

RETIREMENT BOARD OF TRUSTEES

MEETING MINUTES

COMMENCEMENT

1. Chairperson call meeting to order.

Meeting Date	Start Time	End Time	Meeting Type
11/6/2024	11:00 AM	12:53 PM	Regular

Meeting Information

City Hall Building, Sixth Floor Conference Room
810 Union Street, Norfolk, Virginia 23510

2. Roll call.

	Present
Yvonne T. Allmond (Chair)	<input checked="" type="checkbox"/>
Elizabeth (Liz) A. Delude (Vice-Chair)	<input checked="" type="checkbox"/>
John R. E. Garris	<input checked="" type="checkbox"/>
Lashawnda W. Hall	<input checked="" type="checkbox"/>
Jean G. Hopkins	<input checked="" type="checkbox"/>
Daryl N. Howard	<input checked="" type="checkbox"/>
James (Jim) J. Izard II (Investment Committee Chair)	<input checked="" type="checkbox"/>
Mark R. Warden	<input checked="" type="checkbox"/>
Christine A. Garczynski (Admin and Planning Committee Chair)	<input type="checkbox"/>
Catheryn R. Whitesell	<input checked="" type="checkbox"/>

Additional Attendees

Penny DeLosh Executive Director	Jackie Cowan Retirement Benefits Administrator	Andy Fox Deputy City Attorney I
Shenette Felton (alternate for C. Garczynski) Asst. Director of Finance	Kevin Woodrich Cheiron	Justin Runkel Cheiron
Mary Mustard (attended remotely) Meketa	Henry Jaung (attended remotely) Meketa	Isabella Gentile (attended remotely) Meketa

3. Approval of minutes of meeting held September 11, 2024:

Approved Denied

REPORTING

Reporting Period: October 2024 – November 2024		TOTAL (Submitted/Approved)
A. Service Retirement Applications		25
1. Normal Service Retirement		7
2. Normal Service Retirement with DROP		5
a. General Employees		4
b. Public Safety Employees		1
3. Early Service Retirement – Reduced Benefit		0
4. Early Service Retirement – Deferred Benefit		0
5. Vested Service Retirement		13
B. Disability Retirement Applications		0
1. Accidental Disability Retirement		0
2. Ordinary Disability Retirement		0
C. Disability Reexamination Determinations		1
D. DROP Exit Report		5
E. Report of Deaths		29
1. Retiree		21
2. Spouse or Beneficiary		8
F. Death Benefit Claims		11
G. Retirement Rescissions		0
H. Previous Docket Amendments and Corrections		0
I. Non-Vested Member Separation from Employment		2
Total		\$22,309.63

J. Obligations Reported for Payment

Refer to EXHIBIT 1

K. Committee Reports

1. Administration and Planning Committee – no meeting
2. Investment Management Committee – no meeting
 - a. Meketa Investment Group investment and market review
 - i. Economic and Market Update

NERS	September 2024	August 31, 2024	July 31, 2024
Total Fund Balance	\$1.42 Billion	\$1.40 Billion	\$1.38 Billion
Funded Status	91%	90%	89%
NERS Assumed Rate of Return	6.75%	6.75%	6.75%
FYTD Rate of Return	6.1%	3.9%	2.0%
12 Months Trailing Rate of Return	20.5%	14.4%	10.3%
Monthly Rate of Return	2.1%	1.9%	2.0%
Monthly Gains/Losses	\$28.8 million	\$25.7 million	\$27.1 million
Monthly Net Cash Flow	-\$8.0 million	-\$8.0 million	\$34.3 million

