



RETIREMENT BOARD OF TRUSTEES MEETING MINUTES

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Form No: 7503

I. COMMENCEMENT

1. Chairperson call meeting to order.

Meeting Date 09/15/2021	Start Time 12:00 PM	End Time 12:36 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. Dial In: 1-415-655-0002 Access Number: 2315 874 5633 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 type="checkbox"/>
Rev. Kenneth W. Crowder	<input checked="" type="checkbox"/>
Elizabeth (Liz) A. Delude	<input checked="" type="checkbox"/>
Arthur M. Eason, III	<input checked="" type="checkbox"/>
Daryl Howard	<input checked="" 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 type="checkbox"/>

Additional Attendees

Penny DeLosh Executive Director	Jackie Cowan Retirement Benefits Administrator	Andy Fox Deputy City Attorney I
Dan Johnson AndCo	Kenny Haynes Financial Investment News	

3. **Approval of minutes of meeting held July 7, 2021:** Approved Denied**II. REPORTING**

Reporting Period: August – September 2021	TOTAL (Submitted/Approved)
A. Service Retirement Applications	29
1. Normal Service Retirement	13
2. Normal Service Retirement with DROP	8
3. Early Service Retirement - Reduced	1
4. Early Service Retirement - Deferred	0
5. Vested Service Retirement	7
B. Disability Retirement Applications	1
6. Accidental Disability Retirement	1
7. Ordinary Disability Retirement	0
C. Disability Reexamination Determinations	1
D. DROP Exit Report	3
E. Report of Deaths	27
1. Retiree	21
2. Spouse or Beneficiary	6
F. Death Benefit Claims	8
G. Retirement Rescissions	1
H. Previous Docket Amendments and Corrections	0
I. Nonvested Member Separation	28
Total	\$101,240.03

J. Obligations Reported for Payment

Refer to EXHIBIT 1

K. Committee Reports: Administration and Planning & Investment Management

1. Administration and Planning Committee – no meeting
2. Investment Management Committee
 - a. Search Consultant for Outsourced Chief Investment Officer (OCIO)
Interviewed September 13, 2021
 - i. Fiduciary Consulting Group
 - ii. Manager Analysis Services
 - iii. North Pier Fiduciary Management LLC. (“North Pier”)
 - iv. Alpha Capital Management
 - b. Investment Committee Recommendation
 - i. The Investment Committee recommended the negotiation and hire of North Pier Fiduciary Management LLC. (“North Pier”)
 - c. Board of Trustees unanimously approved NERS staff to negotiate and hire of North Pier Fiduciary Management LLC. (“North Pier”)
 - d. AndCo Performance Report
 - i. As of July 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 98% in July 2021 and 99% in August 2021
 - ii. Fund assets total \$1.44 billion
 - iii. Allocation differences were within benchmarks
 1. Global Equities slightly overweight by 0.74%
 2. Fixed Income slightly underweight by 0.25%
 3. Real Estate slightly underweight by 0.14%
 4. MLPs slightly underweight by 0.35%
 - iv. Investments trailing one-year return
 1. Global Equities returns increased by 31%
 2. Fixed Income increased by 0.24%
 3. Real Estate increased by 5.9%
 4. MLP's increased by 45.85%
 - v. Cash flow

1. Plan balance as of August 1, 2021, is \$1.425 billion
 2. Distributions to beneficiaries in the amount of \$4.3 million
 3. Incurred management fees in the amount of \$87,000
 4. Capital appreciation in the amount of \$19.6 million
- vi. Discussion with AndCo regarding protecting the System's funding status with the City's decision to transition to VRS
1. Committee will discuss over the coming months
3. Closed Session

With a quorum established, a motion was made, seconded and approved that the Board assemble in a closed session pursuant to Virginia Code Section 2.2-3711A(29) for the discussion of the procurement of goods or services, specifically:

Discussion of procurement of investment services where public discussion would adversely affect the bargaining position in the procurement of services.

At the conclusion of the closed session, the Board adopted the following Resolution:



CLOSED SESSION: PROCUREMENT OF GOODS OR SERVICES

BEGIN

A RESOLUTION CERTIFYING A CLOSED MEETING OF THE BOARD OF TRUSTEES OF THE NORFOLK EMPLOYEES' RETIREMENT SYSTEM IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT.

