



RETIREMENT BOARD OF TRUSTEES MEETING DOCKET



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Form No:
7503

I. COMMENCEMENT

1. Chairperson call meeting to order.

Meeting Date 11/04/2020	Start Time 12:00 PM	End Time 12:55 PM	Meeting Type Regular
Meeting Location WebEx Remote Meeting pursuant to City of Norfolk to assure the continuity of government during the disaster resulting from the COVID-19 Pandemic.			
This electronic meeting will be open to the public. The public may listen and or participate in this public meeting via a WebEx remote meeting telephone call. Persons participating in the public meeting must identify themselves to the NERS Board of Trustees Secretary (Executive Director of NERS, Penny DeLosh).			
WebEx Information (Investment Committee Meeting & Regular meeting):			
Dial in Number: 1-415-655-0002			
Access Code: 172 513 0917			

2. Roll call.

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

Additional Attendees

Penny DeLosh Executive Director	Jackie Cowan Retirement Benefits Administrator	Andy Fox Deputy City Attorney I
Dr. Chip Filer City Manager	Zack Cziryak Editor – Financial Investment News	

3. Approval of minutes of meeting held:

September 2, 2020

 Approved **Denied****II. REPORTING**

Reporting Period: August – September 2020	TOTAL (Submitted/Approved)
A. Service Retirement Applications	36
1. Normal Service Retirement	22
2. Normal Service Retirement with DROP	3
3. Early Service Retirement - Reduced	3
4. Early Service Retirement - Deferred	1
5. Vested Service Retirement	7
B. Disability Retirement Applications	3
6. Accidental Disability Retirement	2
7. Ordinary Disability Retirement	1
C. Disability Reexamination Determinations	1
D. DROP Exit Report	4
E. Report of Deaths	26
1. Retiree	22
2. Spouse or Beneficiary	4
F. Death Benefit Claims	13
G. Retirement Rescissions	2
H. Previous Docket Amendments and Corrections	0
I. Nonvested Member Separation	31
Total	\$90,975.51

J. Obligations Reported for Payment

Refer to EXHIBIT 1

K. Committee Reports: Administration and Planning & Investment Management

1. Administration and Planning Committee –
 - a. City Code Chapter 37 Revisions Proposed (Ordinance Draft Recommendation)
 - (1) Sec. 37-68. – Optional allowances
 - A. NERS Board of Trustee recommendations to be presented at the next City Council meeting
 - (2) Sec 37-2. – Definitions
 - A. City Legal recommended the definitions be presented to City Council at a January 2021 meeting
 - b. Code of Ethics and Conduct – Draft
 - (1) Motion made to approve the Code of Ethics and Conduct. Final to be sent to the Board of Trustees

2. Investment Management Committee –
 - a. Committee Membership
 - (1) Larry Bernert (Chair)
 - (2) Christine Garczynski
 - (3) James Izard
 - (4) Member appointment needed due to Stephanie Calliott resignation effective November 4, 2020
 - (5) Member appointment needed due to Eric Tucker retirement effective March 1, 2020
 - b. Monthly Flash/Capital Markets
 - (1) As of July 1, 2019, Total Plan Actuarial Liability (AL) is \$1.398 billion and the Actuarial Value of assets (AVA) is \$1.097 billion for an Actuarial funded ratio (AVA/AL) of 79%. Using the Market Value of Assets (MVA), the Market Funded Ratio (MVA/AL) was approximately 80% in August 2020 and 77% in September 2020
 - (2) Presentation from Trevor Jackson, AndCo, reviewed Quarter 3 performance, as well as asset allocation
 - (3) Return for the fund was 4.2% for the quarter, which brought it to just under 5% for the 12-month period
 - (4) Underperformed the policy index for the quarter and by more than 445 basis points over the year due primarily to exposure to MLPs and underperformance of UBS

L. Other / Old Business

1. Virginia Retirement System (VRS) Feasibility Study
 - a. Noted for the Board that NERS will still manage any legacy plan even if the system transitions to VRS model
2. Investment Consultant Request for Proposal (RFP) (March 2018) and Request for Information (RFI)
 - a. Consultant to be hired to assist with writing Request for Proposal (RFP) and to assist with search for an Outsource Chief Investment Officer, who would be responsible for making decisions related to changes within the portfolio that align with the Board of Trustees Investment Policy
3. Investment Policy Review – Pending award of Investment Consultant RFP

4. UBS Redemption

- a. Received a redemption on October 5, 2020, in the amount of \$97,367.63

M. New Business/Other

1. City Manager, Dr. Chip Filer, introduction to the Board of Trustees

- a. Dr. Filer expressed his appreciation for the Board of Trustees and the important work that is conducted by the Board. He expressed that the Board of Trustees efforts in maintaining a healthy system is a positive factor in the City becoming an employer of choice. On November 14, 2020, Dr. Filer will be making a presentation to City Council of a mid-year budget review due to the uncertainties surrounding how COVID-19 would impact the City.

