



RETIREMENT BOARD OF TRUSTEES MEETING MINUTES

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Form No: 7503

I. COMMENCEMENT

1. Chairperson call meeting to order.

Meeting Date 07/07/2021	Start Time 12:00 PM	End Time 12:43 PM	Meeting Type Regular
WebEx Dial In: 1-415-655-0002 Access Number: 1723 10 8572			
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).			

2. Roll call.

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

Additional Attendees

Penny DeLosh Executive Director	Jackie Cowan Retirement Benefits Administrator	Andy Fox Deputy City Attorney I
Dan Johnson AndCo	Neil Malik WSTM Summer Analyst	Crossbird Song WSTM Summer Analyst
Lauren Albanese Financial Investment News		

**3. Approval of minutes of meeting held
May 5, 2021:**

Approved **Denied**

II. REPORTING

Reporting Period: June – July 2021	TOTAL (Submitted/Approved)
A. Service Retirement Applications	41
1. Normal Service Retirement	16
2. Normal Service Retirement with DROP	2
3. Early Service Retirement - Reduced	3
4. Early Service Retirement - Deferred	1
5. Vested Service Retirement	19
B. Disability Retirement Applications	3
6. Accidental Disability Retirement	2
7. Ordinary Disability Retirement	1
C. Disability Reexamination Determinations	0
D. DROP Exit Report	4
E. Report of Deaths	31
1. Retiree	27
2. Spouse or Beneficiary	4
F. Death Benefit Claims	8
G. Retirement Rescissions	0
H. Previous Docket Amendments and Corrections	0
I. Nonvested Member Separation	14
Total	\$28,511.78

J. Obligations Reported for Payment

Refer to EXHIBIT 1

K. Committee Reports: Administration and Planning & Investment Management

1. Administration and Planning Committee – no meeting held
 - a. City Code Chapter 37 Revisions Proposed
 - (1) Sec. 37-2. – Definitions – Ordinance anticipated to be presented to City Council on July 13, 2021
 - i. Definition changes were approved by City Council
 - b. Educational Materials – Know 2 Ask
 - (1) Good Governance is Fundamental brochure finalized
 - (2) Know 2 Ask Brochures #1 - #14 provided to Board electronically

2. Investment Management Committee – meeting held

- a. Search Consultant for Outsourced Chief Investment Officer (OCIO)
 - (1) Investment Committee to meet in the upcoming weeks to determine consultant firm
- b. Broad market S&P year-to-date return 12.62%, trailing one-year, up 40%, which catches the rebound from pandemic
- c. Large cap value increase at 18.41% year-to-date
- d. Bond market down at 2.29%
- e. Aggregate corporate investment grade down at 2.85%
- f. Current funding at \$1.259 billion, which does not include the recent receipt of General Obligation Bonds to benefit the NERS funds from the City of approximately \$120 million
- g. Global equities – within 1.5% of benchmark
- h. Fixed Income – within 1% of benchmark
- i. Real Estate – slightly over 1% of benchmark
- j. MLP's overweighted at .6% of benchmark
- k. 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 88% in April 2021 and 87% in May 2021.
- l. Due to the issuance of the General Obligation Bonds to benefit the NERS, the System's funded ratio is approximately 96%, this does not include the updated liability value.
- m. Recommendation for approximate \$2.5 million UBS redemption proceeds to temporarily be invested in Vanguard Real Estate Index Fund.
 - (1) Board of Trustees unanimously approved to temporarily invest the UBS redemption in the Vanguard Real Estate Index Fund.

L. Other / Old Business

1. Virginia Retirement System (VRS)
 - a. City Council approval May 15, 2021, of VRS migration intent ordinance
 - b. City Council presentation on July 13, 2021, of NERS closure and VRS joining resolution; anticipated approval by City Council July 13, 2021

- (1) Employees hired and rehired effective January 1, 2022 will be a participant of the Virginia Retirement System (VRS)
- (2) NERS will continue to be an active retirement plan for current retirees and future beneficiaries
- (3) Current employees will have the 2022 calendar year to elect to remain a member of NERS or to become a VRS participant. If election to participate in VRS is made, the employee must elect to either retain their assets in NERS and start new with VRS or to transition their NERS creditable years of service time (purchase service) into VRS. Purchasing service in VRS will result in the member terminating all NERS future retirement benefits.