ii. Performance Summary as of September 30, 2024

Performance Update | As of September 30, 2024

Asset Class Performance Summary											
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date	
Total Fund	1,421,643,427	100.0	6.1	12.2	20.5	4.6	7.6	6.5	7.9	Oct-90	
Total Fund Policy Benchmark			5.4	12.6	20.5	5.4	8.3	6.7	8.1		
Total Fund Actual Allocation Benchmark			5.5	12.2	20.7	--	--	--	--		
Total Fund Public Benchmark			6.4	14.2	25.7	5.1	8.2	7.0	8.2		
Growth Assets	783,549,021	55.1	6.7	17.5	29.8	--	--	--	18.2	Dec-22	
Growth Assets Custom Benchmark			6.6	18.6	30.4	--	--	--	19.5		
Global Equity	778,340,411	54.7	6.8	17.6	29.8	7.1	11.9	9.5	9.3	Oct-90	
Global Equity Policy Benchmark			6.8	17.8	31.0	7.4	11.9	9.3	9.6		
Private Equity	5,208,610	0.4									
Credit	58,410,086	4.1	3.4	6.9	10.9	--	--	--	10.9	May-23	
Credit Custom Benchmark			3.7	7.3	12.7	--	--	--	11.4		
High Yield & Bank Loans	58,410,086	4.1	3.4	6.9	10.9	--	--	--	10.9	May-23	
High Yield & Bank Loans Custom Benchmark			3.7	7.3	12.7	--	--	--	11.4		
Inflation Hedges	306,689,358	21.6	6.1	7.6	9.7	--	--	--	0.0	Dec-22	
Inflation Hedges Custom Benchmark			4.0	5.2	6.4	--	--	--	0.2		
Real Estate	111,261,427	7.8	6.2	3.0	0.7	-1.1	0.8	3.7	5.8	Apr-11	
NCREIF ODCE (Net)			0.0	-3.2	-8.0	-1.0	2.1	5.2	6.9		
Natural Resources & Infrastructure	72,861,585	5.1	3.5	5.9	7.4	--	--	--	4.3	Apr-23	
S&P Global LargeMidcap Resources & Commodities NR USD			4.6	6.0	6.9	--	--	--	3.8		
Gold	53,702,453	3.8	15.0	25.4	40.4	--	--	--	16.3	Apr-23	
60% Gold (Spot)/40% FTSE Gold Mines			16.5	28.5	48.1	--	--	--	20.1		
Short-Term TIPS	68,863,893	4.8	2.5	4.9	7.5	--	--	--	5.1	Mar-23	
Blmbg. U.S. TIPS 0-5 Year			2.5	4.8	7.5	--	--	--	5.7		

Performance Update | As of September 30, 2024

	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date	
Risk Mitigation	272,994,961	19.2	4.7	3.5	9.6	--	--	--	4.6	Dec-22	
Risk Mitigation Custom Benchmark			3.7	4.2	9.5	--	--	--	4.4		
Investment Grade Fixed Income	218,071,805	15.3	6.2	4.5	13.3	-1.4	0.5	2.0	5.2	Oct-90	
Blmbg. U.S. Aggregate Index			5.2	4.4	11.6	-1.4	0.3	1.8	5.1		
Intermediate-Term Bonds	165,941,049	11.7	5.7	5.3	12.9	-0.9	0.8	2.2	5.2	Oct-90	
Blmbg. U.S. Aggregate Index			5.2	4.4	11.6	-1.4	0.3	1.8	5.1		
Long-Term Bonds	52,130,756	3.7	7.8	2.6	15.4	--	--	--	2.5	Mar-23	
Blmbg. U.S. Treasury: Long			7.8	2.4	15.4	--	--	--	2.6		
Hedge Funds	53,196,524	3.7	-0.7	-0.9	-2.5	--	--	--	1.1	Apr-23	
Hedge Fund Custom Benchmark			-1.3	2.9	2.0	--	--	--	3.4		
Cash	1,726,633	0.1									

