January 1, 2022. Membership does not include employees in the offices of the Clerk of the Circuit Court, Commissioner of the Revenue, City Treasurer, City Sheriff, Judge of the General District Court or Commonwealth's Attorney.

Contributions

NERS is funded through a combination of employer and employee contributions, and investment earnings. Employer contribution rates are recommended to the City Council by the Board of Trustees in accordance with statutory provisions. Employee contribution rates are determined and set by the City Council.

Benefits

NERS is a public defined benefit pension plan, meaning that the benefits are guaranteed and based upon an employee's years of service, salary history and accrual rate. The accrual rate for general employees is 1.75% and 2.5% for sworn public safety officers (these sworn employees do not participate in Social Security therefore they receive a higher multiplier). The benefits provided by NERS include service retirement pensions and disability retirement pensions payable to eligible members, as well as survivor and death benefit payments payable to the designated beneficiaries.

Investments

Investment of NERS's assets is conducted by the Board of Trustees and NERS staff. Investment policy is set by the Board, based on strategic and operational strategies that

are intended to move the System towards its broad funding goals, ensuring the safety of the System's assets. For a detailed description, see NERS Investment Policy.

Operations

NERS operates from one office located at 810 Union Street, Suite 309, Norfolk, Virginia 23510. The City employs an Executive Director to manage the day-to-day operations of NERS and supervise NERS staff under the direction of the Director of Finance. The current organizational chart for NERS can be found in Exhibit 3. Information about the current outside professional service providers to NERS can be found in Exhibit 4.

III. BOARD RESPONSIBILITIES

The Board of Trustees has certain responsibilities set forth in the Norfolk City Code and other inherent responsibilities that are necessary for its prudent oversight of NERS.

Together these include the responsibility or authority to:

- Adopt a strategic plan that is consistent with the statutory mandate and core values that set forth proper standards of behavior;
- Establish governance policies to guide the Board in an effective and efficient manner. Those governance policies are contained in this Governance Manual;
- Establish standing and special committees of the Board, as necessary. The Committees are contained in Section VI of this Manual;
- Articulate and adopt policies. Those policies are contained in Section XIV of this Manual;
- Adopt and maintain an Investment Policy consistent with statutory requirements and current best industry practices including an appropriate asset allocation policy;
- Hire the necessary professionals (e.g.: actuaries, Outsourced Chief Investment Officer (OCIO), investment custodians and legal counsel, etc.) to support the operation of NERS;
- Ensure that an independent audit of NERS's financial statements takes place each year and ensure the production of an Annual Comprehensive Financial Report, prepared at the direction of the Executive Director, for submission to the City;

- Recommend to City Council a funding policy with necessary employer contribution rates to keep NERS actuarially sound;
- Adopt reasonable actuarial assumptions and methodologies upon the advice of the NERS actuary;
- Authorize prudent administrative expenditures for the benefit of NERS;
- Evaluate those to whom duties have been delegated on a regular basis;
- Keep a record of all its proceedings; and
- Provide annual statements to active members.

To fulfill its fiduciary and administrative responsibilities, the Board shall perform the following duties:

1. The Board shall establish the strategy for and approve all actions regarding the following policy-related items:
 - i. Decision-making structure
 - ii. Fiduciary reporting system(s)
 - iii. Governance policies
 - iv. Statement of risk management principles
 - v. Contribution requirements
 - vi. Actuarial valuations, and demographic and economic assumptions
 - vii. Annual investment and administrative budget
 - viii. Audited financial statements
 - ix. Internal control system(s)
- b. Administration-Related Duties
 - i. Mission, vision and motto
 - ii. Strategic plan and objectives

- iii. Service quality standards
- iv. Administrative policies

c. Investment-Related Duties

- i. Fund mission
- ii. Fund monitoring policy
- iii. Long-term asset allocation guidelines
- iv. New asset classes
- v. Investment philosophy
- vi. Investment Custodian and OCIO recommendation and performance evaluation processes
- vii. Allowable investment strategies and parameters
- viii. Other investment policies and guidelines, as necessary

2. The Board must approve all actions and decisions regarding the following areas related to policy implementation:

- a. General Duties
 - i. Appointments to standing and advisory committees
 - ii. Appointment of Actuary
 - iii. Appointment of Investment Custodian
 - iv. Appointment of the OCIO
- b. Investment-Related Duties
 - i. Appoint, retain, monitor and/or terminate Custodian Bank, Actuary, OCIO and other consultant(s) as needed.
 - ii. Notify City Council and/or City Manager about investment developments and availability of further information, as needed.

3. The Board, with staff support, shall monitor each of the following to ensure compliance with and continued appropriateness of Board policies and guidelines:

a. General Duties

- i. Decision-making structure and governance policies
- ii. Fiduciary reporting system(s)
- iii. Funding policy and contribution rate
- iv. Actuarial rate and economic assumptions
- v. Legislation
- vi. Audit of financial statements

b. Administration-Related Duties

- i. Plan vision and mission
- ii. Strategic plan and objective
- iii. Statement of risk management principles
- iv. Service quality standards

c. Investment-Related Duties

- i. Fund mission
- ii. Fund monitoring policy
- iii. Other fund policies and guidelines, as necessary

As NERS's plan sponsor, the City Council is responsible for establishing:

- The structure and membership of the Board of Trustees;
- The types, levels and funding of benefits to be provided; and
- The rate for employee contributions and the method for determining the rate for employer contributions.

IV. TRUSTEES RESPONSIBILITIES

For NERS Trustees to meet their collective responsibilities, each Trustee has a personal responsibility to uphold the highest fiduciary standards and actively contribute to the governance of NERS.

Each Trustee is responsible for:

- Working constructively with other Trustees, in their appropriate roles, to set or support the strategic direction of NERS;
- Interacting appropriately with NERS staff, outside service providers, employers, members, retirees, beneficiaries and others;
- Discharging his or her fiduciary duties with prudence, solely in the interest of all members and beneficiaries, and for the exclusive purpose of providing benefits, in accordance with the laws governing NERS;
- Incurring only reasonable expenses in carrying out his or her duties as a Trustee after securing prior Board approval;
- Preparing for Board and Committee meetings by reading materials provided in advance of the meeting and asking questions of staff;
- Attending Board and Committee meetings and participating in discussion;
- Respecting open meetings laws by not convening meetings with fellow Trustees or Committee Members outside properly noticed meetings, not entering non-public session for reasons other than those outlined by the Board's Legal Counsel and Virginia Code Section 2.2-3711(A), and maintaining all written communications and records related to their conduct as a Trustee;
- Acquiring and maintaining knowledge to effectively make decisions and evaluate those to whom duties have been delegated by reading publications and attending educational conferences related to NERS business;
- Promptly reporting any ethical concerns to the Board Chair, the Vice-Chair or the Board's Legal Counsel pursuant to the Code of Ethics;
- Using reasonable care to prevent any other NERS fiduciary from committing a breach of fiduciary duty;

- Avoiding conflicts of interest or even the appearance of conflicts of interest and disclosing conflicts of interest as required by statute or administrative rules;
- Refraining from any self-dealing with NERS assets or using NERS to promote a personal business or to gain financial rewards;
- Maintaining confidentiality of member and beneficiary records and certain investment activity pursuant to law or NERS policy; and
- Trustees shall carry out their duties with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would apply in the same or similar circumstances. The City shall defend and indemnify the Board and individual Trustees from any and all claims, suits and judgments arising from the actions of the Board or of a Trustee in the conduct of his or her duties as a member of the Board, with the exception of acts or omissions that are willful, wanton, malicious or fraudulent.

V. OFFICERS OF THE BOARD

The Board has three officers: a Chair, a Vice-Chair, and an Executive Director. The Chair is elected by the members of the Board. The Vice-Chair is another officer elected by the members of the Board. The Executive Director acts as the Board Secretary. Responsibilities for the officers are listed below.

Chair

The Chair is charged with ensuring the integrity of the Board's decision-making processes, leading the Board meetings, facilitating discussions, and motivating the Board to be as effective as possible in fulfilling its responsibilities and duties. Toward these ends, the Board Chair:

- Presides over the Board meetings;
- Assists in the development of the meeting agendas in conjunction with the Executive Director;
- As necessary, communicates on behalf of the Board to outside entities interested in NERS, including the City Council;
- Certifies any actions taken by the Board, when required;

- Performs such additional duties as provided herein or as may be set by resolution of the Board; and
- Creates Board committees and assigns members to committees as needed.

Vice-Chair

The Vice-Chair presides over meetings in the absence or incapacity of the Board Chair and fulfills such other duties and responsibilities as assigned by the Board Chair or the Board.

