



## RETIREMENT BOARD OF TRUSTEES MEETING MINUTES

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**Form No:** 7503

### I. COMMENCEMENT

#### 1. Chairperson call meeting to order.

|   |                               |                             |                                |
|---|-------------------------------|-----------------------------|--------------------------------|
| <b>Meeting Date</b><br>03/03/2021   | <b>Start Time</b><br>12:00 PM | <b>End Time</b><br>12:27 PM | <b>Meeting Type</b><br>Regular |
| <b>Meeting Location</b><br>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). |                               |                             |                                |
| <b>WebEx Information (Investment Committee Meeting &amp; Regular meeting):</b><br>Dial in Number: 1-415-655-0002<br>Access Code: 180 984 0823   |                               |                             |                                |

#### 2. Roll call.

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

#### Additional Attendees

|   |   |   |
|---|---|---|
| <b>Penny DeLosh</b><br>Executive Director | <b>Jackie Cowan</b><br>Retirement Benefits<br>Administrator | <b>Andy Fox</b><br>Deputy City Attorney I |
| <b>Trevor Jackson</b><br>AndCo            | <b>Lauren Albanese</b><br>Financial Investment News         |   |

**3. Approval of minutes of meeting held  
January 6, 2021:**

**Approved**     **Denied**

## II. REPORTING

| Reporting Period: February – March 2021              | TOTAL<br>(Submitted/Approved) |
|--|-------------------------------|
| <b>A. Service Retirement Applications</b>            | <b>26</b>                     |
| 1. Normal Service Retirement                         | 16                            |
| 2. Normal Service Retirement with DROP               | 3                             |
| 3. Early Service Retirement - Reduced                | 1                             |
| 4. Early Service Retirement - Deferred               | 0                             |
| 5. Vested Service Retirement                         | 6                             |
| <b>B. Disability Retirement Applications</b>         | <b>1</b>                      |
| 6. Accidental Disability Retirement                  | 1                             |
| 7. Ordinary Disability Retirement                    | 0                             |
| <b>C. Disability Reexamination Determinations</b>    | <b>1</b>                      |
| <b>D. DROP Exit Report</b>                           | <b>3</b>                      |
| <b>E. Report of Deaths</b>                           | <b>27</b>                     |
| 1. Retiree   | 21                            |
| 2. Spouse or Beneficiary                             | 6                             |
| <b>F. Death Benefit Claims</b>                       | <b>8</b>                      |
| <b>G. Retirement Rescissions</b>                     | <b>0</b>                      |
| <b>H. Previous Docket Amendments and Corrections</b> | <b>0</b>                      |
| <b>I. Nonvested Member Separation</b>                | <b>44</b>                     |
| Total  | <b>\$112,548.16</b>           |

**J. Obligations Reported for Payment**

Refer to EXHIBIT 1

## **K. Committee Reports: Administration and Planning & Investment Management**

1. Administration and Planning Committee – no meeting
  - a. City Code Chapter 37 Revisions Proposed
    - (1) Sec. 37-2. – Definitions – Ordinance draft – Used majority of language already in City Code and relocated it into the definitions section to be more user-friendly
      - i. Accidental Disability Retirement
      - ii. Council Member
      - iii. Creditable Service - modified
      - iv. Deferred Retirement Option Program
      - v. Disability Retirement
      - vi. Early Service Retirement Age
      - vii. Employee - modified
      - viii. General Member
      - ix. Mandatory Retirement Age
      - x. Normal Service Retirement Age
      - xi. Ordinary Disability Retirement
      - xii. Public Safety Member
      - xiii. Vested Member
      - xiv. Sec. 37-41 Creditable Service – modified
      - xv. Sec. 37-45 Restoration of creditable service upon re-enrollment after service terminated – modified
        - i. City Code allows a member returning to service to have previous service restored at any time prior to retirement. The modification requires members to be vested in order to restore prior service and aligns requirements with portability and purchase of service process.
      - xvi. Sec. 37-61 (e) –removed
      - xvii. Sec. 37-61 (l) Permanent Part-time Employee – modified
      - xviii. Sec. 37-61 (o) Healthcare Eligibility – modified
        - i. City Code identifies eligibility for retirees' healthcare participation. The modification clarifies participation in City health insurance up to Medicare age and identifies the

limited election period of 30 days from the effective date of retirement.

xix. Sec. 37-96 Executive Director

2. Investment Management Committee – no meeting
  - a. 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 83% in December 2020 and 83% in January 2021.

