

RETIREMENT BOARD OF TRUSTEES MEETING MINUTES

COMMENCEMENT

1. Chairperson call meeting to order.

Meeting Date	Start Time	End Time	Meeting Type
3/6/2024	12:00 PM	12:11 PM	Regular
Meeting Information City Hall Building, Sixth Floor Conference Room 810 Union Street, Norfolk, Virginia 23510			

2. Roll call.

	Present
Lawrence A. Bernert, III (Chair)	<input type="checkbox"/>
Yvonne T. Allmond (Vice-Chair)	<input checked="" type="checkbox"/>
Elizabeth (Liz) A. Delude	<input checked="" type="checkbox"/>
John Garris	<input checked="" type="checkbox"/>
Lashawnda Hall	<input checked="" type="checkbox"/>
Jean Hopkins	<input checked="" type="checkbox"/>
Daryl Howard	<input type="checkbox"/>
James Izard (Investment Committee Chair)	<input 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

3. Approval of minutes of meeting held January 10, 2024:

☒ Approved ☐ Denied

REPORTING

Reporting Period: February 2024 – March 2024
TOTAL
 (Submitted/Approved)

A. Service Retirement Applications	38
1. Normal Service Retirement	12
2. Normal Service Retirement with DROP	3
a. General Employees	1
b. Public Safety Employees	2
3. Early Service Retirement – Reduced Benefit	2
4. Early Service Retirement – Deferred Benefit	0
5. Vested Service Retirement	21
B. Disability Retirement Applications	0
1. Accidental Disability Retirement	0
2. Ordinary Disability Retirement	0
C. Disability Reexamination Determinations	0
D. DROP Exit Report	4
E. Report of Deaths	22
1. Retiree	13
2. Spouse or Beneficiary	9
F. Death Benefit Claims	5
G. Retirement Rescissions	0
H. Previous Docket Amendments and Corrections	0
I. Non-Vested Member Separation from Employment	3
Total	\$19,819.08

J. Obligations Reported for Payment

Refer to EXHIBIT 1

K. Committee Reports

1. Administration and Planning Committee – no meeting
 - a. Code of Ethics and Conduct – Board Approved
 - b. NERS Board of Trustees Governance Manual – Board Approved
 - c. Investment Policy Statement – Board Approved
 - i. Hedge Fund asset class changes incorporated

2. Investment Management Committee
 - a. Meketa Investment Group investment and market review
 - i. Economic and Market Update as of January 31, 2024

NERS	January 31, 2024	December 31, 2023	November 30, 2023
Total Fund Balance	\$1.28 Billion	\$1.30 Billion	\$1.26 Billion
Funded Status	84%	85%	82%
NERS Assumed Rate of Return	6.75%	6.75%	6.75%
FYTD Rate of Return	4.0%	4.3%	0.5%
12 Months Trailing Rate of Return	5.6%	11.8%	4.5%
Monthly Rate of Return	-0.3%	3.7%	5.8%
Monthly Gains/Losses	\$4.3 million	\$46.4 million	\$68.9 million
Monthly Net Cash Flow	-\$9.2 million	-\$7.3 million	-\$8.5 million

