THE CITY OF NORFOLK
NORFOLK EMPLOYEES' RETIREMENT SYSTEM
810 Union Street, Suite 309, Norfolk, VA 23510

Retirement Board of Trustees
Meeting Minutes

Commencement

1. **Chairperson call meeting to order.**

Meeting Date	Start Time	End Time	Meeting Type
9/20/2023	12:00 PM	12:18 PM	Regular

Meeting Information
City Hall Building, Sixth Floor Conference Room 810 Union Street, Norfolk, Virginia

2. **Roll call.**

	Present
Lawrence A. Bernert, III (Chair)	☑
Yvonne T. Allmond (Vice-Chair)	☑
Elizabeth (Liz) A. Delude	☑
Arthur M. Eason, III	☐
John Garris	☑
Daryl Howard	☑
James Izard (Investment Committee Chair)	☐
Lashawnda Hall	☑
Christine Garczynski (Admin and Planning Committee Chair)	☑
Catheryn Whitesell	☐

Additional Attendees

Penny DeLosh Executive Director	**Justin Payne** Retirement Benefits Specialist II	**Andy Fox** Deputy City Attorney I
Ian Munro Virginian Pilot Reporter		

3. **Approval of minutes of meeting held July 12, 2023:**

☑ **Approved** ☐ **Denied**

Reporting	
Reporting Period: August 2023 – September 2023	**TOTAL (Submitted/Approved)**
A. Service Retirement Applications	**35**
1. Normal Service Retirement	9
2. Normal Service Retirement with DROP	**12**
a. General Employees	7
b. Public Safety Employees	5
3. Early Service Retirement – Reduced Benefit	1
4. Early Service Retirement – Deferred Benefit	0
5. Vested Service Retirement	13
B. Disability Retirement Applications	**2**
1. Accidental Disability Retirement	1
2. Ordinary Disability Retirement	1
C. Disability Reexamination Determinations	**1**
D. DROP Exit Report	**4**
E. Report of Deaths	**40**
1. Retiree	26
2. Spouse or Beneficiary	14
F. Death Benefit Claims	**6**
G. Retirement Rescissions	**0**
H. Previous Docket Amendments and Corrections	**0**
I. Non-Vested Member Separation from Employment	**9**
Total	**$58,971.28**

J. <u>Obligations Reported for Payment</u>

Refer to EXHIBIT 1

K. <u>Committee Reports</u>

1. Administration and Planning Committee – no meeting
    a. Code of Ethics and Conduct – pending completion
        i. Upon completion, Board of Trustees will vote to adopt
    b. NERS Board of Trustees Governance Manual – pending completion
        i. Upon completion, Board of Trustees will vote to adopt
    c. NERS History – completed

2. Investment Management Committee

a. Meketa Investment Group investment and market review

i. Economic and Market Update as of July 31, 2023

ii. Executive Summary

NERS	July 31, 2023	June 30, 2023	May 31, 2023
Total Fund Balance	$1.31 Billion	$1.25 Billion	$1.22 Billion
Funded Status	85%	81%	79%
NERS Assumed Rate of Return	6.75%	6.75%	6.75%
FYTD Rate of Return	2.0%	8.4%	5.2%
Monthly Rate of Return	2.0%	3.1%	-1.3%
Monthly Gains/Losses	$26.5 million	$37.7 million	-$16.0 million
Monthly Net Cash Flow	$33.9 million	-$7.0 million	-$9.8 million

iii. Performance Update as of July 31, 2023

Performance Update | As of July 31, 2023

Asset Class Performance Summary

	Market Value ($)	% of Portfolio	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	1,309,703,594	100.0	2.0	9.4	4.8	6.7	5.4	6.4	7.8	Oct-90
Total Fund Policy Benchmark			2.6	10.6	6.4	7.5	6.1	6.5	7.9	
Total Fund Actual Allocation Benchmark			2.5	10.0	--	--	--	--	--	
Total Fund Public Benchmark			2.8	13.4	7.8	5.3	5.7	6.3	7.9	
Growth Assets	711,173,824	54.3	3.3	16.4	--	--	--	--	12.0	Dec-22
Growth Assets Custom Benchmark			3.6	18.0	--	--	--	--	12.9	
Global Equity	711,173,824	54.3	3.3	16.4	11.6	10.5	8.0	9.0	9.0	Oct-90
Global Equity Policy Benchmark			3.8	17.6	12.5	10.5	7.9	8.7	9.3	
Credit	64,358,570	4.9	1.4	--	--	--	--	--	3.3	May-23
Credit Custom Benchmark			1.3	7.3	--	--	--	--	2.8	
High Yield & Bank Loans	64,358,570	4.9	1.4	--	--	--	--	--	3.3	May-23
High Yield & Bank Loans Custom Benchmark			1.3	7.3	7.0	4.0	3.8	4.3	2.8	
Inflation Hedges	254,821,217	19.5	1.8	-1.4	--	--	--	--	-5.7	Dec-22
Inflation Hedges Custom Benchmark			2.1	-0.2	--	--	--	--	-2.7	
Real Estate	90,296,079	6.9	0.4	-5.7	-12.9	2.6	1.9	5.4	6.6	Apr-11
NCREIF ODCE (Net)			0.0	-6.2	-10.7	7.0	5.6	7.8	8.5	
Natural Resources & Infrastructure	42,666,309	3.3	6.8	--	--	--	--	--	2.9	Apr-23
S&P Global LargeMidcap Resources & Commodities NR USD			6.8	1.3	9.4	19.8	8.7	5.6	2.8	
Gold	36,851,351	2.8	3.0	--	--	--	--	--	-2.5	Apr-23
60% Gold (Spot)/ 40% FTSE Gold Mines			2.7	8.0	15.2	--	--	--	-1.5	
Short-Term TIPS	85,000,118	6.5	0.5	--	--	--	--	--	0.7	Mar-23
Blmbg. U.S. TIPS 0-5 Year			0.5	2.0	-1.2	2.3	2.9	1.7	1.7	
MLPs	7,361	0.0								