Executive Director

The Executive Director, or designee, has the following duties and responsibilities with respect to the Board:

- Maintain a current list of the membership of the Board and of each committee;
- Notify Trustees and the public of Board meetings and other proceedings;
- Notify Trustees of committee meetings;
- Coordinate and disseminate information to the Trustees;
- Maintain official minutes and records of all proceedings of the Board;
- Respond to requests received by NERS;
- Prepare, prior to each meeting, an agenda for review and use by the Board Chair; and
- Coordinate presentation of agenda items to the Board.

The duties and responsibilities of the Executive Director in other matters are enumerated in Section VII herein.

VI. BOARD COMMITTEES AND ASSIGNMENT

Special Committees

The Board may establish special ad hoc committees, as needed, to carry out specified tasks. Upon completion of the task for which it was established, and presentation of its final report to the Board, a special committee shall cease to exist.

Standing Committees

The Board may establish such other standing committees as it determines are necessary or helpful in fulfilling its responsibilities more efficiently and effectively or as required by law. The purpose, duties and authority of the standing committees will be carefully set forth in this Governance Manual or law. Once created, a standing committee shall remain in existence until such time as the Board takes the necessary action to dissolve it.

Standing committees are to focus their efforts on policy matters of material significance to NERS Board. Standing committees ordinarily will assist the Board by preparing policy alternatives and implications for full Board deliberation and action.

A standing committee does not speak or act for the Board unless the Board specifically delegates such authority to it for a specific purpose.

All Trustees shall be notified of the time and place of all committee meetings. Trustees may choose to attend any committee meeting, regardless of whether they are members of the committee. All Trustees may participate in committee discussions at the discretion of the Committee Chair but may only vote in committees in which they are members.

The Board has established the following standing committees: 1) Investment and 2) Administration and Planning.

Investment Committee Charter

The Investment Committee has been established as a standing committee to support the Board in promoting the best interests of NERS, its members, retirees and beneficiaries through serving as a fiduciary of the System for sound investment management purposes, and to make recommendations to the full Board regarding those matters.

The primary roles and responsibilities of the Investment Committee include the following:

Investment Policy Statement

- Working with fiduciaries such as the OCIO to formulate the Investment Policy.
- Regularly reviewing and making recommendations for revisions to the Investment Policy, with the assistance of the OCIO, for approval by the Board.

- Ensuring the Investment Policy is consistent with the System's and Board's goals and objectives.

Asset Allocation

- Recommending to the Board reasonable and consistent investment policies, goals, objectives and limitations that will direct the investment of the Pension Trust Fund's assets.
- Projecting the Pension Trust Fund's financial needs with the assistance of the OCIO and communicating such needs to the appropriate fiduciaries on a timely basis.
- Reviewing asset/liability studies and communicating the results to the Board.
- Determining the Pension Trust Fund's risk tolerance, investment horizon and allowable ranges of asset class exposure; and communicating these to the Board and appropriate fiduciaries managing the Pension Trust Fund's assets.
- Determining the appropriateness for the Pension Trust Fund to participate within various asset classes and defining acceptable asset classes.
- Working with the OCIO to establish an appropriate asset allocation for the Pension Trust Fund, and timely recommending it to the Board.

Review and Retention of Fiduciaries to Assist in Managing the Funds

- Prudently and diligently selecting qualified investment professionals, including managers, OCIO, consultant(s) and the custodian.
- Regularly evaluating the performance of the managers with OCIO assistance to ensure adherence to the Investment Policy and to monitor progress toward investment goals and objectives.
- Developing and enacting proper monitoring and control procedures with OCIO assistance (for example, replacing manager(s) due to fundamental change in investment management process or failure to comply with established guidelines).
- Delegating securities selection to investment managers with OCIO assistance. The Investment Committee recognizes that its role is supervisory – not investment advisory.

Note: When there is an overlap of activities between the Administration and Planning and Investment Committees, a joint committee meeting would be appropriate.

Purpose

The Investment Committee has the responsibility for making recommendations to the Board on the operation and administration of NERS investment portfolio with OCIO assistance. The members of the Investment Committee, as well as the Board Trustees, are fiduciaries of the portfolio with respect to all responsibilities allocated to them. The Investment Committee may be delegated authority and responsibility by the Board to control, manage and invest the assets of the System, and to formulate and manage investment policies for that purpose; although, historically, these duties have not been delegated. The Investment Committee must obtain approval from the Board before final decisions are made regarding the investment-related matters of the System. The Board of Trustees will discharge their duties solely on behalf of the City's mission for NERS regarding the proper management of the funds maintained within the Pension Trust Fund.

Authority

The Committee has the authority to review data, historical information, consultants' reports, OCIO's reports and any other documents it deems reasonably necessary to form an opinion on the issues it is reviewing.

The Committee also has the authority to call upon the Executive Director or designee, and NERS's service providers to assist it in carrying out its responsibilities. The Committee recommends and requests the Board to request the hiring of outside service providers (OCIO, consultants, managers, researchers, custodians, etc.), to assist it in carrying out its responsibilities, pursuant to NERS procurement requirements in effect at the time of such requests. The selection of services related to the management, purchase or sale of authorized investments, or to the operational or administrative costs pursuant to Norfolk City Code Chapter 37, including, but not limited to, actuarial services, shall not be subject to the provisions of the Virginia Public Procurement Act (Code of Virginia, 2.2-4300 et seq.) or to local procurement laws.

Responsibilities

The Investment Committee has the following responsibilities:

A. Investment Duties

- i. Understanding the City's and the Board's investment goals and how these objectives support the City's mission for NERS.
- ii. Periodically reviewing and revising an Investment Policy Statement with Board approval.
- iii. Monitoring the performance of investment funds and investment managers in accordance with the Investment Policy Statement with OCIO assistance.
- iv. Prudently and diligently selecting qualified investment professionals, including an OCIO, managers, consultant(s) and the custodian.
- v. Recommending whether to retain or replace investment managers and/or investment funds for the portfolio to the Board with OCIO assistance.
- vi. The Board of Trustees, Investment Committee members and staff acknowledge no conflicts of interest exist. All Board Trustees must sign a conflict of interest form annually.
- vii. Establishing reasonable and consistent investment policies, goals, objectives and limitations that will direct the investment of the Pension Trust Fund's assets.
- viii. Projecting the Pension Trust Fund's financial needs with the assistance of an OCIO and communicating such needs to the appropriate fiduciaries on a timely basis.
- ix. Reviewing asset/liability studies and communicating the results to the Board.
- x. Determining the Pension Trust Fund's risk tolerance, investment horizon, and allowable ranges of asset class exposure with OCIO assistance; and communicating these to the appropriate fiduciaries.
- xi. Recommending to the Board the appropriate asset allocation.

- xii. Determining the appropriateness for the Pension Trust Fund to participate within various asset classes and defining acceptable asset classes with OCIO assistance.
- xiii. Working with the OCIO to establish an appropriate asset allocation for the Pension Trust Fund.
- xiv. Working with the OCIO to regularly evaluate the performance of the managers to ensure adherence to the Investment Policy and to monitor progress toward investment goals and objectives.
- xv. Developing and enacting proper monitoring and control procedures with OCIO assistance (for example, replacing manager(s) due to fundamental change in investment management process or failure to comply with established guidelines).
- xvi. Delegating securities selection with OCIO assistance to investment managers. The Investment Committee recognizes that its role is supervisory – not investment advisory.

B. Administrative Duties

- i. Resolving all questions of interpretation of policy under the portfolio.
- ii. Recommending the amount of contributions necessary for the portfolio.
- iii. Furnishing notices and reports to Investment Committee members and others affiliated with the Board.
- iv. Reviewing all fees incurred by or on behalf of the portfolio for reasonableness.
- v. Delegates to the Executive Director the preparation and filing of such forms as may be required by government entities.
- vi. Reviewing the Fund Evaluation Report provided by the OCIO.
- vii. Selecting, monitoring and replacing third-party advisors of the portfolio, such as OCIO and other providers of portfolio services.
- viii. Recommending adjustments or correcting defects under the portfolio in a uniform and nondiscriminatory manner to the Board.

- ix. Preparing amendments to the portfolio for changes in design or applicable laws and regulations.
- x. Conduct periodic educational sessions on investment fundamentals, specifics of the System's investment program and current topics of interest.
- xi. Review the Investment Committee Charter at least every three (3) years and make recommendations to the Board for approval and adoption of the Charter, including any revisions, as may be deemed appropriate with the assistance of the Investment Committee.

Composition

The Investment Committee will consist of up to five (5) members of the Board appointed by the Board Chair per City Code Chapter 37 Sec. 37-112. The Chair of the Investment Committee will also be elected by a majority vote of the Board.

