

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
April 08, 2009

The regular monthly meeting of the Board of Trustees of the Employees' Retirement System of the City of Norfolk was held in the City Hall sixth floor conference room in the City of Norfolk, Virginia. The meeting began at 12:10 p.m. on Wednesday, April 08, 2009 with Chairperson, Stephanie A. Calliott presiding. The following was the result of the roll call:

Attending the Meeting

S. A. Calliott
L. A. Bernert, III
Y. T. Allmond
K. W. Crowder
C. R. Neikirk
A. M. Kelly
N. E. Nelson
E. G. Tucker

Not Attending the Meeting

R. V.K. Williams

The minutes for the meeting on March 11, 2009 were approved with the following addition:

- Mr. Neikirk made a motion to transition the Satellite Fund, pending a favorable report, from Mrs. Portis of Summit Strategies. This motion was seconded by Ms. Kelly and approved unanimously by the Board.

Mr. Wilder presented an application from Ms. Arnetta R. Burchett for Ordinary Disability Retirement. Mr. Bernert made a motion to approve Ms. Burchett's application for Ordinary Disability Retirement to be reexamined in a year. This motion was seconded by Ms. Allmond and approved unanimously by the Board.

Mr. Wilder presented an application from Mr. Robert J. Taylor for Ordinary Disability Retirement. Ms. Kelly made a motion to approve Mr. Taylor for Ordinary Disability Retirement. This motion was seconded by Mr. Bernert and approved unanimously by the Board.

New Business

A. Applications for vested service retirement:

Andrew H. Wallner, Active No. 24250, October 1, 2006, with no refund due. [[Information Technology](#)]

Terry Lucas, Active No. 16749, January 1, 2009, with refund of \$723.25. [[Human Services](#)]

Lydia L. Delostrino, Active No. 20276, April 1, 2009,
with no refund due. [[Lake Taylor City Hospital](#)]

Shirley C. Harold, Active No. 17756, May 1, 2009,
with no refund due. [[Lake Taylor City Hospital](#)]

B. Applications for early service retirement:

2009, Gregory G. Jones, Active No. 22713, May 1,
with no refund due. [[Utilities](#)]

Earl L. Wood II, Active No. 24448, May 1, 2009,
with no refund due. [[Police](#)]

C. Applications for normal service retirement:

Wayne E. Moore, Active No. 19539, May 1, 2009,
with no refund due. [[Fire Rescue Services](#)]

Kenneth A. Muhleman, Active No. 22330, May 1,
2009, with no refund due. [[Fire Rescue Services](#)]

Charles Jackson, Active No. 29254, May 1, 2009,
with no refund due. [[Utilities](#)]

James A. Whetzel, Active No. 27677, May 1, 2009,
with no refund due. [[Commissioner of the Revenue](#)]

Susan R. Hitchings, Active No. 16968, June 1, 2009,
with refund of \$255.02. [[City Treasurer](#)]

Thomas J. Falls, Active No. 19311, June 1, 2009, with
no refund due. [[Human Services](#)]

James A. Thompson, Active No. 20523, June 1, 2009,
with no refund due. [[Public Works](#)]

Gail R. Hicks, Sr., Active No. 27565, July 1, 2009, with
no refund due. [[Utilities](#)]

D. Death of retired members:

Jacob Versprille, Ret. No. 3628, death occurred September
9, 2005. Spouse elected lump sum payment of \$13,212.64.

William E. Leggett, Sr., Ret. No. 5622, death occurred
February 20, 2009. Spouse elected monthly benefit of
\$157.24.

Odell Alexander, Ret. No. 3525, death occurred March 2, 2009. No benefit payable due to no surviving spouse or dependent children.

Pearl Robbins, Ret. No. 1131, death occurred March 8, 2009. No benefit payable due to no surviving spouse or dependent children.

George Owen, Ret. No. 2042, death occurred March 11, 2009. Spouse elected monthly benefit of \$602.42.

Nathan O'Neal, Ret. No. 1884, death occurred March 20, 2009. No benefit payable due to no surviving spouse or dependent children.

E. Death of spouses:

Anna B. Honea, Spouse No. 758N, death occurred February 28, 2009. No benefit payable.

Pearl Robbins, Spouse No. 361N, death occurred March 8, 2009. No benefit payable.

Susie R. Wilson, Spouse No. 239N, death occurred March 16, 2009. No benefit payable.

Mary B. Stamm, Spouse No. 200N, death occurred March 17, 2009. No benefit payable.