- ii. Performance Update as of January 31, 2024

Performance Update | As of January 31, 2024

Asset Class Performance Summary										
	Market Value (\$)	% of Portfolio	1 Mo (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	1,282,305,464	100.0	-0.3	4.0	5.6	3.6	6.3	6.0	7.7	Oct-90
Total Fund Policy Benchmark			-0.5	4.4	6.9	4.2	7.0	6.1	7.9	
Total Fund Actual Allocation Benchmark			-0.3	4.7	6.7	--	--	--	--	
Total Fund Public Benchmark			0.1	6.5	10.5	2.8	6.9	6.2	7.9	
Growth Assets	712,682,338	55.6	0.5	7.2	12.5	--	--	--	13.7	Dec-22
Growth Assets Custom Benchmark			0.0	7.2	13.8	--	--	--	14.2	
Global Equity	709,726,400	55.3	0.5	7.2	12.5	5.5	10.0	8.7	9.0	Oct-90
Global Equity Policy Benchmark			0.2	7.6	13.5	5.6	9.8	8.4	9.3	
Private Equity	2,955,938	0.2								
Credit	63,214,660	4.9	0.8	7.0	--	--	--	--	9.1	May-23
Credit Custom Benchmark			0.4	7.4	10.2	--	--	--	9.0	
High Yield & Bank Loans	63,214,660	4.9	0.8	7.0	--	--	--	--	9.1	May-23
High Yield & Bank Loans Custom Benchmark			0.4	7.4	10.2	3.7	4.9	4.5	9.0	
Inflation Hedges	258,829,831	20.2	-2.2	-1.8	-7.4	--	--	--	-7.8	Dec-22
Inflation Hedges Custom Benchmark			-2.2	-2.1	-6.9	--	--	--	-5.8	
Real Estate	94,315,492	7.4	-1.2	-6.8	-12.2	0.2	-0.2	4.0	5.7	Apr-11
NCREIF ODCE (Net)			0.0	-7.0	-12.7	4.0	3.3	6.3	7.5	
Natural Resources & Infrastructure	61,868,473	4.8	-4.8	-0.7	--	--	--	--	-4.3	Apr-23
S&P Global LargeMidcap Resources & Commodities NR USD			-6.3	-2.8	-13.1	9.6	7.6	4.2	-6.5	
Gold	36,035,557	2.8	-4.7	0.7	--	--	--	--	-4.7	Apr-23
60% Gold (Spot)/ 40% FTSE Gold Mines			-5.3	1.1	-1.7	--	--	--	-3.0	
Short-Term TIPS	66,610,309	5.2	0.5	3.5	--	--	--	--	3.7	Mar-23
Bloomberg U.S. TIPS 0-5 Year			0.4	3.4	4.3	2.3	3.3	2.0	4.7	

Performance Update | As of January 31, 2024

	Market Value (\$)	% of Portfolio	1 Mo (%)	FYTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Risk Mitigation	247,578,634	19.3	-0.7	1.0	1.3	--	--	--	3.6	Dec-22
<i>Risk Mitigation Custom Benchmark</i>			-0.1	2.7	1.7	--	--	--	3.3	
Investment Grade Fixed Income	180,438,237	14.1	-0.6	2.0	1.6	-3.3	0.8	1.7	5.1	Oct-90
<i>Bloomberg U.S. Aggregate Index</i>			-0.3	3.1	2.1	-3.2	0.8	1.6	5.1	
Intermediate-Term Bonds	130,647,185	10.2	-0.1	3.4	3.0	-2.9	1.1	1.9	5.2	Oct-90
<i>Bloomberg U.S. Aggregate Index</i>			-0.3	3.1	2.1	-3.2	0.8	1.6	5.1	
Long-Term Bonds	49,791,052	3.9	-2.0	-2.9	--	--	--	--	-0.6	Mar-23
<i>Bloomberg U.S. Treasury: Long</i>			-2.2	-2.8	-5.3	-11.0	-1.8	1.5	-0.6	
Hedge Funds	63,035,219	4.9	-1.2	-2.2	--	--	--	--	1.3	Apr-23
<i>Hedge Fund Custom Benchmark</i>			0.7	1.2	--	--	--	--	2.9	
Cash	4,105,178	0.3								