**L. Other / Old Business**

1. Virginia Retirement System (VRS) Feasibility Study in progress
  - a. No updated status information
2. Investment Consultant Request for Proposal (RFP) (March 2018) and Request for Information (RFI)
  - a. Per Investment Committee Chair, Plan of Action to include possible Consultant to assist in RFP process.
  - b. A list of five (5) consultants have been identified and will be narrowed down by Investment Committee and Executive Director of Retirement
3. Investment Policy Review – Pending award of Investment Consultant RFP
4. UBS Redemption
  - a. Asset liquidation in progress

**M. New Business/Other**

1. Rebalancing of assets
  - a. Investment Committee approved the rebalancing of assets as seen in the following chart:

| 2/16/21 –<br>prelim | Current Value (\$) | Current Value (%) | Target (%) | \$ Difference | Proposed Redemption  | New \$ Difference                   |
|---------------------|--------------------|-------------------|------------|---------------|----------------------|-------------------------------------|
| Global Equity       | \$747.4m           | 60.59%            | 55.00%     | +\$68.9m      | (\$27.4m)<br>(\$29m) | +\$41.5m<br>+12.5m*final difference |
| Fixed Income        | \$342.7m           | 27.78%            | 30.00%     | (\$27.4m)     | +\$27.4m             | \$0m                                |
| Real Estate*        | \$79.7m            | 6.46%             | 7.50%      | (\$12.8m)     |                      |                                     |
| MLPs                | \$63.5m            | 5.15%             | 7.50%      | (\$29m)       | +\$29m               | \$0m                                |
| Cash                | \$262,998.73       | 0.02%             | 0%         | -             |                      |                                     |
|                     | \$1,233.6m         | 100%              | 100%       |               |                      |                                     |
|                     |                    |                   |            |               |                      |                                     |

(1) In accordance with the Investment Policy Statement, the investment consultant (AndCo) recommended asset rebalancing in order to stay within the identified targeted asset ranges. The Global Equity fund was above the targeted range while Fixed Income and MLPs were short of the targeted ranges. At the end of February, the assets were rebalanced between Global Equity, Fixed Income and MLPs resulting in funds being more in line with the respective targeted allocations.

- b. The affirmative vote to ratify the rebalancing of assets included: Lawrence Bernert, Yvonne Allmond, Kenneth Crowder, Elizabeth Delude, Daryl Howard, Christina Talley, Christine Garczynski, Catheryn Whitesell

**N. Adjournment**

**Next Meeting:** May 5, 2021

**Anticipated Quorum:**  Yes  No

**Scheduled Guest Speaker(s):** \_\_\_\_\_

## Exhibit 1

### Obligations Reported for Payment January - February 2021

|     | Description                              | Amount                 |
|-----|--|------------------------|
| 1.  | State Street Corporation                 | \$17,020.44            |
| 2.  | Cheiron                                  | \$7,785.69             |
| 3.  | Harvest Fund Advisors, LLC               | \$52,091.33            |
| 4.  | Tortoise Capital Advisors, LLC           | \$50,681.89            |
| 5.  | PIMCO                                    | \$86,430.14            |
| 6.  | NAPPA                                    | \$300.00               |
| 7.  | Penny DeLosh                             | \$66.48                |
| 8.  | Retirement Payroll Feb 2021 & March 2021 | \$15,893,282.84        |
| 9.  |  |                        |
| 10. |  |                        |
| 11. |  |                        |
| 12. | <b>TOTAL</b>                             | <b>\$16,107,658.81</b> |

### Additional Details

1. Custodial Services – Feb 2021 – March 2021 est. (\$8,147.64 Oct 2020 & \$8,872.80 Nov 2020 invoice paid Jan 2021)
2. Custodial Services – Feb -March 2021 (Retainer and Special Study est.) (\$7,785.69 Dec 2020 invoice paid Jan 2021)
3. Harvest Fund Advisors (2020 Q4 invoice, paid Jan 2021)
4. Tortoise Capital Advisors, LLC (2020 Q4 invoice, paid Jan 2021)
5. PIMCO (2020 Q4 invoice, paid Feb 2021)
6. NAPPA (Membership dues for A. Fox approved at January Board of Trustees meeting, paid Feb 2021)
7. Penny DeLosh – reimbursement for printer ink (paid March 2021)
8. Payroll for Feb 2021 \$7,893,282.84 (actual) and March 2021 \$8,000,000 (Estimated)