

Minutes of the Regular Monthly Meeting  
Board of Trustees  
Employees' Retirement System of the City of Norfolk  
December 09, 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 12:00 noon on Wednesday, December 09, 2009, with Chairperson, Stephanie A. Calliott presiding. The following was the result of the roll call:

Attending the Meeting

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

Not Attending the Meeting

D. V. Hill  
R. V. K. Williams

Ms. Mary L. G. Nexsen, Deputy City Attorney, also attended the meeting.

The minutes for the meeting on November 16, 2009 were approved as printed.

Mrs. Cheryl Xystros, Engagement Partner, and Ms. Karen Bjune, Engagement Manager, of KPMG met with the Board. Mrs. Xystros informed the Board that they were in the final stage of the June 30, 2009 audit and should issue the report by the end of the week. Mrs. Xystros stated that KPMG would be issuing an unqualified opinion regarding the financial statements of the System. Mrs. Xystros discussed communication requirements under the Statement of Auditing Standard (SAS) No. 114. The report covered the following topics:

- Our responsibility under professional standards
- Other information in documents containing audited financial statements
- Accounting practices and alternative treatments
- Quality of accounting principles
- Management judgments and accounting estimates
- Uncorrected and corrected misstatements
- Disagreements with management
- Management's consultation with other accountants
- Significant issues discussed, or subject to correspondence, with management
- Significant difficulties encountered during the audit
- Other significant findings or issues
- Independence
- Internal control

Mrs. Xystros informed the Board that the final set of documents issued would include the representation letter signed by Mr. Wilder and his staff as well as an audit difference sheet. The only difference on that sheet is due to a difference found in the

valuation of non-exchange traded funds due to a deficiency in internal controls. The reconciliation of the net asset value to the amount recorded by the custodian resulted in investments being overstated by \$1.1 million. While certain controls over the valuation performed by the custodian are in place, management has not established a control to obtain and reconcile audited financial statements of the funds. Mrs. Xystros is not recommending that we record the difference.

After discussion of the deficiency in internal controls regarding the valuation of non-exchange traded funds, Mr. Neikirk made a motion to incorporate a December 31 reconciliation based on audited financial statements of SSGA and a June 30 fiscal year end reconciliation based on unaudited financial statements of SSGA. This motion was seconded by Ms. Allmond and approved unanimously by the Board.

Mr. Wilder presented an application for ordinary disability retirement requested by Mr. Jerry Hannah. Mr. Tucker made a motion to approve Mr. Hannah for ordinary disability retirement. This motion was seconded by Mr. Neikirk and approved unanimously by the Board.

Mr. Wilder presented a medical exam on Mr. Donnell J. Griffin from Dr. David Sack who reevaluated Mr. Griffin after having been retired for two (2) years. Mr. Nelson made a motion based on Dr. Sack's medical report that Mr. Griffin be approved for accidental disability retirement. This motion was seconded by Ms. Allmond and approved unanimously by the Board.

#### New Business

A. Application for vested service retirement:

Hezekiah J. Caldwell, Jr., Active No. 15926, February 1, 2010, with refund of \$1,236.77. [[Lake Taylor](#)]

B. Application for early service retirement:

Linda D. Williams, Active No. 19278, February 1, 2010, with no refund due. [[Civic Facilities](#)]

C. Applications for normal service retirement:

Gene R. Britt, Active No. 19325, January 1, 2010, with no refund due. [[Recreation, Parks & Open Space](#)]

Deborah A. Hanna, Active No. 21988, January 1, 2010, with no refund due. [[Executive/EOC/911](#)]

Eugene Barker, Active No. 23146, January 1, 2010, with no refund due. [[Fire-Rescue Services](#)]

Gary D. Ochsenbein, Active No. 23297, January 1, 2010, with no refund due. [\[Executive/Zoo\]](#)

Barbara A. Craig, Active No. 27288, January 1, 2010, with no refund due. [\[Human Services\]](#)

- D. Retirement date change from December 1, 2009 to January 1, 2010:

David W. Hughes, Active No. 25544, January 1, 2010, with no refund due. [\[Police\]](#)

- E. Death of retired member:

Gertrude Jordan, Ret. No. 1455, death occurred August 13, 2009. No benefit payable due to no surviving spouse or dependent children.

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

<u>Name of Member</u>	<u>Active Number</u>
Raeywen Laureles	31025
Hattie Edwina Smaw-Roberts	31857
Holly Lorraine Grook	32311
Total Members - 3	

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

Davenport & Company (1)	\$	3,667.73
Helen B. Sewell (2)		462.98
Chantal N. Brooks, M.D. (3)		280.00
FedEx (4)		16.50
Baker's Crust (5)		183.54
Retirement Payroll (Est. for December 2009)		<u>5,200,000.00</u>
Total	\$	<u>5,204,610.75</u>

- (1) Transfer of funds for direct rollover of interest for Helen B. Sewell
- (2) Refund of contributions
- (3) Medical exam for Jerry Hannah
- (4) Information sent to State Street
- (5) Lunch for November 16, 2009 Board meeting

## **Committee Reports**

### **Administration and Planning:**

Mr. Wilder reported that the Committee did not have a meeting.

### **Investment Management:**

Mr. Neikirk informed the Board that the Investment Committee met prior to today's Board meeting with Mrs. Jessica Portis participating via conference call. The committee discussed commodities with Mrs. Portis and decided as a group not to pursue commodities in favor of looking more at TIPS and Real Estate going forward.

Mr. Neikirk stated that the portfolio is within its asset allocation boundaries. He reported that for the month of November 2009, the Fund was valued at \$775 million. Mr. Neikirk highlighted the following 2009 accomplishments:

- Transitioned from 13 funds to 4
- Achieved shift from active (that was trailing its benchmark for all time periods) to passive
- Navigated out of securities lending (still ongoing)
- Greatly simplified management of the fund
- Greatly reduced costs (the one certain thing)
- All in a very, very, very turbulent time
- Thanks to Jessica (Summit Strategies), Staff and Trustees

Mr. Neikirk informed the Board that he would request from Mrs. Portis a comparison of the fees from where we were to where we are now.

Mr. Wilder informed the Board that the actuary would discuss the results of the June 30, 2009 valuation at our next meeting on January 13, 2010.

Ms. Calliott inquired of Mr. Wilder if there was any information on the meeting with the Board and the City Council. Mr. Wilder replied that Mrs. Williams is working on some dates for a Tuesday evening during the months of December through February.

Ms. Calliott reminded the Board that the next meeting would be on Wednesday, January 13, 2010 from 11:00 am to 1:00 pm.

Ms. Calliott thanked the Board for their time and dedication during the year and wished everyone a Merry Christmas and a safe and prosperous New Year.

There being no further business, the meeting adjourned at 12:53 p.m.

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Chairperson

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Executive Director