The Board approved withdrawal of the following non-contributing members:

| <u>Name of Member</u> | <u>Active Number</u> |
|-----------------------|----------------------|
| Cristina R. Bretsch | 30795 |
| Ervinia J. Jarvis | 31081 |
| Russell P. Davis | 31545 |
| Christine Simonsen | 32083 |
| Patrick T. Seay | 32328 |
| Brian Clyde Smith | 32387 |
| Heather A. Cooper | 32410 |

Total – 7 Members

The following report of payments from the Trust Fund received and filed:

| | | |
|--------------------------------------|-----------|----------------------------|
| Summit Strategies Group (1) | \$ | 44,573.50 |
| State Street Corporation (2) | | 18,359.31 |
| Cheiron (3) | | 3,915.61 |
| FedEx (4) | | 49.49 |
| The Virginian Pilot (5) | | 131.29 |
| Baker's Crust (6) | | 211.78 |
| Theodore Wilder (7) | | 54.42 |
| Retirement Payroll (Est. April 2009) | | <u>5,100,000.00</u> |
| Total | \$ | <u>5,167,295.40</u> |

- (1) Investment consulting services 1/1/09 – 3/31/09
- (2) Custodial service for December 2008
- (3) Monthly retainer for March 2009 Actuary service
- (4) Information sent to Oberweis
- (5) Subscription renewal
- (6) Lunch served for Retirement Board Meeting on
March 11, 2009
- (7) Reimbursement for water, paper plates, cups for hot & cold
beverages and napkins for use at Retirement Board meetings

Committee Reports

Administration and Planning:

Ms. Kelly reported that the Committee did not have a meeting.

Investment Management:

Mr. Neikirk informed the Board that the Committee met prior to today's Board meeting with Mrs. Jessica Portis of Summit Strategies Group via conference call. Mr. Neikirk reported the following information:

- The Portfolio balance as of March 31, 2009 was \$613 million. The allocation was 41% US Equity, 18% International Equity, 40% Fixed Income and 1% Cash. There was a discrepancy on the flash report between the Russell 3000 Lending and Non-Lending which Mrs. Portis corrected; \$58.6 million in the Lending and \$205 million in the Non-Lending.

- The Satellite Fund Transition was completed on April 1st. \$63 million was transitioned into a combination of the Russell 3000 ACWI-ex US and the Barclay Aggregate Fund.
- The International managers will be notified on April 30 that redemptions will be made. The Fund will hold cash from then on. We will use a futures overlay in the Morgan Stanley EAFE Index for twenty (20) days until the funds are reinvested into the ACWI-ex US portfolio on May 20th. The estimated cost on the high side is 45 basis points or \$230,000.
- The tax reclaim account on the Italian Security is closed and we were able to keep the receivable. The Tattersall account is closed and all liquidated accounts will close by June 30. All accounts with zero balances will incur no charge between now and June 30.
- The Fund will continue to redeem 4% from the Russell 3000 Lending Fund while the restriction is still in place.
- There was no equity conversion in the PIMCO Fund.
- During our asset allocation discussion, we became aware of some alternatives that Mrs. Portis would investigate for inflation protection to include passage TIPS, core real estate, equity, PIMCO TALF Fund and commodities. For the time being, we will hold off on the PIMCO Transition and keep the equity/fixed income allocation 60/40 until we investigate the alternatives and or decide to go back to the mandated allocation.

Mr. Neikirk made a motion to transition the international active equity portfolio to the passive index. This motion was seconded by Ms. Kelly and approved unanimously by the Board.

Mr. Wilder presented a request from Mrs. Nexsen to attend the National Association of Public Pensions Attorney's Conference (NAPPA) on June 23-26, 2009 in Portland, Oregon. Mr. Bernert made a motion to send Mrs. Nexsen to the NAPPA Conference. This motion was seconded by Mr. Nelson and approved unanimously by the Board.

Ms. Calliott raised with the Board their responsibility to the beneficiaries of the Fund in terms of the funding level and the liabilities. The annual liability is roughly \$60 million and the City's contribution is around \$25 million, which leaves a very large short fall of around \$35 million. It remains important that the City is aware of the funding short fall particularly this year and would project that it will occur again next year. What is the City's substantive plan? As fiduciaries, we need to ask the question. After considerable discussion, Ms Calliott asked that we table further discussions until our next Board meeting.

Mrs. Calliott asked each Board member to check their calendars and let Mrs. Aaron know if the next Board meeting can be May 6, 2009, with the Investment Committee meeting to start at 11:30 a.m. and the Board meeting to follow.

There being no further business, the meeting adjourned at 1:00 p.m.

Chairperson

Executive Director