

Minutes of the Regular Monthly Meeting
Board of Trustees
Employees' Retirement System of the City of Norfolk
July 14, 2010

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 12:30 p.m. on Wednesday, July 14, 2010, with Chairperson Stephanie Calliott presiding. The following was the result of the roll call:

Attending the Meeting

S. A. Calliott
C. R. Neikirk
Y. T. Allmond
D.V. Hill
N. E. Nelson
E. G. Tucker
L.A. Bernert
R.V.K. Williams

Not Attending the Meeting

K. W. Crowder

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

Three summer interns were also present for the meeting. One of the interns is assisting Larry Bernert (Trustee) at Wilbanks, Smith & Thomas, and the remaining two interns work with Mary L. G. Nexsen, in the City of Norfolk's, City Attorney's office.

The minutes for the meeting on July 14, 2010 were approved as printed.

New Business

A. Applications for vested service retirement:

Earl E. Outlaw, Active No. 19514, April 1 2010, with no refund due. [[Wastewater Utility Fund](#)]

Dianne S. McCoy Edwards, Active No. 20605, September 1, 2010, with no refund due. [[Lake Taylor](#)]

B. Applications for early service retirement:

Barbara E. Hosch, Active No. 22562, August 1, 2010, with no refund due. [[Recreation, Parks & Open Spaces](#)]

Barbara J. Williams, Active No. 24218, September 1, 2010, with no refund due. [[Library](#)]

C. Applications for normal service retirement:

Archie L. Edwards, Active No. 20873, August 1, 2010, with no refund due. [\[Police\]](#)

Steven D. Stevens, Active No. 23828, August 1, 2010, with no refund due. [\[Police\]](#)

Mark S. Kleiber, Active No. 25416, August 1, 2010, with no refund due. [\[Police\]](#)

Walter J. Thompson, Active No. 26263, August 1, 2010, with no refund due. [\[Police\]](#)

Charles Hartig, Active No. 27955, August 1, 2010, with no refund due. [\[City Clerk\]](#)

Steven E. Klemstine, Active No. 16336, September 1, 2010, with no refund due. [\[Fire-Rescue Services\]](#)

Norman D. Winfree, Jr., Active No. 22608, September 1, 2010, with no refund due. [\[Fire-Rescue Services\]](#)

Ralston W. McInnis, Active No. 24601, September 1, 2010, with no refund due. [\[Neighborhood Preservation\]](#)

James P. Losee, Sr., Active No. 24673, September 1, 2010, with no refund due. [\[Police\]](#)

D. Recommendation by the Medical Board that following be retired:

Gerry Kelly, Active No. 29010, August 1, 2010 with no refund due. This member requested accidental disability retirement. [\[Police\]](#)

Mr. Wilder presented an application from Mr. Gerry Kelly, Active No. 29010, for accidental disability retirement effective August 1, 2010. Mr. Bernert made a motion to approve Mr. Kelly for accidental disability retirement to be reevaluated in a year. This motion was seconded by Ms. Allmond and approved unanimously by the Board.

E. Ordinary Deaths:

James Bond, Active No. 19584, death occurred April 29, 2010. Lump sum payable to mother, Sadie B. Ballard in the amount of \$16,320.06.

Charles A. Beedie, Active No. 29787, death occurred June 2, 2010. Lump sum payable to wife, Felicia F. Beedie in the amount of \$24,037.62.

F. Death of retired members:

Nancy Moorefield, Ret. No. 3555, death occurred May 25, 2010. No benefit payable due to no surviving spouse or dependent children.

Claudia D. Holderfield, Ret. No. 3366, death occurred June 4, 2010. No benefit payable due to no surviving spouse or dependent children.

Wade Morton, Ret. No. 2555, death occurred June 7, 2010. No benefit payable due to no surviving spouse or dependent children.

Swain Eller, Ret. No. 3403, death occurred June 12, 2010. Spouse elected monthly benefit of \$730.48.

Jackie D. Lowe, Ret. No. 5204, death occurred June 13, 2010. Spouse elected monthly benefit of \$262.35.

Donald Nethery, Ret. No. 4202, death occurred June 19, 2010. No benefit payable due to no surviving spouse or dependent children.

G. Death of spouses:

Harry Knight, Spouse No. 00713, death occurred May 13, 2010. No benefit payable.

Dolores Strater, Spouse No. 00549, death occurred July 3, 2010. No benefit payable.

Queen E. Brown, Spouse No. 00428, death occurred July 4, 2010. No benefit payable.

Christine L. Haddaway, Spouse No. 00660, death occurred July 3, 2010. No benefit payable.