Meetings

The Investment Committee shall meet at least quarterly per year, with the authority to convene additional meetings, as circumstances require. All Investment Committee members are expected to attend each meeting in person or via teleconference or videoconference. Meetings will be held in accordance with Virginia open meeting requirements. The Investment Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and reasonably provided in advance to members, along with appropriate briefing materials. Any Trustee may attend the Investment Committee's meetings and participate in discussions.

Staffing

The Executive Director, or designee, will act as staff liaison to the Investment Committee. NERS staff will assist the Investment Committee in the discharge of its responsibilities.

Administration and Planning Committee Charter

Purpose

The Administration and Planning Committee has been established as a standing committee to support the Board in promoting the best interests of NERS, its members, retirees and beneficiaries through the implementation of sound Board administrative

and governance policies and practices that enhance good, fair and open decision-making and to make recommendations to the full Board regarding those matters.

Authority

The Administration and Planning Committee shall have the authority to carry out all responsibilities as delegated to it by the Board relative to the administration of benefits and delivery of services to members and beneficiaries. The Administration and Planning Committee has the authority to review data, historical information, consultants' reports, OCIO reports and any other documents it deems reasonably necessary to form an opinion on the issues it is reviewing.

The Administration and Planning Committee also has the authority to call upon the Executive Director or designee, and NERS' service providers to assist it in carrying out its responsibilities. The Administration and Planning Committee may direct staff to undertake research and analysis on issues related to benefits and services and to seek relevant information from the firms (actuarial, legal, technology, public pension plan consultant, etc.) that provide services to the Board to assist the Committee in carrying out its responsibilities. The Administration and Planning Committee recommends to the Board the hiring of outside service providers (auditors, actuary, researchers, etc.), to assist it in carrying out its responsibilities, pursuant to NERS procurement requirements in effect at the time of such requests. The selection of services related to the management, purchase or sale of authorized investments, or to the operational or administrative costs pursuant to Norfolk City Code Chapter 37, including, but not limited to, actuarial services, shall not be subject to the provisions of the Virginia Public Procurement Act (Code of Virginia, 2.2-4300 et seq.) or to local procurement laws.

Responsibilities

The Administration and Planning Committee has the following responsibilities:

- i. Monitor and evaluate best governance practices in the public retirement industry to report and recommend to the Board any changes applicable to NERS.
- ii. Recommend to the Board what duties should be retained by the Board, and what duties should be delegated to committees or staff.
- iii. Recommend changes, as needed, on the timing, amount, and types of information the Board receives in advance of meetings.
- iv. Evaluate legislative proposals relating to Board governance and make recommendations to the Board on positions to take.

- v. Review and make recommendations to the Board about the content of the Board Governance Manual.
- vi. Recommend the roles and responsibilities of the various committees for consideration by those respective committees.
- vii. Ensure the Charters for each committee are periodically reviewed and revised, if necessary, approved by the Board, and adopted into the Governance Manual.
- viii. Oversee the process by which Board policies are reviewed for accuracy, and updated, if necessary, on an annual basis.
- ix. Recommend changes in the functioning of the Board meetings to improve effectiveness and efficiency.
- x. Encourage the Board to participate in regular self-assessment.
- xi. Receive input from the members, business partners and other interested parties on suggestions for improving Board organization and functions.
- xii. Review and make recommendations to the Board relating to the selection of outside legal counsel and service providers (e.g., consultant, actuary, etc.).
- xiii. Develop orientation and training materials for new and ongoing Trustees, e.g., Governance Manual.
- xiv. Perform other activities related to this Charter as requested by the Board of Trustees.
- xv. Review the Administration and Planning Committee Charter at least every three (3) years and make recommendations to the Board for approval and adoption of the Charter, including any revisions, as may be deemed appropriate with the assistance of the Administration and Planning Committee.
- xvi. Provide clarification, as needed, on statutory and administrative requirements related to benefits and services.
- xvii. Develop policies for recommendation to the Board regarding efficient benefits administration to ensure best practices.
- xviii. Make recommendations to the Board regarding necessary legislative, administrative rules or policy changes related to benefits and service levels;

- xix. Review and make recommendations to the Board relating to recoupment matters in accordance with the Lifetime Recoupment Remedy for Genuine Administrative Errors Policy.
- xx. Perform other activities related to this Charter as requested by the Board.

Composition

The Administration and Planning Committee will consist of up to three (3) members appointed by the Board Chair. The Chair of the Administration and Planning Committee will also be elected by a majority vote of the Board.

Meetings

The Administration and Planning Committee shall meet as circumstances require. All committee members are expected to attend each meeting in person or via teleconference or videoconference. Meetings will be held in accordance with Virginia open meeting requirements. The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary. Meeting agendas may be prepared and reasonably provided in advance to members, along with appropriate briefing materials. Any Trustee may attend the Committee's meetings and participate in discussions.

Staffing

The Executive Director, or designee, will act as staff liaison to the Administration and Planning Committee. NERS staff will assist the Administration and Planning Committee in the discharge of its responsibilities.

VII. DELEGATION BY THE BOARD TO THE EXECUTIVE DIRECTOR

The Board has statutory authority to delegate duties to others. The most important delegation the Board makes is to the Executive Director. Pursuant to Chapter 37 Sec. 37-96(i), the Board shall appoint an Executive Director, "who may or may not be a member of the Board", to serve as the chief administrative officer of the Retirement System at the pleasure of the Board. The Executive Director is responsible for operational decision making and implementation of applicable laws, policies and Board directives. The Board herewith delegates to the Executive Director full responsibility to administer Chapter 37 under the general direction of the Board and in compliance with the statutes and such policies, rules, guidelines and procedures as the Board, from time to time, may adopt.

Executive Director Position Description

The Executive Director performs a variety of professional, executive and managerial duties including planning, organizing, directing and overseeing the daily activities of NERS under the direction of the Director of Finance, if a City employee.

These responsibilities include the following:

- Assuring compliance with State and federal statutes and Board rules, regulations and policies;
- Interpreting, with the assistance of the Board's Legal Counsel, and administering the provisions of City Code Chapter 37;
- Acting as the Board's primary advisor and assists the Trustees in meeting their fiduciary duties;
- Identifying strategic responses to issues facing NERS and its membership;
- Working with the Department of Finance to manage the planning, preparation and administration of the Pension Trust Fund operating budget, and analyzing the revenue streams necessary to support operational expenses;
- Safeguarding the assets of NERS by setting and maintaining strong internal control system(s);
- Sub-delegating requisite authority to NERS staff and manages and directing staff responsible for all NERS operational functions;
- Representing NERS to various public and private entities directly or through staff professionals;
- Serving as media liaison and spokesperson on NERS matters as authorized by the City's Director of Communications, communicating with the membership and news media on policy matters;
- Coordinating NERS representation on legislative measures before the City Council and provides technical advice to the City Council on pension-related issues, including provisions of City Code Chapter 37;
- Coordinating and consulting with the Board Chair, the Director of Finance, the Chairs of the Standing Committees and the OCIO on investments and other applicable issues;

- Coordinating and consulting with the Board's Legal Counsel on contracts, tax issues and other matters;
- Coordinating and consulting with the actuary in preparation of actuarial valuations, benefit costs and periodic asset allocation studies required by the Board;
- Overseeing the preparation and issuance of request for proposals (RFPs) and vendor bid specifications, bidder evaluation criteria and selection recommendations;
- Overseeing negotiations, executes and manages contracts on behalf of NERS;
- Monitoring the activities and performance of consultants and outside service providers hired by NERS; and
- Performing such additional executive duties, as necessary.

Executive Director Evaluation Criteria and Process

An important part of prudent delegation to the Executive Director is ongoing monitoring and thoughtful evaluation of performance against agreed upon criteria. The primary responsibility of the Executive Director is the effective management of the operations of NERS. Accordingly, the performance of the operations constitutes the most relevant measure of his or her performance and should weigh heavily in his or her overall performance evaluation by the City's Director of Finance.

The performance evaluation competencies of the Executive Director include:

- Leadership;
- Communication;
- Strategic Focus/Change Management;
- Operational and Organizational Excellence;
- Team Collaboration;
- Resolution Focused; and
- Professional Behavior.

The evaluation of the Executive Director by the Director of Finance will also consider individual goals and measures agreed upon and directed by the Director of Finance prior to the evaluation period.