iii. 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
<i>Total Fund Policy Benchmark</i>			3.3	2.9	7.8	9.5	7.6	6.0	6.5	7.9	Oct-90
<i>Total Fund Actual Allocation Benchmark</i>			3.1	2.7	7.6	--	--	--	--	--	Oct-90
<i>Total Fund Public Benchmark</i>			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
<i>Growth Assets Custom Benchmark</i>			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
<i>Global Equity Policy Benchmark</i>			5.8	5.9	12.2	16.1	11.0	7.6	8.9	9.2	Oct-90
Credit	63,501,269	5.1	1.3	--	--	--	--	--	--	1.9	May-23
<i>Credit Custom Benchmark</i>			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
<i>High Yield & Bank Loans Custom Benchmark</i>			2.0	2.4	5.9	0.6	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
<i>Inflation Hedges Custom Benchmark</i>			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
<i>NCREIF ODCE (net)</i>			-2.8	-2.8	-6.1	-10.7	7.1	5.6	7.8	8.5	Apr-11
Natural Resources & Infrastructure	31,592,822	2.5	6.1	-3.7	--	--	--	--	--	-3.7	Apr-23
<i>S&P Global LargeMidCap Commodity and Resources NR USD</i>			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
<i>60% Gold (Spot)/40% FTSE Gold Mines</i>			-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
<i>Bloomberg US Treasury TIPS 0-5 Yr TR</i>			-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
<i>Risk Mitigation Custom Benchmark</i>			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
<i>Bloomberg US Aggregate TR</i>			-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
<i>Bloomberg US Aggregate TR</i>			-0.4	-0.8	2.1	-0.9	-4.0	0.8	1.5	5.1	Oct-90

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
<i>Bloomberg US Treasury Long TR</i>			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
<i>HFRI Macro (Total) Index</i>			1.1	1.7	-0.8	-0.4	7.3	5.0	3.1	1.7	Apr-23
Cash	605,953	0.0									

- iv. Performance Summary as of January 31, 2024
 - 1. As of June 30, 2023, Total Plan Actuarial Liability (AL) was \$1.531 billion and the Actuarial Value of Assets (AVA) was \$1.294 billion, for an Actuarial Funded Ratio (AVA/AL) of 85%. Using the Market Value of Assets (MVA), the Market Funded Ratio (MV/AL) was approximately 85% in December 2023 and 84% in January 2024.
- v. Manager Updates
 - 1. Fidelity Small Cap Index Fund – a passive fund tracking the Russell 2000 Index, which gives the System more exposure to the U.S. Small Cap market. This manager was an addition to the portfolio and did not replace any asset managers. It was funded via partial redemptions from fixed income assets.
 - 2. J. Stearn World Stars which is an active large cap group global manager. J. Stearn replaced the SSgA MSCI ACWI IMI Index Fund to provide additional active management in the global equity space.

L. Other / Old Business

- 1. UBS
 - a. No redemption received

M. New Business/Other

- 1. Meketa will be conducting Investment 101 training during the May 1, 2024, Investment Committee meeting
- 2. National Association of Public Pension Attorneys (NAPPA)
 - a. \$350.00 annual membership dues for Andy Fox – Board Approved
- 3. Previously scheduled July 10, 2024, Board of Trustees meeting to be rescheduled to July 17, 2024

N. Next Meeting: May 1, 2024

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

O. Adjournment

Exhibit 1

Obligations Reported for Payment: February 2024 – March 2024

	Description	Amount
1.	State Street Corporation	\$5,600.00
2.	Cheiron	\$10,975.20
3.	Retirement Payroll February 2024 & March 2024	\$17,403,270.10
4.	Meketa Investment Group, Inc.	\$118,534.78
5.	Willcox Savage	\$1,438.20
6.	TOTAL	\$17,539,818.28

Additional Details

1. Custodial Services - February 2024 \$2,600.00 (estimated); March 2024 \$3,000.00 (estimated)
(Payment is auto debited from the investment cash account)
2. Actuarial Services - February 2024 \$5,487.60 (estimated); March 2024 \$5,487.60 (estimated)
3. Monthly Benefits Payroll - February 2024 \$8,803,270.10 (actual) and March 2024 \$8,600,000.00 (estimated)
4. Outsourced Chief Investment Officer Services (OCIO) – February 2024 \$59,267.39 (estimated); March 2024 \$59,267.39 (estimated)
5. Fees for Professional Services (paid February 2024)