iii. Comparison to June 30, 2024

Asset Class Performance Summary											
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date	
Total Fund	1,321,625,157	100.0	1.3	5.8	10.4	2.5	6.4	5.8	7.8	Oct-90	
Total Fund Policy Benchmark					1.9	6.9	12.1	3.4	7.2	6.1	8.0
Total Fund Actual Allocation Benchmark					1.6	6.3	11.6	--	--	--	--
Total Fund Public Benchmark					1.8	7.4	14.2	2.7	7.1	6.2	8.1
Growth Assets	738,992,459	55.9	1.9	10.1	17.4	--	--	--	16.5	Dec-22	
Growth Assets Custom Benchmark					3.0	11.3	19.3	--	--	--	18.0
Global Equity	734,402,918	55.6	1.8	10.1	17.4	4.4	10.4	8.6	9.2	Oct-90	
Global Equity Policy Benchmark					2.4	10.3	18.4	4.7	10.4	8.4	9.5
Private Equity	4,589,541	0.3									
Credit	64,630,411	4.9	1.0	3.5	9.8	--	--	--	10.2	May-23	
Credit Custom Benchmark					1.5	3.5	10.8	--	--	--	10.5
High Yield & Bank Loans	64,630,411	4.9	1.0	3.5	9.8	--	--	--	10.2	May-23	
High Yield & Bank Loans Custom Benchmark					1.5	3.5	10.8	--	--	--	10.5
Inflation Hedges	273,537,606	20.7	1.4	1.5	1.9	--	--	--	-3.6	Dec-22	
Inflation Hedges Custom Benchmark					1.0	1.2	1.2	--	--	--	-2.3
Real Estate	102,249,915	7.7	0.2	-3.0	-8.4	-1.7	-0.3	3.4	5.4	Apr-11	
NCREIF ODCE (Net)					-0.7	-3.2	-10.0	1.0	2.3	5.5	7.0
Natural Resources & Infrastructure	64,416,659	4.9	0.7	2.4	6.8	--	--	--	2.3	Apr-23	
S&P Global LargeMidcap Resources & Commodities NR USD					0.2	1.3	5.2	--	--	--	0.9
Gold	46,710,259	3.5	5.2	9.1	15.3	--	--	--	7.2	Apr-23	
60% Gold (Spot)/ 40% FTSE Gold Mines					5.9	10.3	17.8	--	--	--	10.2
Short-Term TIPS	60,160,774	4.6	1.4	2.3	5.4	--	--	--	4.2	Mar-23	
Blmbg. U.S. TIPS 0-5 Year					1.4	2.3	5.4	--	--	--	4.9

Performance Update As of June 30, 2024											
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date	
Risk Mitigation	244,464,681	18.5	-0.6	-1.2	0.5	--	--	--	2.3	Dec-22	
Risk Mitigation Custom Benchmark					-0.2	0.4	3.2	--	--	--	2.7
Investment Grade Fixed Income	178,666,464	13.5	-0.4	-1.6	0.9	-3.3	-0.3	1.4	5.0	Oct-90	
Blmbg. U.S. Aggregate Index					0.1	-0.7	2.6	-3.0	-0.2	1.3	5.0
Intermediate-Term Bonds	130,310,898	9.9	0.1	-0.4	3.1	-2.6	0.1	1.6	5.1	Oct-90	
Blmbg. U.S. Aggregate Index					0.1	-0.7	2.6	-3.0	-0.2	1.3	5.0
Long-Term Bonds	48,355,567	3.7	-1.7	-4.8	-5.7	--	--	--	-2.6	Mar-23	
Blmbg. U.S. Treasury: Long					-1.8	-5.0	-5.6	--	--	--	-2.6
Hedge Funds	63,667,802	4.8	-1.3	-0.2	-1.2	--	--	--	1.9	Apr-23	
Hedge Fund Custom Benchmark					-1.2	4.2	4.7	--	--	--	5.1
Cash	2,130,414	0.2									

- As of June 30, 2024, Total Plan Actuarial Liability (AL) is \$1.555 billion and the Actuarial Value of Assets (AVA) is \$1.324 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 90% in August 2024 and 91% in September 2024

L. Other / Old Business

- UBS
 - \$1,003,202.49 received on October 10, 2024
 - \$179,327.00 received on October 25, 2024, after a quarterly fee of \$45,423.49 was withheld