To fulfill its fiduciary and administrative responsibilities, the Executive Director shall perform the following duties:

1. Determining the accuracy and timeliness of all payments due to members and beneficiaries;
2. Accounting for and ensuring timely deposit of payments made to the System;
3. Accounting for payment and distributing funds within the limits established by the City and Board policies;
4. Responding to all correspondence regarding rights and benefits of members, beneficiaries and employers;
5. Assisting committees of the Board in the discharge of their functions;
6. Maintaining the System's records, files and documents;
7. Developing and maintaining communications and relationships with other public retirement systems and organizations involved with or having an impact on public retirement plan issues;
8. Representing the System before City officials on matters relating to the administration of the System;
9. Serving as liaison with legal, medical and actuarial professionals and third-party administrators;
10. Monitoring the activities and performance of consultants and outside service providers hired by the System;
11. Executing administrative contracts on behalf of the System;
12. Developing, approving and monitoring progress towards completion of divisional business plans and projects;
13. Overseeing the day-to-day administrative operations of the System;
14. Assigning duties to administrative staff;

15. Developing, implementing and supervising all plans, policies, standards, programs and services for all personnel;
16. Hiring, retaining and managing administrative staff per City policy and procedures;
17. Recommend administrative staff compensation within the parameters of the City's current compensation plan;
18. Providing the Board and the chairperson with timely reports of all information necessary to the discharge their fiduciary duties;
19. Developing, amending and refining policies for Board approval, including the following:
 - a. Strategic plan and objectives;
 - b. Service quality standards; and
 - c. Other administrative policies
20. Verifying eligibility for service retirement and making payment of benefits to qualified members and beneficiaries;
21. Evaluating and establishing service credits;
22. Computing service retirement allowances and paying them to retired members and beneficiaries;
23. Evaluating the appropriateness of payment of benefits in certain discretionary situations and presenting such cases to the Board for determination;
24. Approving and authorizing payment of refund requests;
25. Referring questions regarding administrative issues to the Board when no policy exists, when the determination would be precedent-setting, or in the Executive Director's opinion is appropriate;
26. Developing and maintaining the annual budget for the System, in concert with the Department of Finance; and
27. Performing such additional executive duties if, as and when directed to do so by the Director of Finance.

The power to delegate authority to disburse or transfer public funds or assets, execute contracts or sign official documents on behalf of the Board rests solely with the Board. Therefore, the authority herein granted to the Executive Director by the Board to authorize the disbursement or transfer of public funds or assets of the System, to execute contracts on behalf of System and to sign any official documents on behalf of the Board may not be delegated by the Executive Director to any other person or persons.

Except for these specific actions, the Executive Director may, as he or she deems reasonable, delegate any other of the Executive Director's responsibilities, duties, and authority to members of the NERS administrative staff in order to facilitate the efficient functioning of the System.

VIII. CONNECTION OF THE BOARD TO THE SYSTEM'S OPERATIONS

The Board of Trustees for the Employees' Retirement System of the City of Norfolk is connected to the operations, conduct and achievements of the System through the Executive Director, OCIO, Actuary, Custodian and the External Auditor.

The Executive Director is appointed by the Board but is employed by the City. The OCIO, Custodian and Actuary are appointed, employed, monitored and evaluated directly by the Board. The External Auditor and Medical Board Physicians are contracted by the City. Therefore, all authority and accountability of the System staff, as far as the Board is concerned, is considered the authority and accountability of the Executive Director, under the direction of the Director of Finance.

IX. BOARD MEETING PROTOCOL

The Board determines and approves a regular meeting schedule on an annual basis in advance for each Board year at its first regular meeting in September. The location of the meetings will be noted in advance. Changes in the approved meeting schedule will be determined by the Chair. The Board is authorized to schedule additional meetings, if deemed necessary, upon the call of the Chair, after giving appropriate notice to all members of the Board and to the public.

Attendance at Board meetings is an essential element of a Trustee's fiduciary responsibility. Therefore, Trustees are expected to attend meetings in person, but may attend and participate at meetings in person or via telephone or videoconference, if necessary. Per the Remote Participation Policy, members are required to notify the Chairperson or the Executive Director of the inability to physically be at a meeting. Remote participation by a member due to a personal matter not involving illness or disability per State Code is limited to two (2) meetings per year or 25% of the Board's

meeting, whichever is less in a calendar year. A member requesting to attend a meeting remotely due to a personal matter must describe with specificity the nature of the personal matter preventing their in-person attendance. Although members can participate remotely, there must still be a physical quorum, five (5) Trustees, present per State Code.

Open Meetings and Public Records Laws

NERS Board meetings are public meetings. A public meeting is defined as “the convening of three (3) or more members of a public body, . . . for the purpose of discussing or acting upon a matter or matters over which the public body has supervision, control, jurisdiction, or advisory power.” As such, any such meeting of Board members must be open to the public.

The following regulations apply:

- The Board shall meet at least quarterly or more frequently if needed to ensure the effective oversight of NERS.
- Public notice of the meeting must be made at least three (3) working days prior to the meeting and posted in two (2) appropriate places, one of which may be the NERS website and the other is the City’s website.
- In certain limited circumstances, “emergency” meetings are allowed where the 24-hour notification is not required but notice must be posted as soon as practicable. If the Executive Director determines that immediate action is required to prevent harm to NERS or to a NERS member, the Executive Director shall consult with the Chair and the Vice-Chair if possible and take the necessary action. The Chair shall schedule a meeting as soon thereafter as practicable under the circumstances for the purpose of discussion and ratification of the Executive Director’s action by the Board.
- Minutes approved by the Board shall be treated as a permanent record.
- Secret ballot voting is not allowed in a NERS Board meeting.
- The Executive Director of the Board shall ensure that all proceedings of the Board are recorded, documented in minutes duly approved by the Board and are available for inspection by the public in accordance with the Virginia Freedom of Information Act.
- The Board may enter nonpublic (closed) session for consideration or discussion as permitted under by law. Closed sessions typically involve

personnel issues, tax issues, procurement of goods and services and claims or the provision of legal advice.

- Meeting minutes of closed sessions are not required to be reported.

Additionally, all records in any format, including but not limited to correspondence, reports, notes, charts, financial data and related graphs and charts related to the conduct of NERS business shall be maintained and made available for copying and inspection by the public unless subject to an appropriate exemption under the Virginia Freedom of Information Act. This includes email and short message service (SMS)/text messages exchanged between or among Trustees and NERS staff, including messages that originate from or are received by a Trustee's personal email or SMS account or device. Trustees are required to preserve copies of any such records not in the possession of NERS staff or other City personnel and to provide copies of such records if requested.

Agenda Setting

Board meeting agendas are prepared by the Executive Director and reviewed and approved by the Board Chair. Any Trustee may request that an item be placed on the agenda through the Board Chair or the Executive Director.

Agenda Items

Agendas will be available at Board meetings open for public attendance and comment.

Action Items

Action items on the agenda typically require Board discussion and vote upon a motion.

Information Only Items

The agendas may also contain "information only" items that do not require a Board vote. These items contain information that the Executive Director and Board Chair believe are important for the Board to know, but do not require Board action.

Rules of Order

The Robert's Rules of Order shall govern all proceedings of the Board and NERS committee meetings insofar as they are applicable and not inconsistent with any of the policies adopted by the Board. Except as otherwise specified herein, approval of an action or decision shall be by five (5) affirmative votes of those Trustees present and voting at a Board meeting. Unless otherwise specified in Board or committee

documents, voting by proxy is not allowed. Five (5) Trustees of the Board present and voting shall constitute a quorum at Board meetings pursuant to City Code Chapter 37-96(g).

Persons who desire to appear before the Board of Trustees regarding any retirement matter must submit their requests to the Executive Director specifying the matter about which they wish to speak. Matters may include, but are not limited to, the presentation of claims for benefits or requests to remedies for the redress of claims which have been denied in whole or in part. The Executive Director, in consultation with the Board Chair, will determine when the matter will be heard and will advise the person requesting to appear before the Board. The Board Chair may place reasonable time limits on any presentation. The Board Chair may decline to hear any matter determined by the Executive Director and the Chair to be outside the Board's jurisdiction or authority.

X. RELATIONSHIP WITH THE PUBLIC

Because it is a public body responsible for the management of public funds, the System's Board has the responsibility to conduct its business in an environment that is open to public scrutiny. In doing so, the System's Board shall operate in full compliance with both the letter and the spirit of the Virginia Freedom of Information Act.

Principles

- The System shall maintain open communication with the public, members, retirees, beneficiaries and employers it serves and the news media.
- The System shall make public information available in as efficient and expedient a manner as possible, while protecting the confidentiality of the members, retirees, beneficiaries and employers it serves.
- The public shall be granted access to all meetings and to all records of meetings of the Board and Board committees except for such meetings as are closed pursuant to and in accordance with the provisions of the Virginia Freedom of Information Act.