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

<u>Name of Member</u>	<u>Active Number</u>
John R. Martin	31775
Sharon S. Howell	31796
John W. McCord	32570
Maxkimo Q. Lonzanida	32779
Ricky D. Konrad	32872

Total Members - 5

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

Mary Lou Nexsen	(1)	\$ 1,392.04
City of Norfolk	(2)	450,522.76
Cheiron, Inc.	(3)	4,649.07
State Street Corporation	(4)	21,174.60
Chantal Brooks	(5)	250.00
Baker's Crust	(6)	252.44
Summit Strategies, Inc.	(7)	44,573.50
Retirement Payroll (Est. for July 2010)		<u>\$ 5,400,000.00</u>
Total		\$ 5,922,814.41

- (1) Reimbursement for expenses incurred in attending the 2010 NAPPA Conference - June 22-25, 2010 in Asheville, NC
- (2) Reimbursement for Administrative Expenses incurred for July 1, 2009 through June 25, 2010 as per Ordinance #36847
- (3) Monthly retainer for May 2010 \$ 4,033.07
Portability calculations 616.00
\$ 4,649.07
- (4) Custody service for the following months:
March 1-31, 2010 \$11,660.00
April 1-30, 2010 9,514.60
\$21,174.60
- (5) Medical exam for William H. Spurlin, Jr.
- (6) Lunch for Board Meeting held June 9, 2010
- (7) Investment consulting services April 1, 2010 through June 30, 2010

Committee Reports

Administration and Planning:

There was no meeting.

Investment Management:

Mr. Neikirk informed the Board that the Investment Committee met today at 10:30 a.m. Roger Brown with Summit attended.

Chris Neikirk reviewed the allocation status of the fund. Total assets were at approximately \$744 million at the end of June which based on our last liability reading was about 72% funded status. We are within our target bounds for our investment classes.

J.P. Morgan Asset Management and UBS met with the Investment Committee and provided presentations on their Core Real Estate Strategies. The Investment Committee recommends to the Board, pending approved due diligence measures, the Board approve to invest 5% of the fund using cash from PIMCO. The recommendation is to allocate 50% to J.P. Morgan's Commingled Pension Trust Fund (Strategic Property), and 50% to UBS Trumbull Property Fund at the earliest opportunity. Pending changes to the due diligence section of the Investment Policy that will be handled by Mary L.G. Nexsen, the Board unanimously approved this recommendation.

Libby Cantrill and Ignacio Galaz from PIMCO met with the Board. The purpose was to discuss the Employees' Retirement System's portfolio and to explain PIMCO's use of derivatives. PIMCO is the only active manager in the System's portfolio. After the derivatives discussion, the Trustees asked Roger Brown to have Jessica Portis schedule a conference call with PIMCO to continue the discussion on derivatives. Trustees wanted to be sure they had a thorough understanding of how derivatives are used in the portfolio. The Investment Committee will pursue this issue on behalf of the Board.

The PIMCO presentation concluded at 1:30 p.m. In the interest of time, Ms. Calliott suggested that Trustees read their portfolio reviews and if there were questions, to please send them via e-mail to Myrella Aaron who will share with the group.

The next agenda item, the SSgA Securities Lending, is not an issue that needs Board action. If needed, this can be moved to the August 11, 2010 meeting or Summit can update the Trustees by phone or e-mail. The account termination restriction that had been placed on the securities lending account has now been lifted, and in August the remaining balance can be transferred to the securities non-lending account. The only requirement is that a formal letter be prepared by the Retirement Office Administration requesting that the balance in lending be transferred to non-lending.

Stephanie Calliott asked the City Manager, Regina Williams, if she had an update from the City Council. The City Manager said she did not have a date for the City Council to meet with the Board of Trustees. However, she did report that the City Council has stated that they have a very strong interest in looking at our current pension plan. They are planning a retreat on September 27-28, 2010 and there is momentum that the City's

Administration will be tasked to look at a tier plan where the existing employees' pension benefits will not change but, new employees would have a different plan. This could go a lot of different ways because the City Council is open to ideas. The sentiment is that the City cannot continue with the defined benefits plan where the employer is responsible for funding the plan. City Council has not communicated one preference over another. She asked Trustees to e-mail her feedback before September since their expertise and observations will be very helpful in the discussions.

The City Manager also asked that any actuarial work that might need to be performed related to the pension system, that the City use the Board's Actuary, Cheiron. Mr. Wilder communicated that when the Board hired Cheiron, it was agreed that the City's Administration would be covered in the agreement.

The Board's next meeting is on Wednesday, August 11, 2010 at 12:00 noon. The Investment Committee meeting will begin at 11:00 a.m.

There being no further business, the meeting adjourned at 1:47 p.m.

Chairperson

Executive Director