

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
January 14, 2009

The regular monthly meeting of the Board of Trustees of the Employees' Retirement System of the City of Norfolk held in the City Hall eleventh floor conference room in the City of Norfolk, Virginia. The meeting began at 11:30 a.m. on Wednesday, January 14, 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
A. M. Kelly
C. R. Neikirk
N. E. Nelson
E. G. Tucker
R. V.K. Williams

Not Attending the Meeting

L. A. Bernert, III
Vacant

Mrs. Mary Lou Nexsen, Deputy City Attorney, and Mr. Marcus Jones, Assistant City Manager, also attended the meeting.

The minutes for the meeting held on December 17, 2008 were approved as printed.

New Business

A. Applications for vested service retirement:

Melanie M. Perez-Lopez, Active No. 20809, December 1, 2008, with no refund due. [[Human Services](#)]

Casper E. Sorey, Jr., Active No. 21773, January 1, 2009, with no refund due. [[Facility & Enterprise Mgmt.](#)]

Arlene L. Brown, Active No. 26951, January 1, 2009, with no refund due. [[Norfolk Interagency Consortium](#)]

Carolyn C. Croson, Active No. 16659, February 1, 2009, with refund of \$929.87. [[Human Services](#)]

Barbra R. Caris, Active No. 16745, February 1, 2009, with refund of \$694.88. [[Human Services](#)]

James S. McMahan, Active No. 18488, February 1, 2009, with no refund due. [[Police](#)]

Jeffrey L. Turner, Active No. 18356, March 1, 2009, with no refund due. [Police]

Bervil G. James, Jr., Active No. 18330, March 1, 2009, with no refund due. [Police]

Rita E. Alston, Active No. 21547, March 1, 2009, with no refund due. [Lake Taylor Hospital]

Hugh G. Light, Active No. 25060, March 1, 2009, with no refund due. [Facility & Enterprise Mgmt]

B. Application for early service retirement (deferred):

Matthew D. Albright, Active No. 25834, March 1, 2009, with no refund due. [Fire]

C. Applications for normal service retirement:

Ernest R. Franklin, Jr., Active No. 19236, February 1, 2009, with no refund due. [Development]

Paul S. Midgett, Active No. 22361, February 1, 2009, with no refund due. [Police]

James E. Eaton, Active No. 25347, March 1, 2009, with no refund due. [Public Works]

James A. Newkirk, Sr., Active No. 25922, March 1, 2009, with no refund due. [Public Works]

D. Death of retired members:

Mary Wood, Ret. No. 3904, death occurred November 23, 2008. Spouse elected monthly benefit of \$627.60.

William J. Gordon, Ret. No. 2771, death occurred December 15, 2008. Spouse elected monthly benefit of \$417.96.

Norman Payton, Ret. No. 5946, death occurred December 31, 2008. Spouse elected monthly benefit of \$813.24.

E. Death of spouse:

Mildred W. Womack, Spouse No. 00222, death occurred October 30, 2008. No benefit payable.

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

<u>Name of Member</u>	<u>Active Number</u>
Robert W. Kinney	30519
Angelo Torre	30554
Angela D. Frye	30702
Baasil T. Wilder	32038
Jennifer B. Petro	32235
Tracy A. Holloman	32282
Elmer D. Laureano	32346
Colleen M. Osborne	32383
Carlton A. Bowens	32444
Benjamin N. Templeton	32460
Tyshawn A. Jones	32522
Total – 11 Members	

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

Cheiron (1)	\$ 4,221.00
FedEx (2)	47.44
Cheiron (3)	3,915.61
Churchland Printing & Graphics (4)	818.00
GFOA (5)	415.00
Commonwealth of VA (6)	45.00
Baker's Crust (7)	245.68
Retirement Payroll (Est. January 2009)	<u>5,100,000.00</u>
Total	<u>\$ 5,109,707.73</u>

- (1) Actuarial services for the following:
Response to annual audit letter
Prepare annual CAFR Information
Option A Calculations
- (2) Information sent to New Star Asset Management
- (3) Monthly retainer for December 2008
- (4) Printing 75 Comprehensive Annual Financial Reports
for 6-30-08.
- (5) GFOA CAFR application
- (6) Notary application for Sheila Williams
- (7) Lunch for December 17, 2008 Board Meeting

Mrs. Fiona E. Liston and Mr. Kevin J. Woodrich, actuaries with Cheiron, presented the results of the 2008 Actuarial Valuation. Mrs. Liston stated that Cheiron has performed the actuarial valuation of the Employees' Retirement System for the City of Norfolk as of June 30, 2008. The purpose of the valuation is to:

1. *Measure and disclose, as of the valuation date, the financial condition of the System*
2. *Indicate trends in the financial progress of the System*
3. *Determine the contribution rate to be paid by the City for Fiscal Year 2010; and*
4. *Provide specific information and documentation required by the Government*

Accounting Standards Board (GASB)

Mrs. Liston explained that an actuarial valuation establishes and analyzes System assets and liabilities on a consistent basis, and traces the progress of both from one year to the next. It includes measurement of the System's investment performance as well as an analysis of actuarial liability, gains and losses. The Actuarial Accrued Liability at June 30, 2008 was \$1,009 million and the Actuarial Value of Assets at June 30, 2008 was \$938 million, leaving an Unfunded Actuarial Liability at June 30, 2008 of \$71 million.

As of June 30, 2008, the System's accrued liability was 93% funded based on the actuarial value of assets. The results of this valuation determine the contribution rate for the fiscal year beginning July 1, 2009. The contribution rate for General employees is determined to be 12.16%. The contribution rate for Firefighters and Police is determined to be 23.65%. The composite rate is equal to 16.16% of annual payroll. Mrs. Liston discussed with the Board the various asset smoothing methods as well as the 7.5% assumption rate of return. After considerable discussion, the Board by mutual consent decided to monitor the financial markets over the next few months and revisit the issue in July 2009.

Committee Reports

Administration and Planning:

Ms. Kelly reported that the Committee did not have a meeting. Ms. Kelly received information on a conference that will be in Orlando, Florida on January 25-28, 2009 that might be of interest to the Trustees. The conference is titled "*The Keys to Successful Plan Management in Today's Challenging Environment.*" If anyone is interested, please contact Mr. Wilder.

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 that the transitions of Tattersall, 1607, and New Star are complete and assets related to these account managers are in the new SSgA target fund. Mr. Neikirk informed the Board that we would await word from Mrs. Portis regarding the International Equity Fund. The Flash Report shows "SSgA MSCI All Country World Investable Markets." Is this ex – US?

As we approach year-end, we are effectively close to being rebalanced to 60/40 equities to fixed income. Volatility of the equity markets has slowed down some and Mrs. Portis will be checking with State Street to see what the cost estimate will be to move forward with the transition of domestic equities and make a recommendation to the Investment Committee. In addition, Mrs. Portis will be checking on the SSgA S&P 500 fund, which has Securities Lending associated with it. If we were to move everything over to the target portfolio, we would incur a loss based on the collateral pool that is not one hundred percent of value right now. We might be able to move a portion and not incur a loss. We will await Mrs. Portis findings.

Ms. Calliott informed the Board that the next meeting is February 11, 2009. The Investment Committee begins at 11:30 a.m. and the Board meeting to follow at 12:00 noon.

There being no further business, the meeting adjourned at 1:20 p.m.

Chairperson

Executive Director