Communication with the Media

- The Board Chair is authorized to act as spokesperson for the Board, in coordination with the City's Director of Finance and Director of Communications as appropriate;

- The Board Chair may delegate all or a part of this authority as he or she deems appropriate, subject to approval by the Board. The Board herewith approves the following delegation:
 - The Executive Director is authorized to act as spokesperson regarding administrative and operational matters, in coordination with the City's Director of Finance and Director of Communications as appropriate.
- All other Board members shall refer inquiries from the media to the Board Chair, Executive Director or to other persons to whom authority has been delegated.
- The Board Chair shall review all official press releases regarding Board policy, Board activities or other Board matters prior to publication.

XI. OUTSOURCED CHIEF INVESTMENT OFFICER (OCIO)

The principal duties of the OCIO are to:

- In accordance with the NERS Investment Policy Statement, articulate long-term investment philosophy, objectives, strategy and policy, including manager structure, investment guidelines and rebalancing policies.
- The selection of investment managers and tactical asset allocation within the guidelines of the Investment Policy Statement by the Board.
- Establish appropriate benchmarks for asset class and manager evaluation.
- Articulate risk management strategies.
- Monitor investment management policy compliance.

Asset Allocation and Total Portfolio Duties

- Conduct periodic asset allocation/asset liability studies as directed.
- Perform asset class research, analyses and recommendations for new investments.
- Provide access to analytical software and tools for portfolio diagnostics and analyses.

- Devise securities lending strategies and compliance monitoring of the securities lending program.
- Periodically review and monitor custodial arrangements for cost effectiveness and competitive pricing.
- Analyze alternative investment management fee structures.
- Provide analysis of trading costs and use of directed brokerage, commission recapture, etc.

Pension Trust Fund Performance Measurement and Investment Management

A. Oversight Duties

- i. Review and recommend a performance report format that will enable the Board to fully understand the performance of the investment managers, the various asset classes and the total Pension Trust Fund.
- ii. Performance measurement, monitoring and reconciliation of reported performance between custodian and money manager; attribution, style and risk analysis for 1) the total portfolio, 2) each asset class and 3) each individual manager.
- iii. Compare total portfolio investment performance against custom policy benchmarks to evaluate the value added by active management.
- iv. Communicate with investment managers regarding compliance with investment objectives, policy and guidelines; schedule regular or special meetings to review investment performance and compliance.
- v. Monitor managers' trading programs and practices for best execution.
- vi. Monitor and report to the Board all significant developments related to money managers, which are likely to have a bearing on System's relationships with the managers.

B. Client Relations Duties

- i. Preparing a comprehensive quarterly financial report for the System incorporating compliance, asset mix, investment performance, analytics and accounting information.

- ii. Attending the System's Board meetings on a quarterly basis, as required or more often as requested.
- iii. Participating in the Trustee Board committee meetings on specific issues on an as requested basis.
- iv. Providing client support for operational issues between the quarterly meetings with the Board and NERS.
- v. Responding to inquiries between meetings in an appropriate and timely manner.

C. Training and Trustee Education Duties

- i. Participating in the investment education and training for the System's Trustees on a periodic basis.
- ii. Sharing all firm research, including white papers, and providing access to research staff.

D. Special Projects

- i. Periodically updating the Pension Trust Fund governance, management, operation and administration related documents.
- ii. Assisting on special projects, as needed.

XII. Actuary

The Actuary prepares the annual Actuarial Valuation for each fiscal year ending June 30. The purpose of the annual Actuarial Valuation is to:

- Measure and disclose the financial condition of the System as of June 30;
- Indicate trends in the financial progress of the System;
- Determine the recommended Employer Contribution Requirement to be considered and if approved made on or around July 1 of the following fiscal year; and
- Provide specific information used in preparing the System's financial statements.

Actuarial Valuation Reports take into consideration the required coordination of inputs and data from the NERS, auditor, custodian, OCIO and the System's legal requirement to submit an Annual Comprehensive Financial Report completed by December 15 each year.

The written annual Actuarial Valuation Reports should provide sufficient explanatory text to permit a reasonable understanding of the actuarial assumptions, cost methods and conclusions by those having fiduciary responsibility for the funding status of the Pension Trust Fund. This shall include but not be limited to:

1. Description of actuarial valuation process.
2. Summary of Plan provisions of any changes during the fiscal year.
3. Summary of membership data and analysis.
4. Summary of actuarial assumptions and any changes during the year.
5. Summary of the System's funding methodology.
6. Market and actuarial value of assets and cash flow reconciliation.
7. Investment income, rate of return and an analysis of actuarial value of assets.
8. Historical comparison of market and actuarial asset values.
9. Summary and reconciliation of System liabilities.
10. Analysis of unfunded actuarial liabilities (UAL).
11. Actuarially Determined Contribution analysis (normal cost, expenses and UAL amortizations) for current and prior fiscal years, broken down by general employees and public safety employees.
12. History of employer contributions.
13. Analysis of unfunded accrued liability.
14. Calculation of the funded ratio and a summary of its 10-year history.
15. All necessary plan data and analysis needed for inclusion in the Plan's Annual Comprehensive Financial Report in accordance with Generally Accepted Accounting Principles.
16. A multi-year employer contributions projection model for the System for budget planning purposes. The projection model supports various assumed

investment rates of return and displays the resulting employer contribution amounts in accordance with the funding policy.

17. Provide the Board with an annual statement of commissions, expense reimbursement or other forms of compensation, either direct or indirect, which the firm receives with respect to insurance or other services purchased by the System.
18. Any other information and analyses that are deemed necessary to supplement the annual Actuarial Valuation.

The Actuary is to prepare an Experience Study every five years. This review must include an analysis of the System's experience and the relationship of that experience to the actuarial assumptions and funding methods in use. In addition, the above services may require:

1. Consultation with the Board and System professionals on all aspects of operation.
2. Attendance at Board meeting(s) to present the Actuarial Valuation Report and respond to questions.
3. Advice on appropriate actions to implement benefit changes including revisions to plan documents and advice on changes, and System recordkeeping procedures.
4. Preparing notices to participants and plan amendments, as necessary.
5. Advice on forms, procedures and cost effective and efficient recordkeeping.
6. Coordination with the System's auditor, OCIO and other professionals, as necessary. This would involve providing the required data for preparation of the Annual Comprehensive Financial Report and any other required filings.
7. Informing the Board members and System professionals of changes in employee benefits legislation affecting public employees.
8. Providing peer group's interest rates and salary increase assumptions from various surveys and comparing them to NERS assumptions.

The Actuary is available to meet with the System Board of Trustees and/or staff, usually no more than once a year in connection with the annual Actuarial Review. Such meeting

will usually coincide with one of the Board's scheduled monthly meetings in October, November or December.

XIII. External Auditor

The External Auditor is charged with assisting the Board in the effective discharge of their responsibilities by providing objective analyses, appraisals, recommendations and pertinent comments concerning the implementation of and adherence to established policies and procedures. The External Auditor's responsibility is to express an opinion on whether management has fairly presented the information in the financial statements. To do so, the External Auditor plans and performs an audit to collect evidence to obtain reasonable assurance that the accounts are free of material misstatement. Additionally, the External Auditor ensures compliance with established internal control procedures by examining records, reports, operating practices and documentation.

This includes the following duties and authority:

1. Reviewing and appraising the soundness, adequacy and applications of accounting, financial and other operating controls and promoting effective control at a reasonable cost.
2. Ascertaining the extent of compliance with established policies, plans and procedures.
3. Ascertaining the extent to which assets are accounted for and safeguarded from losses of all kinds.
4. Ascertaining the fairness of financial data developed within the organization
5. Approving audit scopes and objectives, audit procedures, sampling plans and the extent of information system audit coverage.
6. Supervising examinations of the System's operations and other special projects.
7. Ensuring all audit procedures are performed and are documented in accordance with departmental policies and procedures.
8. Revising the audit plan annually, as necessary, to accommodate changing needs and unexpected events.
9. Reporting to the Board no less than annually.

10. Monitoring implementation of audit recommendations.

The External Auditor has sole authority to determine the scope of their firm's audit activities, and shall not be restricted by the Executive Director, NERS staff or any Trustee.

The External Auditor shall have unrestricted access to all the System's activities, records, properties and personnel pertinent to each area under review. Special arrangements shall be made for the examination of records that are confidential in nature.

The External Auditor shall have direct access to the Executive Director in any instance where the External Auditor believes such access is needed to fulfill the stated objectives of the System.