2. NERS Board of Trustee Meeting Schedule for 2021

- a. Board approved 2021 Meeting Schedule. The schedule will remain bi-monthly and met the first Wednesday of the month
- b. Request made for calendar invites to be sent to the Board of Trustees for the scheduled dates
- c. Suggestion made to move to another meeting platform (ex. Zoom) to allow for the Board of Trustees to obtain meeting materials through a calendar invite, as well as identification of meeting participants

3. Possible modification of current discount rate

- a. The table below compares the current and last fiscal year ratios, contribution rates, return on investment and anticipated rate of returns
 - (1) Funded ratio decreased slightly
 - (2) Combined Contribution Rate – is the percentage applied to covered payroll, which is the Employer Contribution portion paid by the City
 - (3) Return on Investment – decreased from 2019
 - (4) Investment Committee to review and make recommendation for the Board of Trustees

	2020	2019
NERS Funded Ratio (actuarial value of assets over actuarial liability) - Cheiron	77.4%	78.5%
Combined Contribution Rate - Cheiron	21.20%	20.30%
Return on Investment (Market Value) - AndCo	0.75%	5.50%

Anticipated Rate of Return	7.0%	7.0%
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4. Mandatory Contribution Interest Rate Approval Policy
 - a. Board approved annual mandatory contribution interest rate of 0.38%, from BankRate.com
 - b. Policy delegates administrative approval to the Executive Director of NERS
 - c. Motion made and approved to approve the Mandatory Contribution Interest Rate Approval Policy delegating approval authority to the NERS Executive Director

5. Schedule Actuarial Valuation Report as of June 30, 2020, presentation – Cheiron
 - a. Recommendation to have presentation at the January 2021 Board of Trustee meeting approved

6. Stephanie Calliott, Board Chair, resigned from the Norfolk Employees' Retirement System Board of Trustees due to relocation, effective November 4, 2020
 - a. NERS resolution to be mailed to Mrs. Calliott, as well as a gift and letter from the Mayor's office

7. Board of Trustee term extensions
 - a. Larry Bernert, Yvonne Allmond and Rev. Kenneth Crowder service terms expire December 2020
 - b. Request and approval by Larry Bernert, Yvonne Allmond and Rev. Kenneth Crowder to extend service term on the NERS Board of Trustees for another 4-year term
 - c. Term extension requests will be presented to City Council

N. Adjournment

Next Meeting: January 6, 2021

Anticipated Quorum: Yes No

Scheduled Guest Speaker(s): Cheiron

Exhibit 1 Obligations Reported for Payment

	Description	Amount
1.	State Street Corporation	\$27,000.00
2.	Cheiron	\$10,000.00
3.	NowCare	\$600.00
4.	CliftonLarsonAllen LLP	\$10,356.80
5.	AndCo, Inc (quarterly billing)	\$52,317.07
6.	Harvest Fund Advisors (quarterly billing)	\$48,460.38
7.	Retirement Payroll Oct 2020 & Nov 2020 (estimated)	\$16,163,770.91
8.		
9.		
10.		
11.		
12.	TOTAL	\$16,312,505.16

Additional Details

- (1) Custodial Services – Sep – Nov 2020 est. (\$27,526.24 Jun – Aug 2020 invoice paid Oct 2020)
- (2) Custodial Services – Oct – Nov 2020 (Retainer and Special Study est.) (\$26,252.76 Jul – Sept 2020 invoices paid Oct 2020)
- (3) NowCare – Disability K. Laughlin, M. Williams (Oct invoice paid Oct 2020)
- (4) NERS external FY 2020 Audit (Aug invoice paid Oct 2020)
- (5) Consulting services - 2020 Q3 July 2020 - Sep 2020 (invoice paid Oct 2020)
- (6) Harvest Fund Advisors 2020 Q3 Jul 2020 - Sep 2020 (invoice paid Oct 2020)
- (7) Payroll for Oct 2020 \$8,163,770.91 (actual) and Nov 2020 \$8,000,000 (Estimated)