Performance Update | As of July 31, 2023

	Market Value ($)	% of Portfolio	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Risk Mitigation	279,349,983	21.3	-0.6	3.0	--	--	--	--	2.5	Dec-22
Risk Mitigation Custom Benchmark			0.1	1.6	--	--	--	--	1.3	
Investment Grade Fixed Income	213,308,451	16.3	-0.6	2.4	-3.0	-4.2	0.8	1.7	5.1	Oct-90
Blmbg. U.S. Aggregate Index			-0.1	2.0	-3.4	-4.5	0.7	1.5	5.1	
Intermediate-Term Bonds	163,174,706	12.5	-0.1	2.8	-2.6	-4.1	0.9	1.7	5.2	Oct-90
Blmbg. U.S. Aggregate Index			-0.1	2.0	-3.4	-4.5	0.7	1.5	5.1	
Long-Term Bonds	50,133,746	3.8	-2.2	--	--	--	--	--	0.1	Mar-23
Blmbg. U.S. Treasury: Long			-2.2	1.5	-11.2	-13.9	-1.0	1.8	0.1	
Hedge Funds	63,940,725	4.9	-0.8	--	--	--	--	--	2.8	Apr-23
HFRI Macro (Total) Index			0.7	-0.2	1.1	6.6	5.2	3.2	2.3	
Cash	2,100,807	0.2								

b. Comparison to June 30, 2023

Performance Update | As of June 30, 2023

Asset Class Performance Summary

	Market Value ($)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	1,248,442,785	100.0	3.1	2.7	7.2	8.4	7.1	5.4	6.5	7.7	Oct-90
Total Fund Policy Benchmark			3.3	2.9	7.8	9.5	7.6	6.0	6.5	7.9	Oct-90
Total Fund Actual Allocation Benchmark			3.1	2.7	7.6	--	--	--	--	--	Oct-90
Total Fund Public Benchmark			4.2	4.1	10.3	10.5	5.6	5.5	6.4	7.8	Oct-90
Growth Assets	671,956,583	53.8	5.5	5.7	12.7	--	--	--	--	8.4	Dec-22
Growth Assets Custom Benchmark			5.6	6.1	13.9	--	--	--	--	8.9	Dec-22
Global Equity	671,956,583	53.8	5.5	5.7	12.7	15.8	11.2	7.9	9.2	9.0	Oct-90
Global Equity Policy Benchmark			5.8	5.9	13.2	16.1	11.0	7.6	8.9	9.2	Oct-90
Credit	63,501,269	5.1	1.3	--	--	--	--	--	--	1.9	May-23
Credit Custom Benchmark			2.0	2.4	5.9	--	--	--	--	1.4	May-23
High Yield & Bank Loans	63,501,269	5.1	1.3	--	--	--	--	--	--	1.9	May-23
High Yield & Bank Loans Custom Benchmark			2.0	2.4	5.9	9.6	4.7	3.7	4.3	1.4	May-23
Inflation Hedges	233,410,832	18.7	0.1	-2.3	-3.1	--	--	--	--	-7.4	Dec-22
Inflation Hedges Custom Benchmark			0.0	-2.6	-2.3	--	--	--	--	-4.7	Dec-22
Real Estate	90,643,992	7.3	-0.5	-1.6	-6.1	-12.1	2.5	1.8	5.4	6.6	Apr-11
NCREIF ODCE (net)			-2.8	-2.8	-6.1	-10.7	7.1	5.6	7.8	8.5	Apr-11
Natural Resources & Infrastructure	31,502,822	2.5	6.1	-3.7	--	--	--	--	--	-3.7	Apr-23
S&P Global LargeMidCap Commodity and Resources NR USD			6.1	-3.8	-5.2	6.2	19.3	7.4	5.1	-3.8	Apr-23
Gold	35,778,914	2.9	-2.6	-5.4	--	--	--	--	--	-5.4	Apr-23
60% Gold (Spot)/ 40% FTSE Gold Mines			-2.0	-4.1	5.1	6.6	--	--	--	-4.1	Apr-23
Short-Term TIPS	75,477,780	6.0	-0.2	-0.7	--	--	--	--	--	0.2	Mar-23
Bloomberg US Treasury TIPS 0-5 Yr TR			-0.2	-0.7	1.5	0.1	2.3	2.7	1.7	1.2	Mar-23
MLPs	7,325	0.0									
Risk Mitigation	279,574,101	22.4	0.2	-0.1	3.6	--	--	--	--	3.1	Dec-22
Risk Mitigation Custom Benchmark			0.0	-0.3	1.5	--	--	--	--	1.2	Dec-22
Investment Grade Fixed Income	214,525,350	17.2	-0.2	-1.0	3.0	0.1	-3.5	1.0	1.7	5.2	Oct-90
Bloomberg US Aggregate TR			-0.4	-0.8	2.1	-0.9	-4.0	0.8	1.5	5.1	Oct-90
Intermediate-Term Bonds	163,279,749	13.1	-0.3	-0.6	2.9	0.0	-3.6	0.9	1.7	5.2	Oct-90
Bloomberg US Aggregate TR			-0.4	-0.8	2.1	-0.9	-4.0	0.8	1.5	5.1	Oct-90