XIV. BOARD POLICIES

Education Policy

Purpose and Intent

As a matter of general policy concerning fiduciary education, each and every Trustee of the Norfolk Employees' Retirement System (NERS) has an inherent and continuing obligation to NERS' members and beneficiaries to be informed in the prudent management of the Pension Trust Fund and are encouraged to attend education sessions to better prepare themselves to meet their fiduciary duties. The complexities of the prudent management of the total assets held in trust by the Board, and the delegated administration by staff of the current and future retirement benefits of the members and beneficiaries of NERS, impose a continuing need for the Trustees to obtain education to allow them to perform those fiduciary and administrative duties owed to the members of NERS. To permit Trustees to discharge their fiduciary duties with care, skill, prudence and diligence and to ensure that all Trustees have a full understanding of the issues facing NERS and have a full understanding of the investment issues facing NERS, the Board has adopted orientation and continuing education programs, encouraged education, and routinely disseminates appropriate periodicals to foster Trustee awareness of relevant developments. Trustees are strongly encouraged to obtain education on a regular basis that provides and improves core competencies necessary to govern a complex, multi-billion-dollar public Pension Trust Fund with global investments. By Board policy, the Trustees are committed to participating in ongoing orientation and educational activities relating to pension plan governance, investment and other germane topics, with the expectation and goal of maintaining high levels of engagement and competence.

Policy

A. Orientation of New Trustees

1. **Attendance:** Each new Trustee is encouraged to attend an orientation session.
2. **Timing for Orientation:** The new Trustee is urged to attend orientation with the Executive Director before sitting at the first Board as a voting member. The orientation will be arranged to meet the schedule of the Trustee and may take place over more than one day.
3. **Time Commitment:** The orientation is expected to take 3 to 5 hours of combined self-study and presentation time and may require more or less time depending on the needs of individual Trustees.
4. **Development and Content:** The orientation sessions for new Trustees will be developed by the Executive Director and reviewed by the Administration and Planning Committee. The sessions will include some or all the following topics, depending on needs for a Trustee:
 - a. A brief history and overview of NERS, including the mission and purpose of NERS;
 - b. A summary of the laws and rules governing NERS and the Board;
 - c. An explanation of the legal status of NERS;
 - d. An explanation of fiduciary responsibility, conflicts of interest and ethics;
 - e. An explanation of the strategic plan and the planning process;
 - f. A high-level review of existing Board policies;
 - g. A brief explanation of the benefit structure;
 - h. Actuarial concepts and key terms;
 - i. Investment review and key terms;
 - j. A briefing on current and emerging hot topics in the public fund industry;

- k. Board composite and relative experience information on the other Trustees and executive staff;
 - l. An introduction to NERS executive staff, and an overview provided by each of them regarding the operations of their various operating divisions; and
 - m. Other topics as requested by the Board.
- 5. **Written Materials:** At or before the orientation session(s), the new Trustees or Standing Committee members will receive the following documents:
 - a. A listing of names and contact information for the Trustees;
 - b. A listing of names and contact information for Executive Staff;
 - c. Organizational chart;
 - d. Background information about Executive staff;
 - e. Description of Board delegations and Executive staff duties;
 - f. NERS Board of Trustees Governance Manual;
 - g. NERS Board of Trustees Code of Ethics and Conduct;
 - h. NERS Investment Policy Statement;
 - i. Norfolk City Code Chapter 37;
 - j. The most recent Board meeting packet to include the minutes of the prior Board meeting;
 - k. A list of Board Committees for Trustees;
 - l. Most recent Annual Comprehensive Financial Report;
 - m. Most recent actuarial valuation and experience study reports;
 - n. Most recent investment performance report;
 - o. Fiduciary liability policy or a summary;
 - p. Background information about outside consultants and attorneys;

- q. List of all service providers and their roles;
- r. Summary of pending litigation;
- s. Summary of pending state and federal legislation;
- t. Summary of benefits in each plan;
- u. Statistics on member services;
- v. Publications and brochures about benefits and services;
- w. Sample (anonymous) member statements and estimates;
- x. Strategic plan materials, if available;
- y. Investment dictionary and pension glossaries;
- z. Website information;
- aa. Selected industry books and periodicals, if any; and
- bb. Any other relevant information or documents deemed appropriate by the Board and/or Executive Director for new Trustees, and any other relevant information or documents deemed appropriate by the Board, Executive Director and/or Chairs of the Standing Committees.

B. Ongoing Education

Recognizing that the knowledge required for Trustees to perform their fiduciary duties with the high level of care and prudence required goes beyond on-the-job training, the Board supports the pursuit of ongoing education in a variety of ways.

1. **In-House Education Sessions:** Based on the personal educational needs of the Trustees and the new topics facing them, the Executive Director or the Chairs of the Standing Committees will arrange for staff or outside service providers to conduct educational sessions throughout the year at Board and Standing Committees' meetings. A minimum of one in-house education session will be held at least once every three (3) years.
2. **Retirement Industry Periodicals:** Trustees are encouraged to read available free resources that address pension and investment-related topics. NERS

will not cover the cost of any periodicals or subscriptions, unless preapproved by the Board.

3. **Fiduciary Training:** Each year the Board's Legal Counsel will arrange for a fiduciary education session during a Board meeting that will update the Trustees on issues affecting their service on the Board. Trustees are expected to attend.
4. **Trustee Commitment:** Trustees are encouraged, but are not required, to seek out, evaluate and take advantage of appropriate educational tools, which may include, but are not limited to external conferences, seminars, workshops, roundtables, courses or other industry-specific opportunities.
5. **Continuing Improvement:** The Board recognizes that some educational opportunities are better than others. To adequately assess the value of each, the Trustees will orally discuss and evaluate in-house and external sessions after attending so the Board can assess whether the educational opportunities were meaningful and helpful.

Fraud Policy

Purpose and Intent

This policy expresses the commitment of NERS to effectively manage fraud risk through the commitment, cooperation and involvement of employees and members of the Board of Trustees in preventing, detecting and responding to all instances of fraud relating to the function and operation of NERS. This policy affirms the importance of fraud prevention to NERS as a tool to achieve its mission, vision and strategic plan.

Non-compliance with this policy may lead to disciplinary action including, but not limited to, termination and criminal or civil action.

This policy is intended to provide a framework for the responsible and professional conduct by all NERS employees and members of the Board of Trustees who may find themselves in a position of suspecting or identifying potentially fraudulent activities related to NERS.

Definitions

- A. *Fraud* – Fraud is an intentional act or use of words, or an intentional omission designed to deceive another and avoid detection, resulting in the victim suffering a loss and/or the perpetrator achieving a gain. Fraud includes the use of one's position for personal gain through the deliberate misuse or misapplication of

NERS assets or resources. Examples of fraud could include, but are not limited to:

1. Misappropriation of assets such as funds, information, equipment and supplies.
2. Impropriety in processing or reporting of financial transactions.
3. Profiting because of insider information acquired by virtue of employment or Trusteeship of NERS.
4. Discussing or disclosing confidential and proprietary information to outside parties or utilizing such information for one's own benefit.
5. Accepting or seeking anything of value from contractors, vendors or others providing supplies or services to NERS.
6. Destruction, removal, or inappropriate use, access or storage of records, employee/membership-related or financial information, or other NERS property, data or information.

B. *Retaliation* – NERS recognizes that the requirement to report fraudulent acts or other irregularities can be difficult because of the fear of reprisals against the complainant. NERS will not tolerate such retaliation and will take the necessary action to protect those who raise concerns in good faith. NERS management strictly prohibits any person from engaging in retaliation against a complainant for:

1. Providing information or making a complaint regarding conduct the complainant reasonably believes constitutes fraud.
2. Reporting of, or participating in, proceedings related to fraud against the alleged perpetrator.

C. *Confidentiality* – When an individual raises a concern or reports a possible fraudulent event and does not wish his or her name to be disclosed, NERS will do its best to protect that individual's identity. However, it should be noted that the investigation process may require that the source of the information be revealed, and the complainant may be required to provide a statement and identity as part of the evidence.

D. *Untrue Allegations* – Allegations made in good faith, but not confirmed by the investigation, will not result in any action against the complainant. However, if

it is determined that the complainant made an allegation of fraud maliciously and without a reasonable basis, a disciplinary action may be considered against the complainant.

Responsibilities

All NERS employees and Trustees are required to:

- A. Act in an honest and ethical manner and protect the reputation and assets of NERS.
- B. Be alert for signs of fraudulent activity.
- C. Uphold, institute, review and maintain fraud prevention strategies.
- D. Fully cooperate with the implementation of fraud prevention strategies and with investigations related to fraud.
- E. Report awareness of suspected fraudulent conduct.