2. UBS Redemption

- a. \$2,462,738.88 received on July 7, 2021

M. New Business/Other

1. Issuance of General Obligation Bonds to benefit the NERS and Investment Allocation \$119,533,490.00
 - a. SQ07 – PIMCO \$19,533,490.00
 - b. SQ35 – State Street Bond Index Fund \$40,000,000.00
 - c. SQ35 – MSCI ACWI \$60,000,000.00
 - d. NERS will receive from the City's Pension Trust an annual estimated amount of \$9.0 million for approximately 18 years due to the issuance of the General Obligation Bonds to benefit the NERS. The Trust funds are currently invested with a 6% assumed rate of return. PFM Asset Management has been retained to manage investment in the Trust
2. City of Norfolk's employer annual contribution payment of \$41.5 million
 - a. Initial \$10,364,356.25 payment received by NERS on July 1, 2021, to be used for July payroll and expense
 - b. Approximately \$30 million will be paid to NERS the week of July 7th and invested as a future payment
3. Recurring annual funding request for NERS educational promotional items - not to exceed \$2,500.00 annually
 - a. Board increased and approved requested funding of \$2,500.00 to \$5,000.00 annually with allowable rollover of unused funds into subsequent years

4. NERS Staff and Duty Changes

a. Retirement Benefits Specialist I reclassified to Retirement Benefits Specialist II

b. Newly created positions

(1) Management Analyst II (Special Project with Retirement)

i. Added to assist with the creation of SOP's, educational materials & website updates needed to assist NERS with educating members on the transition to VRS

(2) Retirement Benefits Specialist II

i. Added to assist NERS with educating members on the transition to VRS and to assist with daily tasks to include newly added tasks acquired from the Department of Human Resources noted below

- Additional tasks acquired for Human Resources – ICMA-RC, Virginia Retirement System employer and employee contributions and City provided life insurance plan
- Life insurance carries into retirement and therefore will now be managed through NERS

N. Adjournment

Next Meeting: September 8, 2021

Anticipated Quorum: Yes No

Scheduled Guest Speaker(s): _____

Exhibit 1

Obligations Reported for Payment May - June 2021

	Description	Amount
1.	State Street Corporation	\$31,156.91
2.	Cheiron	\$11,018.92
3.	Harvest Fund Advisors, LLC	\$52,000.00
4.	Tortoise Capital Advisors, LLC	\$50,000.00
5.	PIMCO	\$66,679.72
6.	AndCo	\$52,429.20
7.	Retirement Payroll June 2021 & July 2021	\$15,955,988.44
8.	CLIFTONLARSONALLEN, LLP	\$5,266.43
9.		
10.		
11.		
12.	TOTAL	\$16,224,539.62

Additional Details

1. Custodial Services - May 2021 – June 2021 (\$9,700.70 Feb 2021, \$11,834.27 Mar 2021, \$9,621.94 May 2021 invoices paid May & June 2021)
2. Actuarial Services - May 2021 – June 2021 est. (\$5,996.96 April 2021 & \$5,021.96 May 2021 invoice paid June 2021)
3. Harvest Fund Advisors (2021 Q2 invoice, estimated)
4. Tortoise Capital Advisors, LLC (2021 Q2 invoice, estimated)
5. PIMCO (2021 Q1 invoice, paid May 2021)
6. AndCo (2021 Q1 invoice, paid June 2021)
7. Payroll for June 2021 \$7,955,988.44 (actual) and July 2021 \$8,000,000 (Estimated)
8. CLIFTONLARSONALLEN, LLP – FY2021 annual external audit