See benchmark history page for benchmark detail.

Performance Update | As of June 30, 2023

	Market Value ($)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Long-Term Bonds	51,245,601	4.1	0.0	-2.3	--	--	--	--	--	2.3	Mar-23
Bloomberg US Treasury Long TR			0.0	-2.3	3.7	-6.8	-12.1	-0.9	1.8	2.3	Mar-23
Hedge Funds	64,442,797	5.2	1.7	3.6	--	--	--	--	--	3.6	Apr-23
HFRI Macro (Total) Index			1.1	1.7	-0.8	-0.4	7.3	5.0	3.1	1.7	Apr-23
Cash	605,953	0.0									

i. One year into relationship with Meketa

ii. Portfolio will be completely transitioned to Meketa's investment strategy in the coming weeks

iii. As of June 30, 2022, Total Plan Actuarial Liability (AL) is $1.535 billion, and the Actuarial Value of Assets (AVA) is $1.292 billion for an Actuarial funded ratio (AVA/AL) of 84%. Using the Market Value of Assets (MVA), the Market Funded Ratio (MV/AL) was approximately 81% in June 2023 and 85% in July 2023.

L. <u>Other / Old Business</u>

1. UBS

a. No redemption received

M. New Business/Other

1. Trustee resignation – Reverend Kenneth Crowder
   a. Request to send formal letter thanking for his service
2. NERS Board of Trustees Meeting Schedule 2024 – Unanimously approved
3. Pension Benefit Information (PBI) Death Audit Overpayments
   a. Membership census is compared to PBI death audit records to ensure quick processing of retiree and beneficiary passing
4. Retiree direct deposit fraud
   a. Retirement staff has taken measures to prevent fraudulent requests by contacting the retiree and/or beneficiary directly to verify validity of requests prior to changes being made
5. NERS received the 18th consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its Fiscal Year 2022 Annual Comprehensive Financial Report.

N. Next Meeting: November 1, 2023

1. Anticipated Quorum: ☑ Yes ☐ No
2. Scheduled Guest Speaker(s)

O. Adjournment

810 Union Street, Suite 309, Norfolk, VA 23510

Exhibit 1
Obligations Reported for Payment: August 2023 – September 2023

	Description	Amount
1.	State Street Corporation	$10,000.00
2.	Cheiron	$10,655.60
3.	Harvest Fund Advisors, LLC	$86,000.00
4.	Tortoise Capital Advisors, LLC	$66,000.00
5.	PIMCO	$61,000.00
6.	Retirement Payroll August 2023 & September 2023	$16,832,552.92
7.	Meketa Investment Group, Inc.	$104,279.18
8.	Gourmet Gang	$172.28
9.		
10.		
11.		
12.	**TOTAL**	**$17,170,659.98**

Additional Details

1. Custodial Services - August 2023 – September 2023 ($5,000.00 August 2023, $5,000.00 September 2023 estimated, payment to be processed by Meketa)
2. Actuarial Services – August 2023 – September 2023 ($5,327.80 August 2023 estimated, $5,327.80 September 2023 estimated)
3. Harvest Fund Advisors ($86,000.00 2023 Q2 estimated invoice, payment to be processed by Meketa)
4. Tortoise Capital Advisors, LLC ($66,000.00 2023 Q2 estimated, payment to be processed by Meketa)
5. PIMCO ($61,000.00 2023 Q2 estimated invoice, payment to be processed by Meketa)
6. Payroll for August 2023 $8,232,552.92 (actual) and September 2023 $8,600,000.00 (estimated)
7. Meketa Investment Group, Inc. ($52,279.18 August 2023, $52,000.00 September 2023 estimated)
8. Gourmet Gang ($173.15, paid July 2023)