WHEREAS, the Board of Trustees of the Norfolk Employees' Retirement System convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act for the consideration, advice and discussion of the procurement of investment services pursuant to Virginia code Section 2.2-3711A(29); and

WHEREAS, Virginia Code Section 2.2-3712 requires a certification of this Board of Trustees that such closed meeting was conducted in conformity with Virginia law; now, therefore,

BE IT RESOLVED by the Board of Trustees of the Norfolk Employees' Retirement System:

Section 1:- That the Board of Trustees hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open

meeting requirements by Virginia law were discussed in the closed meeting and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Trustees.

Section 2:- That this Resolution shall be in effect from and after its adoption.



L. Other / Old Business

1. Virginia Retirement System (VRS)
 - a. Effective January 1, 2022, all City employees newly hired or rehired will be participating members of the VRS
 - b. All current, active Norfolk Employees' Retirement System members will have a window of opportunity (January 1, 2022 through December 31, 2022) to elect to terminate their NERS membership and become participating members in VRS or to remain NERS participants. This is an irrevocable retirement plan election.
 - i. At the time of election to participate in the VRS, NERS members will determine whether to keep their NERS assets within NERS and receive a NERS retirement benefit in the future when eligible or to move all of their NERS assets into VRS.
 - ii. VRS train the trainer sessions with NERS staff to be conducted October 21-22, 2021
2. UBS
 - a. Distribution amount of \$251,723.37 received on July 16, 2021

M. New Business/Other

1. NERS Board of Trustees Meeting Schedule 2022
 - a. The affirmative vote to approve the 2022 schedule included: Lawrence Bernert, Kenneth Crowder, Elizabeth Delude, Arthur Eason, Daryl Howard, James Izard, Christina Talley, Christine Garczynski
2. AndCo Consulting Services Agreement Modification
 - a. Scope of work
 - i. Exclude investment asset class recommendations

- ii. All other services remain as identified in previous agreement
- b. Annual fee
 - i. \$100,000 annual fee, paid quarterly
 - ii. The affirmative vote to approve the new annual fee included: Lawrence Bernert, Kenneth Crowder, Elizabeth Delude, Arthur Eason, Daryl Howard, James Izard, Christina Talley, Christine Garczynski
- 3. NERS received 16th consecutive Government Finance Officers' Association (GFOA) award for production of FY 2020 Comprehensive Annual Financial Report (CAFR)
- 4. FY 2022 Contribution and Interest Refund Interest Rate (bankrate.com) – 0.17%
- 5. Rate of Return/Funded & Unfunded Status

	FY 2020 Actuarial Value	FY 2021 Actuarial Value	FY 2021 Market Value
Rate of Return	0.58%	11.8%	25.9%
Funded Status	77.4%	90.6%	97.0%
Unfunded Liability	\$321 million	\$134 million	

VRS FY 2021 Rate of return 27.5%

- 6. Proposed Consideration NERS Discount Rate Change
 - a. 0.25% incremental decrease would cost the City approximately \$6 million
 - b. Discuss further following Outsources Consultant Investment Officer search (OCIO)

N. Adjournment

Next Meeting: November 3, 2021

Anticipated Quorum: Yes No

Scheduled Guest Speaker(s): _____

Exhibit 1

Obligations Reported for Payment July - August 2021

	Description	Amount
1.	State Street Corporation	\$11,762.98
2.	Cheiron	\$10,043.92
3.	Harvest Fund Advisors, LLC	\$98,809.46
4.	Tortoise Capital Advisors, LLC	\$82,961.47
5.	PIMCO	\$68,082.41
6.	AndCo	\$52,429.20
7.	Retirement Payroll August 2021 & September 2021	\$16,004,229.01
8.	Fort Norfolk Plaza	\$496.00
9.	Gourmet Gang	\$152.88
10.		
11.		
12.	TOTAL	\$16,328,967.33

Additional Details

1. Custodial Services - July 2021 – August 2021 (\$11,762.98 June 2021 invoice paid August 2021)
2. Actuarial Services - July 2021 – August 2021 (\$5,021.96 June 2021 & \$5,021.96 July 2021 invoice paid July & August 2021)
3. Harvest Fund Advisors (2021 Q2 invoice, paid July 2021)
4. Tortoise Capital Advisors, LLC (2021 Q2 invoice, paid August 2021)
5. PIMCO (2021 Q2 invoice, paid July 2021)
6. AndCo (2021 Q2 invoice, estimated)
7. Payroll for August 2021 \$8,004,229.01 (actual) and September 2021 \$8,000,000 (Estimated)
8. Fort Norfolk Plaza (Retirement determinations for B. Elmer & F. Jackson, paid July 2021)
9. Gourmet Gang (Lunch orders from July meeting, unable to cancel due to timing)