Reporting Requirements

- A. All Trustees and NERS employees are required to timely report suspected fraudulent activity in good faith based on reasonable belief.
- B. Reports from employees should generally be made to the complainant's immediate supervisor or, if uncomfortable doing so, to the Executive Director, the Director of Finance, the Board's Legal Counsel, the Director of Human Resources or the City's Auditor Office.
- C. Reports from Trustees should be made to the Board Chair or, if uncomfortable doing so, to the Executive Director or Board's Legal Counsel.
- D. The Chair, Executive Director, or Board's Legal Counsel will be provided with all reports of suspected fraudulent activity unless there is a conflict of interest on their parts.

Investigations

- A. Great care needs to be taken in the investigation of suspected fraud or criminal action to avoid:
 1. Unfounded/incorrect accusations;

2. Alerting individuals against whom an allegation has been made that a matter has been raised, and an investigation is underway;
3. Making statements which could expose the complainant to legal liability.

Confidentiality in accordance with all applicable laws concerning the information offered by the complainant will always be maintained.

Accordingly, the complainant and/or supervisor should not:

1. Attempt to personally conduct investigations or interviews to determine whether a suspected activity is improper.
2. Contact the suspected individual(s) to determine facts or demand restitution.
3. Discuss any facts, suspicions or allegations associated with the case with anyone, other than the Board Chair, Executive Director, his or her supervisor as appropriate, the Director of Finance or the Board's Legal Counsel.

B. Investigations will be performed under the direction of the Board Chair, Executive Director in consultation with the Director of Finance or the Board's Legal Counsel or any other consultant the City or NERS may need to hire, any of whom will recuse themselves if there is a conflict of interest on their part.

1. Full cooperation with the investigation is required.
2. If the complaint is determined to have merit, the Executive Director, Board's Legal Counsel and Director of Finance, unless there is a conflict of interest on the part of any, will notify the Board and will keep the Board apprised of the situation.
3. To avoid damaging the reputations of innocent persons initially suspected of wrongful conduct, the results of the investigation will be disclosed or discussed only with those persons who require this knowledge in the proper performance of their office or function.

Response

A. As necessary, guidance may be sought to facilitate appropriate documentation of the facts. If it is determined that the complaint is factual and fraud has been committed by an employee, the Board Chair, Executive Director through the Director of Finance or the Board's Legal Counsel, unless there is a conflict of interest on the part of any, will follow the City's disciplinary policy. If it is determined that the complaint is

factual and fraud has been committed by a Trustee, the City Council will be notified. Topics for a possible resolution may include:

1. Appropriate personnel action.
2. Protection of innocent persons, including the complainant and anyone wrongly accused of committing fraud.
3. Appropriate civil or criminal actions.
4. Documentation and submission of claims against the insurers.
5. Preservation of the integrity of any criminal investigation and prosecution.

Following a fraudulent event, the relevant internal controls will be thoroughly evaluated, and any appropriate changes will be made.

APPENDICES

APPENDIX A

Standard of Conduct Questionnaire for Service Providers

APPENDIX B

Annual Financial Disclosure/Conflict of Interest Affidavit

APPENDIX C

Retirement Industry Websites

APPENDIX D

Key NERS Administrative Information

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APPENDIX A - STANDARD OF CONDUCT QUESTIONNAIRE FOR SERVICE PROVIDERS

STANDARD OF CONDUCT QUESTIONNAIRE FOR SERVICE PROVIDERS

The following questions are based on the Code of Ethics and Conduct of the Norfolk Employees' Retirement System (NERS). Your responses should cover the twelve-month period from July 1, ____ to June 30, ____.

- If the response to any question is "None to Report," please check the corresponding box to indicate this.
- If your answer is anything other than "None to Report," please provide the required information in the text box provided for each question.

The purpose of this questionnaire is not to assess any actual or potential conflicts of interest, but to ensure full disclosure of any conflicts as outlined in the Code of Ethics and Conduct policy.

Completed questionnaires must be returned no later than September 30, _____. You may submit your form in person or via email to retirement@norfolk.gov. If you prefer to print and mail the form, please send it to 810 Union Street, Suite 309, Norfolk, Virginia, 23510 to the attention of NERS Executive Director.

Existence of the Code of Ethics			
1.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	Are you familiar with the Code of Ethics and Conduct of the Norfolk Employees' Retirement System (NERS or the System) and are you aware of your responsibility to adhere to its provisions?
Confidential Information			
2.	<input type="checkbox"/> None to Report	List any confidential information related to the System that you have disclosed to unauthorized individuals.	

Standards of Conduct		
3.	<input type="checkbox"/> None to Report	List any information that could impact the present or future value of any investment or contemplated investment of the System, which you have used in any manner other than to advance the interests of the System's members and beneficiaries.
4.	<input type="checkbox"/> None to Report	List all offers made by you to Trustees, OCIO, Investment Committee members, or staff, or their relatives, to trade in any security or other investment held by the System or intended for purchase, on terms more favorable than those offered to the general investing public.
5.	<input type="checkbox"/> None to Report	List all gifts, entertainment or other gratuities provided by you, your agents, representatives, or solicitors to Trustees, OCIO, Investment Committee member, staff, or their affiliates, including the estimated value. Meals or entertainment provided at group activities open to all attendees of a conference, seminar, or training do not need to be reported, provided they were offered to substantially all attendees.

6. <input type="checkbox"/> None to Report	List all direct or indirect benefits, gratuities or emoluments that were solicited, accepted, agreed to be accepted by or given to Trustees, staff or other agents or representatives of the System, in exchange for a decision, opinion, recommendation, transaction, vote or other exercise of discretion.
7. <input type="checkbox"/> None to Report	List all gifts, entertainment, or other gratuities accepted by you or an affiliate in connection with services provided to the System by any current or potential outside service provider.
8. <input type="checkbox"/> None to Report	List all offers made by you or an affiliate to a Trustee, OCIO, Investment Committee member or staff for an extension of credit or borrowing where such credit or borrowing is not offered to the general public under the same terms in the ordinary course of business. Provide the terms of such credit or borrowing.

9.	<input type="checkbox"/> None to Report	List any Trustee, OCIO, Investment Committee Member or staff employee within the 12-month period from July 1, ____ to June 30, ____, has become employed by, represented or entered into an agreement with you or an affiliate.
10.	<input type="checkbox"/> None to Report	List any payments made by you or an affiliate for travel or lodging for the benefit of a Trustee, OCIO, Investment Committee Member or staff.
11.	<input type="checkbox"/> None to Report	List all instances in which you or an affiliate used the name or logo of the System, including the Norfolk Mermaid, in a manner that could suggest impropriety, favoritism or bias by the Board of Trustees, the Investment Committee or the System.
12.	<input type="checkbox"/> None to Report	Disclose all actual or potential conflicts of interest or situations that could reasonably be perceived as creating a conflict of interest.

By checking the box, I certify I have read the **Norfolk Employees' Retirement System's Code of Ethics and Conduct**. Additionally, I certify, on behalf of the corporation, partnership or other business entity providing services to the System, that the entity is in full compliance with the provisions and policies outlined in the **Code of Ethics and Conduct** except as otherwise noted above. I further confirm that I have no knowledge or evidence of any violation of the **Code of Ethics and Conduct** by a Trustee, Investment Committee Member, OCIO, staff employee, consultant or other agent of the Norfolk Employees' Retirement System.

Printed Name:

Signature:

Date:

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APPENDIX B - Annual Financial Disclosure/Conflict of Interest Affidavit

Norfolk Employees' Retirement System

Annual Financial Disclosure/Conflict of Interest Affidavit

Reporting Period: July 1, _____ through June 30, _____

My signature below indicates my acknowledgement of the following:

1. Name: _____
2. Position/Office Held: _____
3. Residence Address: _____
4. Business Address: _____
5. Telephone Numbers:
(Home) _____ (Office) _____
6. I am a Member of the Board of Trustees of the Norfolk Employees' Retirement System and hereby acknowledge my fiduciary responsibility to administer the Norfolk Employees' Retirement System as a Pension Trust Fund in accordance with City of Norfolk Code, Chapter 37 as amended, the Board's policies, and all other applicable laws and regulations. I have taken an Oath of Office as a Member of the Board of Trustees and affirm my commitment to uphold that oath.
7. As required by the Board's Code of Ethics and Conduct, I acknowledge that I may not receive any compensation or anything of value, whether tangible or intangible, from any individual or entity in connection with my responsibilities as a fiduciary or any actions involving the Norfolk Employees' Retirement System. Furthermore, I confirm I have not received any such compensation or item of value. I acknowledge that meals of reasonable value may be accepted, provided they are disclosed during regular Board meetings and made available to all Board Trustees in a manner consistent with Board policy. Additionally, gifts with a value of less than \$20 may be accepted, provided they are disclosed during regular Board meetings.