M. New Business/Other

- Cheiron Actuary (Kevin Woodrich & Justin Runkel)
 - Presentation of the FY 2024 Actuarial Valuation Report

b. The valuation includes measurement of the System's investment performance, as well as an analysis of actuarial liability gains and losses. The Actuarial Liability as of June 30, 2024, was \$1,554.8 million. The Actuarial Value of Assets (AVA) as of June 30, 2024, was \$1,323.9 million, leaving an Unfunded Actuarial Liability (UAL) at June 30, 2024, of \$230.9 million. Historically, the results of a valuation identify the recommended actuarially determined contribution (ADC) rate as a percentage of NERS payroll to calculate the Employer Annual Contribution beginning in Fiscal Year 2024, the recommended ADC Employer Contribution began being reflected as a dollar value compared to a percent of payroll. The changes in assets/liabilities and the calculated contribution rate or amount are illustrated in the charts below:

2024 Valuation Results
Asset/Liability Changes
(\$ in millions)

	Liabilities	Assets	UAL	% Funded
Actual at 6/30/2023	\$ 1,530.8	\$ 1,293.6	\$ 237.2	84.5%
Expected Changes ¹	\$ 15.7	\$ 34.4	\$ (18.7)	
Plan Changes	0.0	0.0	0.0	
Assumption Changes	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Total Expected Changes	\$ 15.7	\$ 34.4	\$ (18.7)	
Expected at 6/30/2024	\$ 1,546.5	\$ 1,328.0	\$ 218.5	85.9%
Actual at 6/30/2024	\$ 1,554.8	\$ 1,323.9	\$ 230.9	85.1%
(Gain) / Loss	\$ 8.3	\$ 4.1	\$ 12.4	

¹ Includes Normal Cost (Liabilities), Contributions (Assets), and Benefits & Interest (both Assets & Liabilities)

City Contribution Rate/Amount (\$ in thousands)

City Contribution (\$ in thousands)	Payable FY 2025	Payable FY 2026
Normal Cost Contribution	\$ 9,718	\$ 9,477
UAL Amortization Contribution	23,524	23,877
Administrative Expense Contribution	<u>1,133</u>	<u>1,133</u>
Total Contribution	\$ 34,375	\$ 34,487

2. FY 2026 Actuarial Contribution Rates Certification – Approved

- a. Starting in fiscal year ending June 30, 2025, contributions are depicted as a dollar amount rather than a percent of payroll. This change was made to address the declining active participation due to the City's decision to close the Plan to new employees hired on or after January 1, 2022
- b. General employee: \$14,085,000.00
- c. Public Safety employee: \$20,402,000.00
- d. Combined rate: \$34,487,000.00
- e. The Board unanimously approved certification of the FY 2026 actuarially determined Employer Annual Contribution combined amount

3. Fiscal Year 2024 External Audit and Annual Comprehensive Financial Report
 - a. CLA (CliftonLarsonAllen LLP) performed an independent audit of NERS financial statements and on September 26, 2024, issued an unmodified, or clean, opinion thereon, which means the financials are presented fairly

N. Next Meeting: January 8, 2025

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

O. Adjournment

Exhibit 1
Obligations Reported for Payment: October 2024 – November 2024

	Description	Amount
1.	State Street Corporation	\$6,000.00
2.	Cheiron	\$10,975.20
3.	Retirement Payroll	\$17,032,934.29
4.	Meketa Investment Group, Inc.	\$120,914.10
5.	CliftonLarsonAllen LLP	\$22,227.00
6.	TOTAL	\$17,193,050.59

Additional Details

1. Custodial Services - October 2024 \$3,000.00 (estimated); November 2024 \$3,000.00 (estimated)
(Payment is auto debited from the investment cash account)
2. Actuarial Services – October 2024 \$5,487.60 (estimated); November 2024 \$5,487.60 (estimated)
3. Monthly Benefits Payroll - October 2024 \$8,432,934.29 (actual) and November 2024 \$8,600,000.00 (estimated)
4. Outsourced Chief Investment Officer Services (OCIO) – October 2024 \$60,457.05 (estimated); November 2024 \$60,457.05 (estimated)
5. Audit Services – October 2024 \$22,227.00