8. I further acknowledge that no fiduciary of the Norfolk Employees' Retirement System may participate in any decision or action of the Board involving any asset of the System that directly benefits their own interest, except where the benefit is incidental to their membership in the Norfolk Employees' Retirement System. I hereby confirm that I have not participated in any such actions.
9. I have identified all individuals or business entities in which I have a substantial interest that have contracted with or solicited business from the Norfolk Employees' Retirement System.

10. I have identified all entities in which I, or any family member related within the first degree (parent/child) receive taxable income due to employment or business relationships, and which have contracted with or solicited business from the Norfolk Employees' Retirement System.

Printed Name:

Signature:

Date:

APPENDIX C – Retirement Industry Websites

City of Norfolk Retirement Office

Web address: <http://www.norfolk.gov/retirement>

Web link: [Retirement | City of Norfolk, Virginia - Official Website](#)

National Association of State Retirement Administrators

Web address: <http://www.nasra.org/>

Web link: [NASRA](#)

Internal Revenue Service

Web address: <http://www.irs.gov/Retirement-Plans>

Web link: [Retirement Plans | Internal Revenue Service](#)

Social Security Administration

Web address: <http://www.ssa.gov>

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APPENDIX D – Key NERS Administrative Information

EXHIBIT 1: Trustee Information

EXHIBIT 2: Committee Information

EXHIBIT 3: Organizational Chart

EXHIBIT 4: Professional Service Providers

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EXHIBIT 1: Trustee Information

The Board of Trustees as of March 2025

Yvonne T. Allmond

Chair

Appointed October 30, 2007

Daryl N. Howard

Member represents City Public Safety Employees

Appointed January 29, 2019

Elizabeth (Liz) A. Delude

Vice-Chair

Appointed November 24, 2020

James (Jim) J. Izard, II

Member

Appointed June 11, 2020

John R.E. Garris

Member

Appointed September 12, 2023

Mark R. Warden

Member

Appointed April 9, 2024

Lashawnda W. Hall

Member represents City General Employees

Appointed January 1, 2023

Christine A. Garczynski

Ex-officio Trustee as the Director of Finance

Appointed by virtue of position with the City

Jean G. Hopkins

Member/Citizen represents the NERS

Appointed January 1, 2024

Douglas J. Beaver

Ex-officio Trustee represents the City Manager

Appointed by virtue of position with the City

The members of the Board are appointed and serve pursuant to Chapter 37 of the Norfolk City Code, which provides for ten (10) members.

The Ex-officio Trustees serve by virtue of their position with the City of Norfolk.

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EXHIBIT 2: Committee Information as of March 2025

1. Investment Committee Membership

James (Jim) Izard, II (Chair)

Elizabeth (Liz) A. Delude

John R.E. Garris

Mark R. Warden

2. Administration and Planning Committee Membership

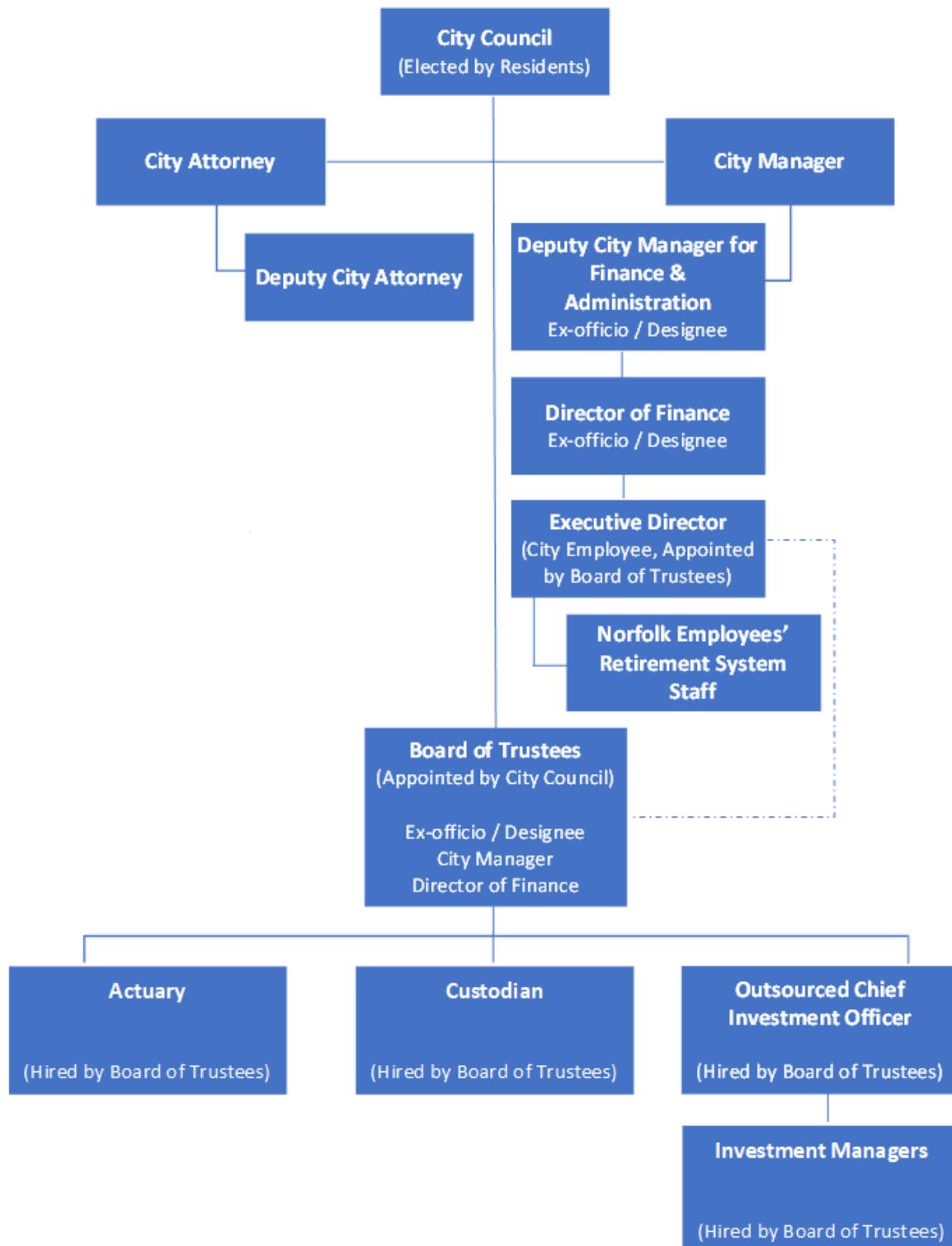
Christine A. Garczynski (Chair)

Yvonne T. Allmond

Lashawnda W. Hall

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EXHIBIT 3: Organizational Chart as of March 2025



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EXHIBIT 4: Professional Service Providers as of March 2025

Consultants and Professionals

Legal Advisor

Bernard A. Pishko, City Attorney
Andrew R. Fox, Deputy City Attorney

Medical Examiners

NowCare Physicians, PC

Actuary

Cheiron
McLean, VA

Custodian

State Street Bank and Trust
Kansas City, MO

OCIO

Meketa Investment Group, Inc.
Boston, MA

Independent Auditor

CLA (CliftonLarsonAllen LLP)
Arlington, VA

Investment Managers

Global Equity

State Street Global Advisors
Boston, MA

First Eagle Investment Management
New York, NY

Kopernik Global Investors
Tampa, FL

ABS Global Investments
Greenwich, CT

Artisan Partners
New York, NY

DF Dent & Co.
Baltimore, MD

J. Stern & Co.
London, UK

Real Estate

J.P. Morgan Chase Bank
New York, NY

UBS Trumbull
Hartford, CT

State Street Global Advisors
Boston, MA

Morgan Stanley & Co. LLC
New York, NY

Investment Grade Fixed Income

State Street Global Advisors
Boston, MA

Pacific Investment Management Company
Newport Beach, CA

Wellington Management
Boston, MA

Brandywine Global Investment Management
Philadelphia, PA

Brigade Capital Management
New York, NY

The Vanguard Group
Malvern, PA

Natural Resources & Infrastructure and Gold

State Street Global Advisors
Boston, MA

J.P. Morgan Chase Bank
New York, NY

First Eagle Investment Management
New York, NY

Hedge Funds

36 South Capital Advisors
London, United Kingdom

BH-DG Systematic Trading
London, United Kingdom

Lombard Odier Asset Management
New York, NY

Alpstone Capital (Suisse) SA
Geneva, Switzerland

Private Equity

NextPhase Capital

New York, NY

Vitruvian Partners

London, UK

Lexington Partners

New York, NY

Flagship Pioneering

Cambridge, MA

Gauge Capital

New York, NY

KPS Capital Partners LP

New York, NY

